

City Council Transcripts 8/22/2012

Morning.

I'm austin mayor lee
leffingwell.

A quorum is present, so I'm
going to call this council
budget work session to order
ON WEDNESDAY, AUGUST 22nd,
2012 At 9:08 a.m.

We're meeting in the boards
and commissions room, austin
city h01 west second
street, austin, texas.

I believe the first
presentation today is not a
presentation, but first
discussion item is austin
police department.

And we'll just follow our

[09:06:03]

previously used procedure of
we'll go directly to
questions and answers.

We've all been furnished the
data on the police
department presentation.

..

Do you have any questions to
the police department
budget?

Councilmember morrison.

>> Morrison: I have a few topics I wanted to ask about.

The first is that we received -- last year we commissioned a report from perf that talked a lot about utilization of our forces, and had some recommendations, some on staffing.

And I wonder if you could talk a little bit about how that has or will or won't impact our budgets and how we're going to be utilizing our officers.

>> Sure.

Good morning.

Thank you, mayor and council for this opportunity to come before you.

It's always an honor and a privilege to represent the austin police department.

City manager, thanks for your leadership and for everything you do to help us keep the city safe.

That perf report we're still digesting.

The essence of what it's telling us.

In summary, in short what it's telling us is what we've already known, that

we're a very busy police department that despite the continued growth of the city and despite the fact that we're short on bodies as that report indicates, that we continue to see some positive outcomes.

So the value and the efficiency of the department I think is something we all take a little pride in.

[09:08:00]

In terms of the utilization of resources, we agree with the vast majority of what they had to say in that report.

one, our current staffing as it relates to just sworn personnel is not really where it could be or should be for a city of this size.

And two, there may be some opportunities moving forward in the future to look at changing -- moving some of the responsibilities to non-sworn personnel where you can achieve some potential savings.

So with that said I think that that's something that moving forward we do want to look at, but the conversation can't just be about changing positions or moving responsibilities over.

It also has to be about the appropriate level of sworn staffing on the front end, which we're not at right now.

>> Right.

Although I do notice that they mentioned that we talk a lot and have talked a lot about the 2.0 per thousand.

They're calculating that the numbers they're using that were at 2.08.

Do you agree with that?

>> Well, yes or no.

Because they also included the airport as part of their calculation, which is the airport operation is a significantly sized operation that the personnel that are there are required to remain at the airport and they really can't be used for the rest of our operation.

And the second piece is that at any given time we run upwards of 10% vacancy rate.

We're never quite caught up.

Although we have the authorized positions that you give us, because of the ongoing attrition or people retiring and quit willing, being fired, moving on to other -- other -- although

you have the authorize
authorized strength, we
rarely are at the actual
operating strength of those
positions.

>> Morrison: So when we
0, we're
talking about more than 2.0.

[09:10:00]

I think that would be
interesting to make sure --
if you think that we really
need to section off the
airport police.

We ought to get those
calculations sort of sorted
out separately.

>> Yes.

Michael mcdonald, deputy
city manager.

And really, councilmember,
that's the way we've always
sort of approached this.

As everyone knows, long
ago -- when I say long ago,
about five, six years ago,
we had the departments that
were parks, airport and the
city marshals, they were
actually a separate
department.

So historically we had
always done the calculations
based on the sworn staffing
outside those units during
the last meet and confer
negotiation we were actually

able to bring those officers in.

And so historically we've done -- calculated them separately.

>> Do we do the same with parks police or do you include them in the mix?

>> We include the park police as part of our current two per thousand, which in the past -- and the courts, which is the marshals service.

And I'm very proud to say that we've actually increased since the consolidation that the mayor was part of, a big part of this and council was part of, we've actually increased our sworn staffing at the parks because it is something really important to our citizens in keeping our parkland safe is really important.

The other piece of that was a savings at the time was that we created through parks and director hensley, the park ranger, to supplement.

That's been a really good mixture.

But the net gain for the parks has been that we've added additional police officers when you compare

where we're at today than where we were at before because it's a huge part of our city and there's a lot of people, you including, that are always on those trails walking, running and just enjoying the beauty of austin.

>> And soon we may have a new facility for the parks

[09:12:01]

police and rangers.

>> Yes.

And it's desperately needed.

>> Morrison: I do want to mention, there has been a lot of talk about the use of 0 per thousand in terms of determining our policing needs.

And in their executive summary right up front they address that in particular and say that it does not appear to be based on an objective assessment of policing needs in austin.

They have little value because they do not provide insight into using those numbers into how officers are used.

And really what they go on to say is maybe we ought to be -- instead of using those

numbers, consider other measures like utilization.

And I know we've talked about the fact that our patrol officers, for instance, their time is significantly taken up by responding to call after call after call, whereas there are recommendations that these guys and gals need to have free time to be working with the community and initiatives and all.

As you digest this report, will you be sort of delving into the possibility of looking at other measures to fold into our calculations?

>> Absolutely.

But I think when you -- it's something that we've talked about before that the staffing formula is not what really the city manager is looking for.

It's something that has been a policy decision by this council or in previous councils.

The mayor referred to it as a minimum staffing formula.

And I think that when you take what they say, then you take what they recommend, what it shows me, this 0 has been somewhat of a good

measure of what the minimum staffing levels.

Because ultimately what we've recommended is 257 additional police officers for the city of austin.

So I think that although the formula itself isn't what really matters to any of us, I think that having said

[09:14:01]

that, that in light of the study it appears to me that it is, as the mayor said previously, somewhat of a good measure of where we should be.

Because regardless of how you get there, what we've been using and then what the study shows is that we're definitely not overstaffed, we're understaffed.

And so to answer your question, it's not something that we need absolutely to rely on, but it has been a good barometer for us to follow in terms of minimum staffing.

>> I appreciate that.

And I think that this report gives us an opportunity to start folding other considerations into the mix as we look at those things.

On a related, but somewhat different topic, related because it's still about policing, I was visited by some folks from dove springs recently talking.

I'm not sure how they calculated their numbers, but they were raising the issue of the increase in crime in dove springs and in 78744 crime increased from 2001 to 2011 was up 61%.

And just basically raising the issue that public safety is basically a fundamental issue in terms of being able to needing to solve that issue before we we can help raise up the folks in need there in any other way because until they feel safe on the streets, they're not going to be able to get out and exercise and access the resources.

And one thing they mentioned was that there used to be an storefront presence in dove springs.

I think in the rec center.

And that they were questioning why that was closed.

And from their perspective to have a storefront presence would be a huge boon to public safety in that neighborhood.

So I guess I'm asking two questions.

And maybe the chief knows --

[09:16:00]

chief mcdonald knows the answer to this is why that did disappear, if it was there in the first place.

And is there discussion or can we have that discussion about getting a storefront presence there?

>> Well, I'll let the chief respond to how they're actually utilizing resources now, but in fact, almost 20 years ago I was one of the sergeants in charge of all the storefronts back then.

And really what has happened is policing evolved.

We used to have the storefronts there and there was an expectation.

And in fact, some community members would get disgruntled because the officer was not always sitting there in that storefront.

Well -- and what we moved to was getting the officers out of the storefront actually and out in the community solving crimes, ie evolved into our dr process that we have now.

So prior to the dr process
we have many storefronts.

We had as many as probably
about seven or eight of them
throughout the city.

And so we transitioned more
to a dr approach, not having
them in the storefronts.

So that's what happened with
the old storefront that they
had before.

And I'll let the chief talk
about how they're utilizing
their services now.

>> And councilmember, the
storefront, what they're
referring to the storefront
was just an office in the
rec center.

I don't think that
officers -- I don't want
people to think that it was
a substation with officers
in there all the time.

Officers would utilize it to
write reports and it was
just a presence.

When you look at the
staffing document that this
council commissioned, a
study last year, we are
short police officers.

We have become a department
that -- by the way, I have
good news on dove springs.

It's actually trending down toward.

We're watching that closely.

That has to do, like all of government, more with less, like all of our partners.

So what we're constantly focusing on is moving our

[09:18:01]

resources, looking at data, looking at statistics, crunching numbers to actually put our cops where they go.

Our response team, our tactical response teams, our district representatives, to try to have an impact on crime.

Quite frankly if we were just to put an officer in a storefront, all that proceeds us and you keep them there, community knows they can go there they'll find a cop.

The crooks know that too and it won't have an impact.

From a sense of feeling better about the neighborhood I understand that.

I get that.

And what we're going to be doing with dove hinges

springs like we do with other communities is from the command staff.

You gave us an additional assistant chief last year that we still are in the process of making the meeting with the austin neighborhoods councils, we are going to have that chief, his commanders on a regular basis meet with that community down there so they know that we are listening, we're paying attention and we're going to continue to respond to their challenges.

>> Morrison: Great.

I appreciate that.

I know that as we move forward, for instance working on an update on the neighborhood plan for dove springs and collaborating with the folks that are already working under a grant there to have a.p.d.

As part of that discussion, I think will be very helpful.

>> And I just want to throw out one more thing that's been on my mind, having spent my first 21 years in another place, any time you had a neighborhood being built, if you had a traditional highway being built, the environmental impact reports in those

cities always included the staffing analysis for police, fire, and all government services.

And I kind of think that one of the things that this council did or previous councils did with that two per thousand study is almost like that commitment was took the place of the impact reports and the staffing recommendations.

Because that's something that we don't do here that is done in other places

[09:20:01]

around the country.

So I really think that -- I've been trying to think why did they come one that two per thousand?

And quite frankly it's tied to growth, all those projects are tied to growth and I think that policy, not wanting to speak for previous councils, is really what was put in place in lieu of or instead of the environmental impact report that normally would have those additional bodies.

>> Morrison: Thank you.

>> Councilmember, david carter, chief of staff.

One of the things you mentioned on the perf study, one of the proposals we have internally is looking at this report moving forward is obviously that report cost or that study cost 100,000 or thereabouts, whatever it is, is that just like the chief mentioned about environmental impact, we're actually proposing now using resources to actually replicate that kind of analysis or study every three to five years to help with this process with looking at environmental impact as well as addressing some of those future needs from a business case, and i think that's some of the discussion here.

>> Morrison: Great.

And I just wanted to go back to one thing you said that's in the report is I think they recommend about 28 positions that could be moved to the civilian column.

When might we expect to see some adjustments or recommendations for adjustments based on that and other things that you'll be discussing in the report?

>> Here's the challenge there, councilmember, for us, at least from my perspective.

I completely agree with the concept of civilianization of some of the positions, but wildfire before we start doing that I think we have to also think about catching up with the sworn positions.

One of the things that we lose when we do lose sworn

[09:22:04]

positions to non-sworn positions is the ability -- I can take a cop and have them do a non-sworn function today, but tomorrow when f1, we get surprised and instead of 300,000, 500,000 show up, and with all the things we have going here, I would be very hesitant to start that process before we catch up with our sworn positions.

So you think you can dance the conversation has to be here's an opportunity to civilianize and at the same time here's an opportunity to catch up with our sworn staffing.

Because I've been in favor of it.

We've talked about it before, but we're just so behind, we're a little bit behind on the sworn staff that I don't think you can have one conversation without including the other conversation in that catch-up piece.

>> Morrison: I understand that, but the bottom line is to be able to civilianize as you said -- I guess that's a verb -- some positions, that offers an opportunity for some significant cost savings too.

So that's why we do necessarily have to keep our eye on the ball.

There was one other topic i wanted to raise, and that was street event fees.

And I don't know if my colleagues want to talk about these issues that we've discussed and come back to that.

Sure.

>> Mayor Leffingwell: I'd like to follow up real briefly on the study that showed a need for what it was it, 227?

>> 257.

>> Mayor Leffingwell: I think you made point that i was going to make, is that before you talk about adding -- giving desk duty to more sworn officers, we've got to get to that goal, the additional 257.

So if you take the 28 positions out of that you still have over 220 additional officers that are

needed to meet what the perf
study said that the city of
austin needed.

0 goal was established
a long time ago we've held

[09:24:01]

on to that as a minimum
until there was really solid
justification to deviate
from that and now it looks
like the solid justification
would be an increase.

And just back of the napkin
calculations, it shows that
study would indicate that we
really need a ratio and i
think that ought to be our
2 instead of --
maybe fine tune that number,
2 as a goal for
the future to maintain safe
policing.

But once you reach that
goal, then you can talk
about this process of
assigning other duties to
sworn police officers.

Versatility, you talked a
little bit about that, but a
sworn police officer can do
some desk duty, but a desk
person who is not sworn
can't do the sworn duties.

So as long as we have this
deficit of about 10% in
sworn officers, I think we
ought to hold off on any
adjustment in that transfer
of police officers to --

sworn police officers to desk duty.

Another -- I wanted to ask a question about the -- looks like there's 14 grant funded positions.

Evidently the grants are expiring, so the cost to the city is 12 for communication cost positions and two for victim services.

Could you elaborate?

I think I understand pretty clearly what the victim services positions are, but how about the communications?

>> Thank you, mayor.

The communications positions, president obama provided the reinvestment act funding to the city that has really been funding those positions.

Eight of them will be 911 call takers and four will be communications operators that are actually dispatchers.

What that will accomplish is maintaining the level of service that the city has

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been providing through the reinvestment act funding that the president has been

providing the last few years.

If it goes away the impact would be if we lost those positions, would be a reduction in terms of our ability to respond to our calls.

The sooner that we take the calls, the sooner we process the calls, the sooner we dispatch the calls the quicker we get to that emergency.

So those are critical positions.

As you probably recall it's something that comes occupy a regular basis with the public safety commission and with the community that dispatch, if anybody is put on hold it's not something you'd want.

And if we didn't get those positions you probably would see a degradation in terms of our response times and our pickup times at dispatch.

>> Mayor Leffingwell: I agree that they're critical positions, but not as critical as the 22 additional sworn officers.

So if there were a reduction of some kind, I permanently think the reductions ought

to come in that area instead of the sworn positions.

>> Martinez: Mayor?

I wanted to go back to a point that the mayor made and that councilmember morrison was talking about.

When you talk about civilianizing positions, did the report acknowledge that that would have to be negotiated via the contract?

If you are truly going to civilianize a current sworn position, state stot doesn't allow that.

Civil service law won't allow it, therefore there may not be a cost savings because you have to negotiate that with apa in your next round of contract negotiations.

Anyone that's wearing a badge and doing a duty or a function right now cannot be handed to a civilian without negotiations.

>> Correct.

And one of the things, councilmember, that -- perf is in dc.

They don't understand state law.

In some states civilians can investigate traffic crashes.

In the state of texas you
can't have civilians
investigate it.

That's just an example.

So their recommendations are
based on general knowledge
of what can work around the
country.

And you're right on point
that in order to accomplish
that there's two things that

[09:28:00]

have to happen from my
stillmation.

One we have to catch up with
sworn positions and secondly
you would have to look at
ensuring we're not violating
state law depending on what
the function is or two or
three, the contract, the
meet an confer.

You're absolutely right.

>> Martinez: I wanted to
switch a little bit here and
ask you about something
that's very seldomly brought
up in budget discussions.

But it's something that i
think is a tremendous value
to the organization.

I wanted to ask you what
your plans are and what you
currently are doing for
internal leadership

development within the police department.

What type of professional training is going on.

That in my mind makes an officer more connected to their community, more, gives them a better way to respond with interpersonal ways in our community with situations that can turn volatile very quickly.

What kind of leadership and professional development are we doing?

>> That's something that we're very proud of.

In the last five years we've really invested in training our folks, not just the person with the stars and bars, but our corporals, the detectives.

The next generation of upper management in the austin police department.

We've established a command college since I've been here and leadership classes that were not previously here that when you look at our young men and women that are coming up through the ranks they're learning about leadership, they're learning about history.

I really believe if we don't teach our people history --

some of the things I always
talk to my cops about is
you're not going to be
judged just by your actions,
you will be judged through
the prism of history.

And if you don't understand
that, you don't understand
that judgment sometimes is
going to come down here
instead of on an even
playing field.

You have to have that
sensitivity.

That's part of the education
process that we have taken
very seriously as a
department and that we've
invested in because it does
pay dividends.

Having that organizational

[09:30:00]

sensitivity, that community
sensitivity, understanding
that part of our role as
peace makers, which is what
we are.

We're not -- we're law
enforcement but that's just
one part of what we do.

We're peace makers and part
of restoring the peace and
communities is part of the
solution.

Having a comprehensive
multidisciplinary response

to a community issue like at
dove springs.

Like one of the things that
we're doing through our --
on the east side is our boy
scouting, we have about 1500
kids through the urban --
the urban scouting
initiative that I got
involved in really
jumpstarted two years ago
but we have about 1500 kids,
just about all of them,
quite frankly, from
socioeconomically deprived
parts of this community.

Many them from single parent
households.

Many of them with parents in
prison that are in scouting.

And we can debate scouting
and some of the political
issues there, but the data
is clear, if these kids
scout for five years, and go
to their sunday promotions,
the waterloo promotions
where they get their
ribbons.

If you scout for five years
or more, instead of 55%
dropout rate, you go to 94%,
92 to 94% graduation rate.

That's real data that's
available.

So those are the things that
we're teaching our folks in
our leadership classes that
we need to get involved with

and support those kind of programs that will do two things, help us reduce crime and -- several things.

Help us reduce crime, help us improve public safety and help us improve officer safety by building those relationships.

That's part of the training we're providing our people.

I think chief carter who is probably one of our better leaders here, do you want to add anything on leadership training?

>> Yes, sir.

I think in terms of the leadership that's critical and something that is ongoing at a.p.d.

[09:32:01]

The police department like all police organizations is paramilitary to some degree, so each rank has some responsibility to their officers and to the community.

So at each level of -- each rank as it were, there are some requirements in terms of leadership development.

Everything from the cadet who comes to the training academy receive some basis of leadership, but I think

under chief acevedo's watch here the past five years and we're continuing today to develop and recognize and -- especially the first line supervisors.

We put a lot of time and energy into developing our sergeants and our corporals.

Then we have our leadership that's so important as well and that's what chief acevedo is alluding to, getting our officers to do that.

I will quickly mention that the same can be true.

You can't make an assumption because somebody has risen through the rank that they know everything there is about leadership.

So we also put a lot of energy into trying to develop our assistant chiefs.

>> That is critical to us.

>> Let me just add one other thing that I think is important.

Civil service is a double edged sword and one of the great things about civil service is it takes politics out of policing to a great extent.

It protects people from some of the things that have happened in our history.

But one of the things I'm very proud of is that when you make that list we have made it where past performance matters, where your body of work matters as a police officer.

And we've bypassed, as you know, several people.

I'm very proud to say that just recently we want our -- we won our first bypass,

[09:34:01]

promotional bypass.

What that does is it sends a message to our folks, if you can answer textbooks and answer questions that we can all tell people when they want to hear, that this department is paying attention to how you conduct yourself everyday and if you do not conduct yourself appropriately, that it's going to come to bear at some point in the promotional process.

You remember that commander we had to give him back that position, one of the things that we did is we actually codified in policy our bypass policy, and that was actually very helpful in

winning that last
arbitration for that bypass.

And that's part of
leadership is establishing
setting the bar high and
making people in that what
they do matters.

>> Cole: Mayor, I want
0 just a
second here because the
genesis of that study was a
resolution.

And I actually made the
amendment to have the study
done.

And I'll tell you that when
I voted for that or put that
amendment up, I really
thought that the study would
come back and show us how to
make some significant cost
reductions.

And that it might actually
show that we could go below
the 2.0.

And it's not what it shows.

So what I'm really curious
about is if you found
anything in the study that
would help us think of cost
savings within the
department because it is a
major issue, the escalator
because of growth and the
percentage that the police
department takes of the
budget.

And I don't want to be, you know, not hit that straight on.

>> Right.

I think that in our long-term planning as we move forward as a city, that once we do catch up, if we have the ability to catch up, that we do look for

[09:36:00]

opportunities to see if there are some functions where we can have non-sworn personnel work on those functions.

But until we do play that catch-up I'm not sure we can do that.

I think the city manager wants to comment.

>> I think that's right and I think it is important that we catch up relative to what the report is saying, but just I think that the chief is not known for being shy, but I think you should take credit for fact that you are always looking for ways to reduce your cost.

One of the things that i would point at is how good a job he's done in terms of managing overtime expense.

accomplishments and the department's accomplishments

in that regard have gone a long way to help us over the past four years as we've dealt with the economic challenges of the day.

So we're always focused on that, I've just given one major example.

He will continue to do that.

>> Cole: Thank you, city manager.

Do you want to brag for yourself now?

>> I'll brag a little bit.

Thank you for that opportunity.

We are very efficient.

I think that there's always a -- I have to -- if you don't study history it will be repeated.

Before 2011 the headlines were that we're overbudget.

We have not only come in budget every year since I've been here in 2007, we've come in significantly under budget.

Our budget has actually been reduced and trued up to the tunes of millions of dollars.

And despite that reduction in true dollars, overtime

used to be about 10 million
and now it's seven million.

We're still achieving
reduction in crime and
maintaining the city as one
of the safest in the
country.

The 80% staffing that again
is just a reminder of what
we used to have here where
we would staff eight people
on every shift guaranteed,
every shift, everyday,
everyday of the week,
everyday of the month, every
month of the year, I got rid
of that within the first
week I was -- actually, the
first seven days that I was
here.

And I remember the old city
manager going, what are the

[09:38:00]

cops going to do?

I said it doesn't matter,
we'll do the right thing.

And our budget that first
year, you'll remember
because you were here and
the mayor was on the
council, they were looking
7-million-dollar
shortfall.

I was sworn in on July 19th.

On the 23rd I was at a
budget briefing and we had a
budget shortfall.

We got rid of that 80% staffing formula and went 7 million shortfall, we ended up closing somebody else's budget at a 350,000-dollar shortfall, which is huge.

The other piece, just to show you some of the efficiencies we're constantly looking at, we took a look at christmas day where contractually they paid double time.

I don't remember.

But when we looked at that, everybody wanted to work christmas day because it's double time.

And we looked at the data and we found that bad guys even take that day off.

So we established absolute minimum staffing levels based on data and we saved 125,000 in that one day.

And we've done that and we will continue to do that because I think that we live in this city.

Even if we live right outside the city, a lot of our folks come here, recreate here, shop here and are employed here and we'll always look for those efficiencies.

Our workman's comp is down 50% from when I got here.

Same number of injuries, but we've reduced our costs by about 50% because we actually manage those injuries.

We pay attention to what's going on and we ask questions of the doctors.

>> Cole: I am very aware of the efficiencies that you've made since I've been on council and I want to congratulate you on that.

But there is an asterisk down here that says the amount does not include a transfer from the general fund for civilian retirement contributions.

And I know from audit and finance committee we've been real concerned about retirement contributions.

Can you say something about how you're managing those and the impact they have on the budget.

[09:40:03]

>> Councilmember, that was just an accounting change in the city.

The retirement for the civilian employees had been accounted for at the fund level, in the general fund.

And this year it was decided
that that would be
distributed back into the
departments.

So all departments have this
distribution back to them.

Ours is rather large because
of the size of our
department.

>> Mayor Leffingwell:
Would you put your name on
the record.

>> Alice sutter.

>> Cole: I have a last
question because I know,
chief, you were public about
needing a new headquarters.

>> Yes, ma'am.

>> Cole: And I think while
everybody is here you might
explain where that desire
was coming from and what you
were thinking about that,
especially for long-term
because something like that
would involve long-term
strategic decision by the
council just in terms of the
conditions and why it should
be on our minds.

>> Well, if you ride our
elevators you do so at your
own risk.

Fire alarms don't work.

We're putting a lot of money into a building that is outdated, overcrowded.

It doesn't really meet the needs and it doesn't meet the needs for the future.

We have people working in closets, on landings.

It's not a very good building.

We've outgrown it.

The department continues to grow and we haven't built the facility now for awhile.

So I think that it's desperately overdue.

I know that we as a city team and city manager is looking at that issue to be able to report back to the council in the future.

>> That's right, we are, and I absolutely agree with the chief that that building is long past its useful life.

It's more dysfunctional than functional.

>> Cole: Thank you.

Thank you, mayor.

>> Mayor Leffingwell: So we're way behind not only on police headquarters, but on substations, the municipal court project which turned

out to be partially funded
in 2006 bond election.

Didn't have enough money in
it.

So that project is on hold.

And didn't even make it into

[09:42:00]

it this year.

So we do have a lot of
catch-up to do and I agree
that facility is outdated,
worn out and needs to be
replaced not only for police
department operations, but
also for redevelopment in
that area, which is an
important byproduct of that.

So it's definitely something
we need to start looking at.

The need is getting more
everyday, every year that
goes by.

It will become more
overcrowded and you will
have to put more people in
closets, not less.

>> We're running out of
closet space, mayor.

>> Cole: I have something
on that same subject when
you get a chance.

>> Mayor Leffingwell: I
wanted to reinforce
something that councilmember

martinez brought up and you validated.

I hadn't thought about this, but the perf study is of course based on -- it's an idealized study.

Everything permitted this is the way it should be.

Maybe not taking into account all the local restrictions that you might have with regard to union contracts and civil service status and all that.

So that probably needs to be massaged to work those local factors into this washington study.

Mayor pro tem?

>> Cole: Yes.

I wanted to remind you that the work in terms of evaluating the long-term feasibility of police headquarters was actually sponsored by mayor pro tem bettie dunkerley and I and that in the process of looking at that feasibility, I don't know if the resolution included the fact that we needed to do a market evaluation as we considered potential redevelopment.

>> We are discussing that scenario and also recognizing given the waller

creek development, not just public works project, but

[09:44:01]

all of the things that will come afterwards, the increase, frankly the value to the city.

We're mindful of all of those things and our hope is to come to council with several options for you to consider in terms of a new station and so on.

>> Mayor Leffingwell:
Councilmember tovo.

>> Tovo: Thanks for the previous discussion.

And it sounds like there are regard that the perf study several issues that we could devil into more deeply.

This is probably not the right setting, so I would suggest to my colleagues that we have this as a discussion topic on one of the work sessions coming up and it would be great if our colleague, councilmember spelman, were back, so we might consider that timing.

But one of the things I did want to ask you about, you talked about the differences.

It's come up a few times that not everything that is

recommended in here is necessarily possible under state law.

It would be helpful to get a sense of whether that is strictly about the ability of the police department to civilianize those positions or whether it was about whether civilians could perform the functions that they were contemplating be performed.

Is it a matter of their contracts or is it a matter of state law doesn't allow civilians to perform some of the job functions?

Those are the kind of detailed discussions that i would like to have with regard to the study.

>> It's a matter of both and that is something that we are analyzing to be able to discuss it more in-depth and in more detail.

>> Tovo: Great.

Have you had a discussion with the public safety commission with regard to this report?

>> Yes.

>> Councilmember, david carter again.

Yes, we have actually briefed the public safety commission.

I believe it was the last session.

In other words, the study was in the past two months and obviously they meet once a month.

So they have received the report and we gave them an

[09:46:01]

overview and a hard copy.

So I suspect the chair, lauderdale, had indicated they would be looking more at that in the future.

>> Tovo: But they have not at this point had a detailed discussion about it or heard your detailed response?

I mean, at this point you are still preparing a more detailed response.

>> Yes.

>> He is here if you would like to ask him.

>> Tovo: Sure.

lauderdale, if you would like to come up and talk about your plans for the study and what the public

safety commission's role would be.

>> Thank you.

Mike lauderdale, chair of the public safety commission.

We've received the study.

We've begun to look at it.

We're going to be having questions in subsequent meetings with regard to the reports in there.

We appreciate the opportunity that you've afforded us to take a look at it.

We think there are some interesting things.

We're digging into it.

With the agreement of my colleagues in the police department we're looking forward to it.

>> Tovo: Great.

Thank you.

I know you always keep our offices up to date on the deliberations that you have at the commission.

I look forward to hearing more about your analysis.

>> I'm accused of sending too many emails.

Thank you.

>> That would be the other commissioner.

>> As long as on there, you're safe, doc.

>> Very safe, yeah.

Councilmember riley.

>> Tovo: I still have more questions, thanks.

Okay.

So let's see.

That was regard to that.

To get back to the dove springs example and i understand what you're saying the community expectation would have been that when there were storefronts that there would always be a police officer in that spot and that the district representatives get out within the community.

But how often does do the district representatives have a place within the community to actually stop and write reports.

[09:48:00]

Are they housed in any kind of spot in community when

they need downtime to write reports?

>> Let me just throw out a word of caution to everyone here about storefronts.

This is austin.

If I put a storefront in dove springs, I can guarantee you that other neighborhoods will start asking for storefronts.

When you know you have limited resources our job is through efficiencies, through data and intelligence, is to constantly -- this department on -- there's no two days in the year where our deployment, our strategy, the way that we're conducting business is the same because we're constantly crunching data and we're moving toward a daily tactical briefing citywide so our folks can see what has happened in the last 24 period to adjust on a daily basis and not on a weekly basis or biweekly basis or 72 hour basis.

So that is the concern.

Our dr's work out of the prospective stations.

Many of them have relationships with local churches, with rec centers

and they will spend time there.

Part of the job is to spend time at the pan am building talking to the kids and hanging out with them.

But they're all over the place.

But that is truly the challenge.

That's why I always caution folks because if we do a storefront in dove springs, john's is going to want a storefront and then 12th and chicon, they're wanting a storefront.

And this is what I always tell the community.

It is seamless.

If you see a lot of police officers in your neighborhood, that means that there's a challenge we're dealing with.

If you don't see a lot of police officers because in some of more affluent areas sometimes we get complaints that I don't see the cops too often.

That's because we have a challenge over here.

So they work out -- their job is not to be at the station, it's to be in the

community and to be all over this community.

We have about 66 folks

[09:50:01]

assigned to the dr program throughout the city and they're all over the place.

But again, that's just a word of caution that just understand that if we start doing a storefront in one place they'll start having demands throughout the city.

>> One other thing too.

The chief alluded to it, is that also the other dynamic that occurred in some of the neighborhoods, and when we had storefronts, is everyone just relied upon that one officer because that officer was showing up there and not interacting with all the officers that work that beat, we certainly didn't maximize what was taking place with the patrol and maximizing the information that that officer was receiving.

So the dr concept allowed both, that they interact with the community, but also interacted with every one of those officers on the five or six different shifts that are located in that area.

So it would be a group approach working with that commander at solving the ongoing problems that were taking place.

>> So what extent are their formalized areas.

You said some of the dr's have churches where they will go and write reports or community rec centers.

Is that pretty common?

To what extent are those relationships formalized so you know if you're at the rec center at some point during the week you will see your dr and here or she will be there for a few hours?

>> Councilmember, when you look at the district representatives, if you think about the city they're in excess of 300 officially recognized neighborhood groups or councils or neighborhood associations.

Looking at the district representatives they're spread out throughout the district and throughout the city so they have areas of responsibility.

Not only to work as chief mcdonald mentioned to work with the police officers, but also interact with the different neighborhood groups.

And community groups that have an interest.

[09:52:00]

It's not the same all throughout the city.

Not every neighborhood association or group interacts with their district representative as much as some.

There are some neighborhood groups that really require or request a lot of the district representative's time so there's a balance there.

There's not a perfect answer to your question.

It's not exactly equal throughout the city.

But they are -- dr has an area of responsibility to reach out and engage and work with people and with groups that have an interest.

So when you say is there a formal arrangement, they do have things that are expected of them by the district representative supervisors, the lieutenants have expectations that there's ongoing communication.

So we're always looking for best practices.

Each district representative in some ways is an entrepreneur in his or her district.

And we're statisticking to get the district representative to share experiences on how they can better relate to whether it's a church or whether it's a neighborhood association.

So I'm not sure if I've answered your question.

>> I think that information is helpful and certainly I know that the district representatives go to a lot of the neighborhood associations and I've seen them there myself.

What I'm wondering is when you have a community like dove springs that would like an on-site presence and feel it would be valuable, and there are all of these other considerations that you've mentioned, whether you've -- I guess I'm wondering whether you've considered something like having office hours.

lauderdale and (indiscernible).

What about having office hours three hours a week at the rec center or are there any district representatives that have organized their

time so that they have a place they are either the church or the rec center, at some predictable time every week when other events don't demand their time?

>> District reps, here's part of the challenge is we have 60 something district

[09:54:00]

reps for a city fast approaching a million persons.

I think that perf study is talking about how busy the department is and that we are behind the time.

One of the things that the district rep is supposed to be is the eyes and ears and kind of the ambassador and the shop steward for that neighborhood.

If there's an issue going on, he or she is not just to address the issue, they are also to talk to the other police officers on that beat to make them aware of what's going on.

So then those police officers can go out and try to impact that issue.

Our dr's and the folks that have an interest in the dr's, everybody has their cell phone -- a lot of them

have their cell phone numbers.

They all have their pager numbers and they all have their office numbers.

So they're very easy to contact.

If -- like the pan am rec center, if it wanted to make an office available, when we hear about those opportunities, we tell our officers, hey, you're encouraged to -- if you have a report to write, here's a place for you.

It hot outside, if you want to spend time in there you can.

But if they set actual hours, we're doing a lot with less and that could be a challenge.

>> Tovo: But it sounds like some of them have -- maybe the better term is informal relationships where they will on their downtime go to the pan am rec center or go to a particular church.

>> Councilmember, that's absolutely the case.

Again, it depends on the particular neighborhood association and the way they want to interact because we

also found one size does not fit all.

For example, some communities will want to rely more on electronic communications and others will want a face to face.

So that's why we allow some latitude for the district representative to develop that relationship the way that particular community wants to communicate with.

>> I wanted to add some other things.

The dove springs neighborhood, I probably personally haven't met with them for a year.

So I'm going to go out there and I'll commit to you all that I'm going to go listen.

[09:56:01]

Sometimes it's good.

I want to listen to what's going on and see for myself.

Because we don't want to just look at data.

We want to hear from real people.

What are the concerns?

Is there something we're missing?

And we'll report back to the city manager what we find out.

>> Tovo: I think that would be great.

I've been part of neighborhood associations where the district rep came once a month or once every other month and reported.

And that was extent of -- and of course they were involved throughout those months with individual residents.

But when you have a community that actually would like an officer in their -- one of their community facilities, then there might be some way to accommodate that.

some possibilities that would work well.

Thank you for your willingness --

>> and also when you go through the assistant city chief, remember that every neighborhood was going to have an executive team member that is going to be their police chief.

We are -- when I go, we will have that chief with us to make sure who the chief is and if he or she is not

answering the issues they
call me and they know i
don't like to get calls
because we're not going what
people need done.

We'll get on that.

>> Tovo: Thank you.

I have a few more questions
I want to run through.

You talked about the
environmental impact -- the
environmental impact report
that some other
municipalities do.

And I wondered if you can
tell us we've got a bunch of
neighborhood associations
that were not discussing
tomorrow, but we're setting
public hearings.

To what extent is your
department involved when we
are contemplating annexing
areas.

To what extent is the police
department called on to say
what the impact would be in
terms of need for officers,
need for --

>> the two for one staffing
formula is being used --

[09:58:00]

it's tied in to growth of
the city.

Is being in lieu of the environmental impact report.

So I can tell you that there's very little to not at this point.

That's something we'll start doing internally for you all and for the city manager.

If you build the shopping center, you can almost say you -- you can project how many calls per service will that create, crashes, calls for a burglaries.

>> Mayor Leffingwell: Chief, we have six more departments to do today.

If we could try our best to confine the discussion to budget matters instead of general departmental policy, etcetera, it would help us get through this day on time.

>> One thing I want to add is in terms of what the chief was saying in terms of an impact discussion in terms of annexations, we don't get too deep into that.

However the formula in terms of officers per thousand, everything is taken into consideration when we move forward in those annexation discussions.

>> Tovo: Good.

For me this is -- i
appreciate your comment,
mayor.

I know we have a long day
ahead of us.

To me this is a budget
matter when we have
annexations coming up, some
of which may not be a big
impact, but at least one of
them sure could be because
it's the circuit of the
americas track and that
could be a high cost of
serving that area.

So I do think we need to in
the weeks ahead come up with
some information about what
the relative costs of
annexing properties.

>> Mayor Leffingwell: If i
could make this quick
comment on annexation.

Every annexation goes
through that fiscal
analysis.

It's a positive cash impact
on the city overall before
annexations are favorably
recommended.

>> Tovo: Great.

I just want to make sure
that the police impact and
the public safety impact is
a part of all that fiscal
analysis.

>> I think that's a two per thousand is that piece of it for -- the two per thousand, that's why I'm trying to explain it, is really taking the part of the er process for policing.

>> Tovo: In fiscal analysis we're strictly relying on the two per thousand formula.

We're not looking individually at those areas in a broader way with regard to public safety.

We're relying on the two per thousand.

>> Which probably explains for the most part why we're behind a little bit on our staffing.

>> Tovo: Thank you.

[One moment, please, for change in captioners]

>> for improvement, anything that we do, that's what we do on a regular basis trying to improve, but we did work with them.

I'm not sure which example you're providing there.

But we work together on a regular basis in the parks and because they have the facilities, we have some great programs, but we really do rely on the parks.

There's a program right now that -- that midnight basketball that we work in conjunction with them on that gives park.

Right now we're working on something that I don't want to talk about yet but it's going to be another program that's going to be -- kids from affluent side of the city, neighborhoods, pockets to maybe less affluent and bringing these kids together to play basketball.

It's going to be teaching them leadership, focusing on education philanthropy, focusing on the kids because we do want to work with them.

>> Tovo: In terms of crafting this year's budget, who within the police department who works with programs like the urban scouting or the explorers program, where does the responsibility lie within the police department and were those staff members working with the police -- with the parks, with our parks representative, is there any kind of connection in terms of crafting your budget for the next year and your focus on -- on those, proactive.

>> We don't get together with the parks in terms of

developing each other's budgets.

I can tell you that our office liaison does work with the parks and actually not just the parks, but also with the fire department because a lot of times there are youth programs or there are programs in the community affairs where we are all coming out together and so we work interagency-wide, interdepartmentally, we do work together.

There probably could be room for some opportunity to work even closer together.

We'll explore those in this upcoming year as well.

>> Tovo: Great.

And we have a great opportunity to do so with the youth summit that the city is sponsoring, so i hope the office of community liaison --

>> oh, yes, we will be there.

We will be there.

>> Tovo: Great, thank you.

>> Mayor Leffingwell:
Councilmember riley.

>> Riley: Chief, I just wanted to ask you a few

quick questions about the major projects the department has going on this coming fiscal year, to get a sense of what, if any budgetary implications might be.

First I wanted to touch on an item that we previously funded, I don't think it's going to have much of a budgetary impact this year.

The transition to digital cameras in police vehicles.

Could you just briefly tell us how that's looking.

>> First of all, I want to say again thank you to this council and the city manager for making that investment.

It is going to -- going well really.

About 85% deployed.

The infrastructure is 100% completed and I'm excited to say that I'm pretty confident about sometime this year we will be completely done.

The quality of the videos, the data that's being captured is second to none.

We are -- we are leading the nation when it comes to what we're capturing with our cameras.

It was a project that set a standard, I'm not sure anybody else is following that standard.

I don't see any more budget implications.

>> Riley: That was a significant cost for the past year, but we're set on that now.

>> It was an investment, yes, sir.

>> Riley: No, no, i appreciate that.

Totally support it.

Secondly the e citation, electronic ticketing.

>> The electronic ticketing, you folks just approved i think the contract just came through.

What that's going to do, we need to be paperless.

We're trying to save trees, that's going to help us save some trees here by making all of the data transfer electronic, it will be seamless, we will reduce the amount of time officers set out and the poor person getting the ticket, that they will be exposed to passing traffic on the streets.

It will help us transfer data, capture data, and more importantly, come in and look at data, seamlessly.

So it's -- that project is ongoing that you just approved and that was actually -- that was actually -- it was -- it was a federal grant dollars that we're using on that.

>> Great.

It will actually result in saving some time for officers.

>> Yes.

It will free up -- one of the things that that report talks about is free tie.

Not committed time.

Uncommitted time.

If I can write a ticket in two minutes instead of taking 15 minutes, it will help in that end as well.

>> Okay.

Lastly I wanted to ask about the halo efforts, the high activity location observation.

That involves the cameras, street --

>> yes, sir.

>> Riley: And those are now deployed where?

>> They are deployed downtown.

They've been very successful so far.

Councilmember tovo actually came out and got to look at the rtcc, real-time crime center.

They are having the impact that we are hopeful that they would have, but they are primarily right now downtown and not only on sixth street, but part of it is the warehouse district.

They are in the saint johns district.

The second piece, I really believe like all of you in public/private partnerships.

We actually have the ability to access some of our private partners in business cameras that are -- that are -- that might have information on crime that might have occurred from -- from the rtcc.

That's really enhancing our investigative ability.

>> Riley: So the results on that have been positive so far.

>> Very positive.

>> Riley: Do you expect any significant changes in that program this year in terms of -- new locations or --

>> we are looking at the 12th and chicon area, we are looking at putting some cameras in.

If we could have some dollars in there, david, do you remember?

>> We have the grant dollars that obviously we are working with the neighborhood associations and looking into that kind of thing.

There are additional areas of people that have actually come to us, looking into making inquiries about, you know, would they be effective in this area or that area.

So we're still working through that.

I think the biggest thing that the chief alluded to was that public/private partnership, the ability to kind of leverage existing infrastructure out there.

So we're continuing to look at that.

We know that there's different areas, the university area, there's

some consideration, but
those are just in
discussion --

>> [indiscernible] you don't
expect any major budgetary
implications for that
program this year?

>> I do not.

>> We didn't ask for any
dollars.

Let me just add to this.

I really believe the
technology is the multiplier
that you have all authorized
us.

Part of the reason that we
continue to do more with
less.

We are in discussions.

We take a tremendous
economic hit in our malls,
we're in discussion now with
some of our major business
owners to actually have them
fund some of the technology
that we're using with grant
dollars that use their
private dollars to help us
solve their crimes as well.

>> Okay.

I appreciate the report.

Thank you for all that you
are doing.

>> Thank you.

>> Mayor?

>> Councilmember morrison.

>> Thank you, mayor.

In deference to the fact that we have five more departments, I think, to go through.

>> Six.

>> Morrison: Six.

I just want to make one comment, actually two comments.

One is just to clarify the discussion about the deficit that we have that the report showed up.

There was a -- there was a number thrown out there that we were 228.

We had a receive did it of 228 officers.

Just to clarify for the public, that was the number of officers foreseen by the year 2017.

I didn't want anyone in the number of increased officers by 2017, I didn't want anyone in the public to go out there and think oh, my gosh we're 228 officers short today because that's not accurate.

>> My recollection is 257.

But in our discussions with the author of the report, the understand -- they understand you can't just hire 257 officers overnight.

There's budgetary implications and the ability to find them, recruit them, investigate them, put them through the process and actually train them.

So I think if you reach out to author he would tell you in a perfect world that we could do it, it would be what we need, but we don't -- there's just no way to hire that many officers.

Budgetarily-wise, right off the bat, even logistically being able train that many officers overnight, can't do it.

>> Morrison: The number was 257, the -- we should go back to the 257.

We should also look at the growth in population over those years.

To clarify that.

I did want to talk about street events we have gotten a lot of comments about how that's really impacting some of our long term events that have been here, non-profit events.

I think that's maybe going to be a detailed conversation.

My thought is that we could plan, I know councilmember tovo is interested in that, too, maybe just getting an opportunity to sit together offline to delve into that to see if there are ways that you all have been able to address the issue or that we could come up with addressing the issue.

>> I just want to thank the city manager for his leadership on that.

What's happening right now, what will happen sometime this year, we're moving all of the different departments involved in special events planning to one location and one texas center and I think that's part of the best managed cities which -- the most liveable city, world class city, that will happen this year.

I think that's going to have a huge, positive impact on the synergy of bringing all of those departments together and most importantly, not just us, our ability to talk to one another, but the community shouldn't have to run around at 19 different locations to get something done.

So I think that is going to be huge in terms of our efficiency and in terms making it easy for the people that need our services.

>> Morrison: Well, i appreciate that.

I completely agree that will good.

For example the welcome home iraqi veterans parade almost didn't happen because of the prohibitive expenses.

We found ways to work around that.

I think to think about that issue more globally is something that we need to do.

>> You know, then I will shut up, mayor.

We will always do our best as a department to facilitate, just remember when we say yes for one person, this is a huge city with a small town feel to it.

You all know what I'm talking about.

People compare notes, if we do something free to one group, then the next group, so it is a challenge.

I hate to say no to anybody.

We're here to serve.

>> Morrison: Right, we'll
kind that in mind.

>> Thank you.

>> Morrison: Thank you,
chief.

>> Mayor Leffingwell:
Okay.

Thanks.

>> Thank you, mayor, thank
you, council.

Fire department.

>> That will -- that
helicopter there, yours will
be black and white.

[Laughter]
but it will be painted red
underneath.

>> We like the red.

>> Does that get your vote
tomorrow?

>> Mayor Leffingwell:
Okay.

Any questions for the fire
department folks?

Okay.

>> Are you just doing this
to make it easy?

>> You all want to get out
of here, right?

>> Done?

>> All right.

>> Mayor Leffingwell:
Councilmember Riley has a
question.

First I just wanted to start
off with a note on our
progress towards per person
staffing.

I understand we have three
ladders left to get there.

>> Rhoda Mae Kerr, fire
chief.

We currently have three
areas left to get there.

But we were just awarded
recently a grant, the safer
grant and there is a slide
on that in the presentation
1 million, which gives
us an additional 36
personnel.

And that will improve --
that will take all of our
units to four-person
staffing much those three
aerials and our three
rescues, our three heavy
rescues, so we are actually
ahead of a council
resolution of 2019 by
several years.

So we are very excited that
we're going to be moving
towards that full
four-person staffing.

I do want to publicly thank the mayor and council and the city manager and the local 975 for helping us in achieving and obtaining that grant.

So it's really good news for us.

And we will start a -- a class in january that will include those 36 positions, and they should be on the street by july.

>> July of 2013.

>> Yes.

>> At that point we will be at four person staffing for the first time.

>> That's true.

>> Riley: Terrific, great to here.

I wanted to hear about the possibility of a wild land measure.

Some discussion about that lately.

It's been pointed out that our water utility has a burn boss and has been in the position of -- of trying to -- to do some -- some -- do some measures aimed at -- at wildfire prevention and mitigation.

But we don't really have a comparable role within the fire department.

The numbers that we've been hearing -- in terms of what it would take to establish a wild land within the department, generally up in the ballpark for a two million for actually fully staffed division but we've also heard that you could -- you wouldn't necessarily need to do that all in the first year.

You could transition to it.

One suggestion has been that if we just set up three positions, chief, captain and a -- and a gis secretary position, it would be roughly \$4,030,000 in the first year to have a -- 430,000 within the first year to have a wild land division within the fire department.

I wanted to get your reaction to that.

Is that a priority within the department, is that something that you feel would be an appropriate expenditure or -- or is that something that you are not recommending?

>> The answer to the question is yes, we do think that it's -- it's needed and

we do think that it's appropriate.

In actuality, we inserted several slides into our budget presentation and there is -- there is a slide there that talks about where we go and in the phase 1 we're asking for -- in that first year, we believe that again it's sort of saying that by the time that we advertise and to get the position description and then hire that person and then that person hires their staff, we won't need a full year of -- of funding for those salaries.

So -- but we have proposed about a \$350,000 budget that would include an assistant director position that would oversee that and a gis specialist in admin support, included in that would also be the -- the development of the community wildfire protection plan, which is really sort of the keystone of -- of mitigating while -- wildland fires.

That takes a lot of effort and development and it's not just in the fire department.

This wildfire mitigation division will reside in the fire department but it really is more global in that it includes many other city departments that have a part of that and then

ultimately it's also a coordination and a regional approach because we know that if a wildfire starts in -- in the county and it's on one side of the road, it's not just -- not just going to cross over because that's the city and they have a wildfire plan.

So we are working diligently and have been previously since september with the mayor's task force that we've worked on and that task force came to some conclusions, we are able to make that recommendation that the -- asked the manager if we would support the -- the implementation of a wildfire division.

So there is money proposed in this year's budget or the fiscal year '13 budget for that purpose.

>> Riley: Chief, mcdonald did you want to add something to that?

>> I just wanted to add a couple of comments to build on top the comments that the chief just made.

Over the -- certainly after september of last year, this task force that was put together that involved representatives from -- from travis county from our various city departments, from the union, we pulled a

lot of folks together that have been working hard for the last year.

Actually, implementing some of the things that -- that this division would be taking care of.

We took a look early on on what -- what are some of the most vulnerable neighborhoods, field issues, education that need to take place.

All of that work has been done over the last year, leading up to this recommendation that was made about -- about the division that would actually carry on the work that -- that this task force has been doing and that recommendation didn't come until quite late in the budget process.

And so it -- you know, i want -- twofold, one, I want to make sure that folks understand it wasn't an oversight.

It's just that it took a -- it took time for the task force to work through all of the different recommendations, it came pretty late, and the idea hyped this division is to actually continue the work that a lot of people have been working on over this last year.

>> So this budget that's before us today does or does not include the phase 1 for the wildfire division?

>> Does not.

>> Riley: It does not.

>> Does not.

>> Riley: But you all are suggesting that we could do the phase 1 for 350.

>> Yes.

>> Riley: That would require some modification though.

>> Yes, sir.

>> You are also suggested a phase 2 that would be an 5 million that would involve some additional sworn staff, scanned fuel mitigation efforts and the coordination of prescribed burns.

What's your timing on phase 2, are you all picturing both of those occurring within the coming fiscal year or would phase 2, would you expect that phase 2 could be done in future fiscal years?

>> The expectation is that phase 2 would come and start in fiscal year '14.

>> Riley: I see.

In terms of fiscal year '13, what you are suggesting is that it would just take \$350,000 to move forward with phase 1, which would establish a wildfire division within the fire department and get us moving in the direction of really fully staffing that division?

>> That's correct.

>> Riley: Okay, thanks.

>> Mayor Leffingwell: And just to follow-up on that, are a little bit, I've heard a lot of talk in the community that we have this wildfire threat situation, which has grown worse and that we're not doing anything about itment and they have been doing a lot about it over the last year.

A lot of extra effort by your firefighters who actually have gone door to door to hand out information, materials, but how to protect yourself, how to evacuate in the events of a fire.

How to mitigate potential fire damage by the way you manage your landscape around your house.

So a lot has been done.

We have a good basis to start from.

With the hopefully the inclusion of a -- of a joint use helicopter, it could be very effective in wildfire, firefighting, I think that's a huge step forward, too.

And I fully support efforts to fund phase 16 the wildfire mitigation division.

Because frankly I think it makes a whole lot of sense.

We are vulnerable, especially in the western part of the county.

Not so much on the eastern part of our county but in the eastern part of our metropolitan area.

We have a lot of fuel, a lot of material for fires.

And that's -- that's one big thing I think we need to take a look at is how do we reduce that fuel supply.

I know that's going to be controversial.

That's why I'm asking you to do it instead of me
[laughter]
but --

>> I appreciate that, mayor.

>> Mayor Leffingwell: But again we've made some big steps.

We have some more to do.

And -- with the -- with the help of a lot of public, public safety commission and others, I'm sure will make a lot of progress in the next year.

I want to touch real briefly on the safer grant.

We -- we obviously there -- these opportunities for grant funded positions in all departments come along on a fairly regular basis.

A part of our -- on the one hand you want to say if it's free, let's take it.

But on the other hand you want to take a look at that and say, is this something that we really need, realizing that in all probability when the grant funding expires, it's going to fall on us.

But in the case of the safer grants, this was a clear cut question.

Because these were people that were already in our plan to hire, to -- to implement the four-person staffing on the trucks.

All it means is that we can do that job earlier.

And we can do it at no expense for doing it earlier.

By the time the grant funding expires is when they would have been hired anyway.

So it's definitely one of those that -- that there's no question about whether or not to accept it, but -- but just to assure folks that we do go through that analysis process for all grants that we might accept.

Because it will have budget impact in future years.

Councilmember martinez.

>> Martinez: Thanks, mayor.

I definitely want to start where you ended and not lose the significance of finally achieving four-person staffing.

Mayor wynn and the council in 2002 I believe, maybe 3, voted to move towards four-person staffing.

That was ten years ago.

City manager ott came on, he committed with chie
McDONALD AND THE FIRE
Chief to getting us there by 2017, 18.

>> 2019.

>> Martinez: Here we are today finally achieving that in this year's budget.

I cannot lose the significance of that, not only to residents but firefighters, their personal safety on the job.

Thank you for that, I'm glad to see us moving towards full four-person staffing, as well as on our rescue vehicles.

In the wildfire mitigation division, obviously there's always rampup time when you create a new division.

How do we know that it's good go to take a full year to ramp up?

>> Councilmember, I think that just in regard to a full -- you know, needing a full year to ramp up, I think that first of all, the key there is hiring the right person to head that division up.

You know?

That that will be a civilian person at an assistant director level.

But then the next part that becomes really important is that community wildfire protection plan and that is -- it's like the -- the

foundation for a wild land division.

And that is truly, mayor, that's the part that addresses how do we do fuel mitigation and still have respect for endangered species act.

Once we have a community wildfire protection plan, not just a simple document, it takes a lot of research and a lot of work involving all of our stakeholders, then we become eligible to apply for federal funds that can even help us with those fuel mitigation efforts.

Then fuel mitigation efforts can be taken on by seasonal crews.

So we are hopeful that we will be able to do some fuel mitigation within this next year.

>> Martinez: So can you explain to me why we believe that needs to be a civilian employee as opposed to a sworn firefighter within the fire department?

>> Well, in phase 2 we do incorporate sworn employees.

But it's such a subject matter expert position and the fact that it's global, it's not just the fire department that's involved in this -- in the -- in the

outreach efforts and the --
and what happens.

It's austin water utility
and austin energy and it's
the county and it's so many
other partners that I think,
first of all, that subject
matter expert becomes
important and also
consistency, you know, and
in our world and in the fire
department, many times our
key people move in and out
of staff positions.

They are there two years or
three years and part of that
actually is part of the
collective bargaining
agreement.

So I believe that at that
level and the need for that
subject matter expertise and
consistency and
sustainability that that --
that that position should be
the civilian.

But phase 2 does start to
incorporate --

>> sure.

>> Worn and uniformed
members.

>> Martinez: So I guess
what I want to throw out
during the budget discussion
is -- is obviously
supportive of creating the
division at the \$350,000
level.

But I want council to keep in mind that -- that maybe we need to -- to not fully 5 this year, but partially fund it.

Because if we can ramp up within '12 -- within 12, within eight months, we need to start fuel mitigation right away.

If we wait 12 months and don't fully fund it until next fiscal year, we have a division that's identified work that needs to be done but doesn't have the personnel to do it.

So I just wants us to be mindful of that.

It may not be the full 1.5 million this year.

But if we can hire a civilian and get ramped up, you know, understand how much fuel mitigation needs to be done, if we're planning to start fuel mitigation, in phase 1, i wouldn't want us to, you know, just partially do it.

I would want us to go after it and aggressively pursue mitigating those high-risk areas as much as we can.

I don't know what that would cost, but that's the kind of conversations that I want to have before we make the

final decision on the budget.

>> Councilmember, [indiscernible], chief of staff, austin fire department.

One of the things that i want to point outside is that the mayor's task force will continue to function, in areas of public education, in areas of communication with the community, fuel mitigation, those kinds of things that we can coordinate with other agencies we will continue do do that so there will be a parallel track going there.

So -- so when we start the wildfire division, the task force isn't going to shut down.

It will continue to, we.

It won't solve everything, but there will be parallel activities going on.

So to give you some level of comfort there.

>> Martinez: Thank you.

Going back to some 's for this year, one in particular, the community outreach is important for me.

We've had recent fire deaths.

Both in the hispanic community and obviously community outreach is actually means community not just one specific part of the community, but obviously hispanic community members have been affected by this and they are also -- they are also spanish speaking only parts of our community.

What can we do in relation to this community outreach person that we're going to hire?

Be effective in those areas?

>> Councilmember, it's interesting because yesterday afternoon we met with some key leaders from the hispanic community and we were talking about how can we better improve our outreach, how can we better reach the community that's -- that's most at risk.

And in both those fire fatalities, first of all, it was tragic in that they occurred within minutes of each other and one was elderly and one was young.

Those are our two highest risk communities that suffer from fatalities.

In both of those homes there were no working smoke alarms.

There were other challenges that were presented there and one of those within -- within the case of the two children was the language barrier as well.

But our plan is that this community outreach coordinator, we are very pleased that we've been able to put that into our budget will be -- will be working with our -- our community leaders and working and looking at our high-risk neighborhoods and part of our plan is to -- to involve those operations, firefighters that are out there, in that community engagement and we're going to try to ramp up that smoke alarm program, so that at the very least, every home has a working smoke alarm in it.

And so -- so we have started doing some mapping as to where those smoke alarms are.

I'm happy to say that I got a page this morning that there was a small fire that the residents evacuate and they had working smoke alarms in the home, otherwise it could have been very tragic because it wasn't an easily detected fire.

So we are going to do everything that we can to

ensure that -- that we do better job at reaching our at-risk communities.

Great.

I really do appreciate that.

Are we still working with other organizations to help us identify these needed areas, like meals on wheels, maybe w.i.c. program.

If elderly and children are our two highest risk areas, I really want us to go aggressively pursuing partnerships with folks who interact with elderly and children so that we can identify those areas where we can have the most impact on improving our safety.

>> Councilmember.

I couldn't agree with you more in working in collaboration with many other organizations, elder care is another one and lulac and any of those other organizations, anybody and everybody that we can partner with that helps us get our message across, we are absolutely trying to do.

>> Great, thank you, chief.

Congratulations on your budget.

>> Thank you very much.

>> Mayor Leffingwell:
Councilmember tovo.

>> Tovo: I just want to
echo congratulations and
congratulations on the
grant.

That was a great
accomplishment.

I have a couple of quick
questions.

Since the earlier questions
talked about fuel
mitigation, I just want to
make it really clear to the
approximate be who may be
listening that you engage in
fuel mitigation on an
ongoing basis.

>> The answer to that is yes
we have been doing fuel
mitigation.

Not necessarily the austin
fire department but, you
know, again we're a partner
in this whole overall global
perspective of mitigating
wildfire risks or the damage
from if they do occur.

And -- and fuel mitigation
has been ongoing with parks
and recreation, it's been
ongoing with austin water
utility, so we just want to
expand that but again i
always -- I try to make it
very clear because we know
there are many competing
interests and we've all seen
the emails and media about

making sure that we are still protecting our preserves and maintaining those things that are important to us as austinites.

So that's why that community wildfire protection plan is really pore because it does take into account all of our endangered species and preserves but also how to create safe adaptive communities.

>> Tovo: Right, thanks for mentioning the parks department and public works I know they've been working hard on responding to concerns with regard to potential fire risk.

>> The water utility as well.

Harry evans, the water utility as well has been a great partner.

>> Tovo: Thank you, do you have money for this year's budget for fuel mitigation, I thought I heard from a citizen there was some money available in this proposed budget for fuel mitigation?

>> In the proposed budget, \$350,000 there is a small amount in there to do some fuel mitigation.

Again, we'll partner with austin water utility, austin

energy, and any other city partners and county partners that can help us in -- in achieving better fuel mitigation.

>> And does -- is it about 45,000, is that -- that was the number that I thought that I remembered.

I can ask it for through the budget q and a.

>> I'm sorry, I will have to get back to you on what that was, I can't quite remember.

>> Tovo: I can submit this, too, through the q and a process, how much of the phase 2 budget includes fuel mitigation as well.

My colleague suggested that maybe some or all of that, i don't want to speak for you, but what I heard was that it may make sense to fund some of that phase 2 so some of the fuel mitigation could happen.

It would be good to have a breakdown of that phase 2.

>> We will provide that for you as well.

>> Tovo: Thanks, lastly i wanted to talk to you a little bit about recruitment and where that falls in our budget detail.

I wanted to really use that as a way about talking about the fire academy.

>> The recruitment part of our budget is in, it comes under community outreach, actually.

So we have a whole division, we have community outreach, we have recruitment and then we have community relations.

And so our -- we have budgeted dollars in there for the recruitment and in fact we have adopted a new way of looking at recruitment where before we would recruit for a high period of time and then hire and then we would sort of languish.

Now our recruitment efforts are ongoing, they never stop.

They have -- when we're getting ready to hire a group, sometimes we ramp up the staff so that we have more people available to actually go out and, you know, do recruitment fairs and do job fairs but we have a presence year-round on the recruitment efforts.

>> In terms of the budget detail that's in front of us, we have section -- maybe one of my colleagues can point me to it.

I see fire emergency response, emergency prevention, one stop shop, operating support, support services, transfers, other requirements, emergency prevention.

So I guess that I'm just trying to figure out which page my -- you said more general category is community outreach.

>> And I'm -- we're conferring on how to direct you where to look.

>> Tovo: Thanks, I can submit that question, too.

>> If you would like, we can get back to you with the exact amount and where that would be.

>> Tovo: That would be terrific, thank you.

>> Tovo: Last year as part of the budget there was some shifts with regard to the city support for the fire academy.

I know as I mentioned, as i acknowledged last year, i know some of those earlier decisions had been made by the council before I got on it.

But I wondered if you could speak to this last year as the city withdrew some of its financial support, what

has -- how has the academy functioned, will the city continue to be involved in a financial way in this next fiscal year and if so to what extent?

>> The -- the best of my knowledge and again I don't have all of the details, but continued to function and I believe that austin community college is now going to partner with aisd in making sure that that fire academy continues.

>> Tovo: Great and it would be good to get some more specific information about whether the city will continue to have a financial commitment over this next year.

To me I know it was a vision of that fire academy to assist with recruitment.

I continue to be interested in hearing how successful that has been and -- if not, why not.

So I will submit some individual questions.

>> Okay.

We will get that information for you as well.

>> Great, thank you very much, chief.

>> Councilmember morrison.

>> Morrison: Thank you, just to harken back to the discussion between yourself and councilmember martinez about working on the smoke alarm and outreach program as with partners, i appreciate that because i think there's obviously a rich opportunity there.

Are you also, you know, we also have several city programs where we have folks working with people in their houses, for instance, weatherization with austin energy, conservation programs with the water utility.

Are we partners in those regards on those programs, also.

>> Councilmember morrison,able that we have, but I do believe that we are going to be looking for more opportunities so that we find ways where we know how we can go out and help and -- one comment that I do want to make, even though it's after the fact, over this past year we have taken the ortunity wherever there is a structure fire in a neighborhood or in that community, the next day or the following days, the firefighters that live and work -- I mean, work in that neighborhood, go knocking

door to door and they talk
to folks and they, do you
realize that there was a
structure fire and this was
the cause and so just let's
be careful and then by the
way, do you have working
smoke alarms and just
through those efforts i
think we've installed over
200 smoke alarms.

I realize that it's after
the fact and we want to be
ahead of the game before
there's a tragedy.

But we have been making sort
of these what I call
grassroots efforts that the
firefighters just go out and
knock on doors and it's been
very effective.

>> Morrison: Yeah,
certainly a teachable moment
at that point in time.

>> That's what we try to do
is grab that teachable
moment.

Because many times people
just -- they don't think
that it's ever going to
happen to them, you know,.

>> Morrison: Yeah.

Well, I this I that looking
from -- I think that looking
from the inside of the city
out because we do have those
programs, that's where we
are actually touching
individual homes and

households would be one opportunity.

The other is, maybe you are already doing this, we have a lot of departments, several departments that have a continual stream of community meetings.

If we're talking about the parks department, doing community outreach on things -- on new programs and projects.

We have the planning and development review department going into neighborhoods and having discussions.

I would think that that -- that that also could be an opportunity to -- to team up with them and make sure that you are getting information out at that point.

>> You are exactly right.

Those are great opportunities and sometimes we do capture those and other times we don't.

But I think we can do a better job with -- with getting the community engagement and community outreach and that's really important to me is if we can engage the community, you know, I have a saying that says do your part.

And we have -- we have to have the community and the people that we serve know that there's a part that they can do and we can help them.

>> Morrison: I can envision, I appreciate that.

I think to be really maximum maximally effective at this, if we can get something systematic inside the city, in part could have you on their notification list so you are always aware of what the meetings are, your folks that are doing the outreach that that would spur that on.

>> I think that's a great idea.

We're going to work even harder in our community engagement because we realize that's the key.

We have got to prevent these tragedies from occurring.

Never mind, you know, prevention, response and recovery, but the prevention part is the most important.

>> Morrison: Right.

Then I just wanted to ask for a brief description, we are talking about four-person staffing, we have made great accomplishments in that.

It's a significant investment by our community into our safety and into the safety of the residents and I wonder if, I don't know if councilmember martinez or you would like -- I would like to ask for us lay people, could you explain the impact of four-person staffing, what it means in terms of increased safety for our residents and what it means in terms of increased safety for our firefighters.

>> The grant is actually called safer, it has to do with safe response for our emergency response workers.

What that does, if you recall a few months ago i showed you a video of a legacy room, a room that was built with all solid wood and cotton fabrics versus a room of today that is -- that has got light-weight construction that is built with, has all kinds of plastics that burn at a high rate, and so when a room flashes over in four minutes, we have got to put an effective firefighting force on the scene as quickly as possible.

And as we all know, you can always have an effective response, but you can only get there so quickly no matter how effective you are.

But if you can put four people on each unit on scene in a quick amount of time, then we can mitigate the fire and contain it to the room of origin.

So that in turn makes the community safer because we're getting there and we are putting the fire out and containing it, or we are effecting a rescue.

The other part of that is that -- that it's safer for the firefighters because there's so many tasks that have to be done because this fire is burning so hot and so fast that everybody has an assignment that they have to do.

So when we have the appropriate number of people on the scene to do that, it makes it safer for our firefighters.

And there is a slide in our budget presentation that talks, it's one of our performance measures that -- that we have contained the room, the fire to the room of origin at 84% of the time.

And we are able to do that ite the fact that fires are burning quicker and faster because we've been increasing our staffing, because we put the appropriate amount of people

on the scene in a fair amount of time.

>> Mayor Leffingwell:
Thank you for that,.

>> Morrison: Thank you for that, I appreciate it.

I think it's important for all of us to know the impact of investing our dollars.

Councilmember martinez did you have --

>> Martinez: Just some more anecdotal information.

In 2001 the state statute was enacted, it was sponsored by senator barrientos, it was referred to as did two in, two out.

So every two firefighters that you send into a burning structure, there must be two firefighters fully equipped and engaged and ready to intervene in a rescue situation should something happen to them.

That's where this nationwide movement of four person staffing started in the late '90s, the napa adopted it in 2000 I believe as a standard to live up to.

That's where it kind of made its way to austin, texas.

Once the state statute was passed in 2001 we had to

transition our policies in the fire department and it was controversial.

Because we only had three firefighters on a rig, so at least two fire trucks had to show up before you could make entry into the burning structure, that was very controversial, that's why we started moving towards four staffing.

One unit there, two firefighters go in, two can stay on the outside to intervene if they get into trouble.

>> Morrison: Thank you for that.

>> Cole: Thank you, chief kerr I have a couple of questions, one thing that i don't think we have touched on, I know that you have spent a lot of time with, we've talked about cadet training and outreach efforts in the fire academy.

And realizing that all of those things have budget impacts.

Can you give us a feel for how your diversity training is coming?

>> We have -- first of all, we incorporated diversity training, if you will.

And we're talking about how do we best serve our community.

We have incorporated that into our cadet training.

Those initial cadets in that first six months, they are getting, they are receiving that type of training.

I think chief said kind of hit it as well, too.

They said it's all part of leadership training.

It's all about how do we -- how do we treat our fellow firefighters, how do we treat the citizens that we serve and so it's -- it's really part of our culture and it's always ongoing.

So in that regard, it's part of our ongoing fire department culture and training and it's -- it's happening all the time.

>> How can -- does that relate to the diversity recruitment efforts that you are making?

>> In the diversity recruitment efforts that we are making, we have really concentrated on targeting some of our minority recruitment efforts.

Sometimes we do really well,
other times it doesn't seem
that we're doing as well.

We've had very good success
this last cadet class in
attracting women.

In the current group now
finishing up testing, there
are actually I think 20
women in the top 100
candidates.

Which is just phenomenal.

Our hispanic numbers are
increasing as well, our
african-american numbers
have not increased at the
rate that we would like.

We are looking at the data,
too.

Week we have a number of
that population,
african-american population
apply but there was a 46%
no-show rate.

So we're -- we're trying to
go back and find out why
didn't you -- why didn't you
show up for the test or why
didn't you show up for your
oral interviews.

See if it's maybe it's the
date that we give the test,
is it our recruiting
efforts?

We're working on what's
working and what's not
working.

>> I appreciate that follow-up and all of the efforts that you are making.

Colleagues, are there any further questions?

Councilmember tovo.

>> Tovo: I apologize.

I forgot one of my more important questions that i wanted to ask.

You may have heard me ask the chief of police about annexation and the extent to which the police department is involved in that discussion prior to the council taking action.

I would like to ask the same question of you, in particular much one of the issues that -- in particular.

One of the issues that's come up recently among my constituents has been the issue of infrastructure, water infrastructure in areas that the city might be considering annexing.

I wonder if you could just sort of speak to that.

When the city is contemplating annexing an area, is the fire department involved in looking at the water infrastructure to ensure that it will allow

the city of austin fire department to protect that area safely?

Because it sounds like sometimes the water infrastructure in some of those areas may not be like what we have in some of the areas service area.

>> I don't want to answer for austin water utility.

But we are engaged in annexing, and part of that obviously is water supply, but the water supply issues are usually addressed by austin water utility, but we also look at our response and our effective firefighting force and if we need to have yet an additional fire station and firefighters.

So when the annexations are considered and an example might have been grant avenue parkway.

More recently that was decided not at the time to take that on as an annexation project, but that would have needed a fire station in that area.

As annexations are proposed through the city process, we are a part of that and we do look at whether we can cover that from existing fire stations with existing resources or do we need to

add an additional station and additional resources.

>> In fact I would just to build on it, I would -- i would say that among the public safety, the fire department is probably the most engaged in those discussions because as we talked about with police, 0 has just basically been plugged in and ems is already austin travis county, so they already serve the county.

So when we are contemplating annexations, the fire department and our ability to deliver those services are probably among the public safety departments at the forefronts of the discussions.

>> Great.

So we can expect then with regard to the annexations coming forward here pretty soon before council that the fiscal impact will have accounted for any additional fire support in those areas.

>> That's correct, it does.

We are always involved in those discussions.

In fact, even more so than ever before.

Since I've been in -- in the -- as the chief.

So --

>> great.

>> We are making sure that we are there.

>> Tovo: Thank you, then i think the key as you mentioned is to talk with the water utility and coincidentally I think they're up today, too, about that issue, about whether they have the infrastructure, hydrant, water pressure, necessary to provide service to that area safely, thank you.

>> Cole: Any other questions, colleagues?

Okay.

Next we'll -- thank you, guys.

>> Can I just say thank you to the council that we appreciate your time and i know chief aisd took the privilege and I always want to take the privilege that i am so proud to serve at the chief of the austin fire department and we -- I used to say we're striving to be the best in the country.

I think we've got there.

I just came back from a conference a few weeks ago, a national conversation and we were so highly regarded

and we had three or four different presentations and I had more people approach me and ask me how we're doing things, can we use your policies, can we follow, come visit your department, see how you're managing all of this data.

I want you know that we are seen as the top department in the country.

It has a lot to do with the support that we've received both from the manager and from the mayor and council, so I just want to tell you thank and how proud I am to say that I get to be the chief of such a great department.

Thank you.

>> Cole: Thank you.

Next we have austin travis county e.m.s.

>> Good morning.

>> Cole: Good morning, go ahead.

Whenever you are ready.

>> Field questions?

>> Okay.

>> Cole: Any questions, colleagues?

You want to thank your department and say how much you enjoy working for the city.

>> Waiting.

>> Cole: Any questions, colleagues, go ahead.

>> There we are.

Okay.

Now I feel better.

We have a couple of my team members that you would like to introduce.

John ralston, our assistant director of felon and administration, he's our number whiz, chief of staff [indiscernible] to help answer questions.

So we're happy to answer any questions that you may have about the proposal that we have submitted.

>> Cole: Any questions, colleagues?

Councilmember riley.

>> Riley: Yeah.

I want to start by just asking about some -- some staffing issues that the [indiscernible] has been experimenting with some new approaches for staffing.

>> Yes.

>> I wanted to ask about both of those.

First I want to talk about the community health paramedic program, we have talked about in some years in the past.

We have kind of moved into that within the last year or two.

You've got on -- in your presentation, you first talk first group analysis, second group analysis, can I ask you to just briefly highlight where we are on the community --

>> absolutely.

We started off the program with one officer in charge of the program who is primarily working on creating all of the community links that we were going to need in order to make the program work.

And so we formed alliances with just about every other health care provider that there is in our community.

And we started off with the sample group, which is primarily those persons that use e.m.s. a lot.

We began to work with them and correct them to the more

appropriate providers of health services for them.

That reduced the utilization significantly.

Now we've added the persons that council has approved for us in the previous year and we have taken another batch of frequent users.

We've managed to reduce their utilization of e.m.s.

By about 41%.

We're suspecting that it's going to get harder and harder and harder to reduce that because we're thinning out the group and we're getting to those folks that are the toughest group to manage.

One of the things that we're beginning to consider is -- is what will be our next movement for that program.

One of the things that we are seeing now is -- as people are discharged from hospitals, you know, our community is getting older, and we're living longer and we're sicker, many times as we get older, so the complexities of health care are increasing.

One of the things that is beginning to happen more and more often, we are being now included any time patients

are being released from facilities and they are quite sick, now they include our officer hoffmeister to come in and assess so e.m.s.

Is aware of what their needs are before they get back home.

So one of the things that's beginning to happen is our need to beginning to elevate the type of care that we provide for those types of patients.

Some communities that we looked at doing best practices are doing programs they call advance practice paramedics.

Those paramedics are able to go into the homes of these individuals and do -- do collection of lab samples and other types of tests, report that back to the physician who is caring for that individual and they are able to provide the care without having to take that patient, move them back to the hospital.

So that is probably the next evolution of this program.

That -- that's now we take an expansion of nine to a dozen paramedics and begin to train them to that level of care.

That's probably a year away.

It's going to take us at least that long to develop the training processes, to work with our medical director to develop the medical protocols that we're going to need.

And then we'll be back to talk about the equipment, the tools and the personnel that we're going to need and the additional costs that come with that.

The advantage to the community, our community is better cared for.

We're not seeing, we won't be seeing a lot of people for frequent transports to the hospital because we are able to manage them better where they are in their homes and by connections to the other services that are available to them.

So that's kind of the next evolution.

[One moment please for change in captioners]

>> Riley: To the extent that those changes will require additional funds, you're talking about next year?

>> Yes.

>> Riley: Okay.

Another shift that's been is the shift to an emt and paramedic staffing model for each ambulance.

That's been a very sensitive subject for a lot of people, so how has that been going?

>> That's going really well.

In the previous hiring processes that we've had, we actually had a pretty low turnout.

We were lucky to get about 60 people to show up to come to our test.

In this most recent hiring process we had 180 people that filed application.

Of that I believe somewhere around 120 or so showed up.

Not as many showed up actually for test as who showed interest.

One of the things that we've discovered, this is our first time to do this, we did two things.

One is we modified how we're hiring and staffing our ambulances, which has broadened the group that we're able to go seek and recruit. The second is we seek out and recreate this experience we aligned ourselves with

the new civil service model and we found that the highest failure rate of the applicants occurred in two places.

First is the knowledge test, the e.m.s. knowledge test.

And the second is the e.m.s.

Skills exam.

So one of the things that I'm going to -- and this just happened.

This is about a week ago that we experienced this.

So what I'm going to do is go back and consider how we can improve on that.

We don't want applicants to come in and be surprised by the level of testing and the knowledge base that we're requiring to be an employee here.

And we don't want them to walk into one of those skills exams and that be the first time that they ever have to experience taking one of those exams.

So we're looking at creating prehire academies and activities to allow them to come in and meet with some of our staff, learn about the exams and the qualifications that we're actually looking for.

Our exams are based on national standard.

Some of the applicants have never been tested to that level and it's their first time to see it.

So we want to give them opportunities to see that in advance, to practice, to ask questions, to do it in a low stress environment.

So they have a better chance of passing the exams when they actually do decide to go forward and be applicants for e.m.s.

>> Riley: You've covered a lot of ground there so i want to ask about a few things that you touched on.

First you mentioned that you're working on aligning the department to the new civil service model.

>> Yes.

>> Riley: Is that in anticipation of the ballot item this november?

>> The situation is that the law gives us a particular date where if we do not hire people and do it in a way that's in substantial compliance, those persons stand the chance of losing their jobs on the day that it's approved.

So we have to comply substantially with the civil service requirements as best as we can at this point.

>> Riley: So you will be fully prepared in the event the item in november passes, the department will be ready to move forward seamlessly with a new system.

>> That's correct.

And the persons we hire between now and then won't be in danger of losing their jobs.

>> Riley: We've talked a lot about the hiring process.

How many vacancies does the department currently have?

>> We currently have 29 -- excuse me.

49 Vacancies.

And we're just right now interviewing still.

If we're able to hire 20 of the applicants, that will bring us down to 29 by september.

Then we have planned another academy in february for which we're going to hire.

If we're able to bring in another 20 that will leave us three vacancies.

Then what we have to account for is natural attrition.

We overestimate that at about one and a half persons a month.

If we were to follow that and the council and the county both add equipment and vehicles and staff to our current, we could look at having as many as 17 vacancies remaining in february.

>> Riley: And once you hire -- I'm sorry, were you going to add something?

>> He wants to clarify a little bit.

>> I think it's important to mention too that the 49 vacancy number includes 12 's staff of a station at mueller that's not open yet.

It's still under construction.

So the effective number of that is 12 less.

>> Riley: Once you hire someone to fill one of the vacancies, how long does it take them to go through the whole process to be cleared for independent duty?

>> The academy portion is only a few weeks.

They can complete that in --

>> the academy is eight weeks and then about 10 weeks after that.

So about 18 weeks from time to hire they go to a two-person crew on the ambulance.

So they start on the schedule.

It's several more weeks or a couple of months actually before they're completely cleared to independent duty, but from time of hire to week 18 is where we really start to benefit from that extra person in the field.

>> Riley: Okay.

Just a couple more questions.

I want to ask about the interlocal with travis county.

Has -- can you provide an update on efforts to --

>> we're in the process of renegotiating that agreement right now.

And there are several things that we want to address in that process.

One of the issues that we have is currently the county provides us enough medics

and ambulances to cover only about 60% of the county.

But our performance is held to 100% of the county.

So we're trying to discuss how fair that is and how realistic it is to expect that we can cover 100% of an area with 60% resource availability.

The other issue that we're talking about is the activity in the county and the growth in the county is out pacing that in the city.

Currently our city units are responding to about 47% of the calls in the county.

That's creating quite a draw from the city units.

And our utilization per unit is increasing pretty dramatically.

We've got at least two units right now in the city that are working way too hard.

A lot of that is driven because of the cascading effect that occurs any time we respond out into the county.

So we're asking the county to add additional units and personnel so that we can cover better in the county, reduce the number of calls that we're responding to

with city units, so that we can level off the work load for our employees.

>> Riley: So you're optimistic about those discussions with the county?

right now we're talking about some pretty radical changes.

Things in the way that we look at how we develop our budgets, how we spend our money, how we deploy our units, how the units and equipment is owned.

And even our development planning.

So -- our deployment planning.

So we've put everything on the table.

At this stage the county has been very willing to talk about every bit of this and we're really very close in concept about what we're talking about.

We may in fact be coming back to you in a near session, either requesting an extension of our current agreement or to allow us to have a holdover agreement until we finish our negotiations.

The changes that we're making are pretty drastic.

And there may be a delay in how quickly we can actually resolve everything before we can have an absolute new agreement.

So you probably will be hearing from us in the next month or two asking for an extension to give us adequate time to finish our negotiations.

>> Riley: You mentioned the growing demand placed on certain units in the county.

A number of units in the county.

Is that going to be an issue with respect to the ambulances and in terms of the mileage you put on the ambulances?

I've heard that there are some ambulances that are very -- that are up around 250,000 miles, but -- that are getting up there in terms of their age.

Are we going to be facing a need to replace them?

>> Anything that causes us to have to move an ambulance for any reason increases the mileage demand on that vehicle.

One of the things that we've been facing year over year is we haven't been able to catch up with our

replacement plan for ambulances.

So each year when we choose to replace a few, but not all the ones that we need, we begin to backlog the number of ambulances that are accumulating too many miles.

This year we've proposed to change a significant number of those ambulances.

You won't see that plan.

That's going to leave me with a huge backlog.

We can't continue to manage our fleet that way.

So one of the things that we have planned is a rather intensive meeting to discuss is managing its fleet.

A lot of this is done for us outside.

So we're going to have to do some serious work on that.

But yes, our vehicles are accumulating mileage and we do have to replace them.

>> Riley: And so that is not really addressed in the budget that's before us now.

Is that something that we're going to be seeing midyear?

>> We're going to replace a number of our ambulances this year.

Not enough of them to alleviate that problem.

>> And let me chime in a little bit on it.

As you know, years past, like all cities we've had some challenges, you know, with the economy.

And so the replacement schedule that we've had in years past we weren't able to come forward and do some of the replacements at the same rate because we had to make some tough decisions in the city.

So part of what we're in discussions with the fleet about right now is figuring out the best way to try to catch some of that up.

But we lag behind a little bit because we just simply -- finances here, we're struggling through some tough times.

So I think that also impacted some of the -- some of the vehicles beginning -- the mileage to rack up on some of them.

Because usually we have a schedule where a certain amount of them rotate out

over a certain number of years.

And we got off schedule a little bit through some of the tougher, recent years.

>> Riley: So what's the time frame of your discussions with fleet?

>> We have one next week.

>> Riley: Are we going to be seeing a report from that or any recommendations about budget adjustments?

>> There may be some.

>> I hope to have -- you know, that's part of the reason we have that meeting set up.

So certainly if there's some upgrades and changes we can make out of it, we're certainly going to make it.

But we first have to have the discussion with them because they've got to weigh it out with all the other needs across the city.

>> And councilmember, also we switched to a new design of an ambulance to a450 model.

Ford has had huge issues with the engines.

That has turned out to be a very unreliable engine for us.

And we're actually talking about switching to a different chassis that will carry our patient module.

We're looking at a mold that will require about half as much maintenance.

Any time that we have -- even if it's a new unit, if that unit requires twice as much maintenance, then our shop has to work twice as much to keep that unit running.

That was an unanticipated change in the ford design.

We bought those vehicles without expecting that.

So in all fairness to our fleet department, they got hit with having to double up their service levels for in an unexpected fashion.

That was a surprise to all of us.

So part of this conversation is whether or not we should switch to a different model that doesn't have the service demand like this current vehicle does.

>> Riley: Sounds to me like we need to be braced

for an item to come in the not too distant future that may have a fairly significant price tag.

>> Ambulances are everything to us.

We have to get to where we're going.

>> Riley: But at this point it's not really -- we don't know what the cost is going to be in order to address all those issues.

And we won't know until those discussions are concluded.

And that will be at some point after the budget is approved.

>> Well, again, part of what we've got to balance that discussion out with fleet because they look at the fleet across the board and the city to see what we can do and what adjustments they may be able to make in some of the other procurements.

So I think it first starts with having a more in depth discussion with them about it.

But again, it's not for a lack of effort, but it's some of this also in addition to this change with ford had to do with just getting off schedule those

tough years that we had here in the city.

>> And they're already doing that.

They're already shifting some planned purchases that they had planned for this year, not doing those purchases and instead replacing some ambulances.

So they're already shifting some priorities as well.

>> Martinez: Can I ask one question on that point, mayor?

>> Mayor Leffingwell: Are you finished?

>> Riley: I had one last question.

>> He's not done going through mr. levy's emails.

[Laughter].

>> Mayor Leffingwell: Councilmember martinez, if it's okay with councilmember riley.

>> Riley: Sure.

>> Martinez: I thought the whole reason we switched to a different chassis in the previous generation of ambulances was because of the truck chassis that we were using, and why did we go back to a ford f-350

truck chassis if we knew and we had that history that the maintenance was substantial?

>> No, the chassis that we were using before was a medium duty chassis, a freight line he, a much, much larger vehicle.

And we switched to a much smaller vehicle, anticipated to have fewer service requirements and more reliability.

But because of the engine issues, it's actually doubled.

Part of ford's mitigation process is to require more services.

>> Martinez: I just remember we were using fords before we went to freight liner.

We went all freight line we are a heavier chassis and now we're going back to ford and finding we're back in the shame shoes.

>> Originally we were on 350's and we were finding that the f-350, it was marginal on weight because of the vehicle design and we were going through brakes and everything on that truck, and suspension.

We jumped up to the next biggest truck at the time,

which was the medium duties,
which is a big jump.

The trucks are really made
to be -- not made to be
ambulances.

They're made to be delivery
trucks.

The ride is tough.

And then after that time
ford came out with something
between the two.

It's an f-450, which is what
we're purchasing.

It handles the hate, what
the construction of the
boxes are wider and overall
we really like the size and
the ride and the design of
the truck, but at the same
time ford went to designing
their own engine, and that's
not been a real successful
program for them at this
point.

I think we're in the right
size truck.

The problem is the service
cycle and the failure -- the
recall and failure issues
with this engine is what
we're fighting through,
along with what chief
mcdonald mentioned being
behind in replacement
because of kind of where
everybody is right now with
our budget situation.

>> Martinez: Thank you.

>> Riley: Just one last issue I wanted to touch on.

And that is -- that relates to the patient charting software that e.m.s. uses.

There have been some reports of issues with that software, that in particular that it doesn't allow medics access to prior records and that it takes four minutes to print out a record.

That it's just a clumsy system.

You're often in the position of having to reenter data multiple times for the same patient.

So I wanted to ask you, if you've been hearing reports about that and if there's any issue there that we're going to have to address in terms of --

>> we're not anticipating that we're going to have to spend any more money on it.

We are working with our i.t.

Department.

Part of the way that the system works is it has to integrate with hospital i.t.

Systems as well and there are some hospitals that won't let us into their@i.t.

System on that complicates printing some charts.

We are working with the vendor to try to maximize and optimize how it prints because sometimes it does sit there and it cycle too long before it prints out a chart.

Some of the things we've done is we've worked with the hospital staff to try to trim the chart down to a more appropriate size and have it spin out faster so it prints better.

We also have worked with -- we have a team that actually works on this.

And they're actually taking out a lot of the extraneous data that's contained in this system so that it runs faster and more efficiently.

This system, we've been on it for about a year and we're still going through a lot of the tweaks and bugs.

It's getting better.

I don't think it will ever be perfect.

We looked at quite a few of these and they all have something.

They all have something that doesn't work.

Overall the system seems to be working well.

But there are a few bugs with it and I think we'll have to live with some of them.

>> Riley: I appreciate your continued efforts to make that work better and I'm relieved to hear it won't require any additional dollars to fix it.

Thanks for all you're doing.

>> Mayor Leffingwell: Councilmember tovo.

>> Tovo: So earlier you were talking about -- I've forgotten the term you used, but paramedics who could go into a home and run some lab tests and then report that information to the doctor.

I wasn't clear oticon text in which they would do that.

Would that be in a crisis situation where somebody has called 911 or would that be in the context of the community health?

>> This is in context of community health.

It has to do with patients who are discharged from hospitals and who are still

pretty sick and who need a lot more attention than a typical person would get when they go home from the hospital.

They may have complicated or chronic illnesses and they require more monitoring.

What we would do is we would use our paramedic staff to be able to take care of those patients, primarily within the first 72 hours of discharge.

The highest rate of return to a hospital post-discharge is within the first three days.

So what we would do is work with the hospital to try to care for that patient to avoid having to move that patient again back and forth and back home again.

And that's the context.

>> In fact, this was something that council -- again, we received great support for council to create this program because a lot of these folks were chronically dialing 911.

And in some cases it wasn't that they just didn't need some level of help, but didn't necessarily need to be transported to the e.r.

So what council has allowed to do is to proactively go out, visit with those patients, keep track with them and in return it keeps those other units available for 911 calls.

>> Tovo: I see.

I wasn't aware of that component of the community health paramedic.

>> That's new.

We're beginning to develop that program now.

This whole fiscal year is development.

Next fiscal year is when we intend to come back and probably have a proposal of additional cost that we may have to incur to build the program.

>> Tovo: And I assume that you're working with our other community health partners because in other arenas I hear about -- I'm trying to think of the term.

Home visits and where a nurse will go and visit patient whose have recently been discharged and other individuals who are considered to be at high risk of returning.

So I assume that this program is being developed in conjunction with our other community health partners who may have similar programs.

>> And it's not long-term.

>> Tovo: I see.

So would you say that the distinction is that the community health partners who are developing home visits programs are tending to be more ongoing?

>> Yes.

They could last for years.

We're talking about three days.

>> Some patients are leased and already have all those connections.

>> Tovo: Thanks.

I think that may be my last -- yeah.

I think you've answered the other question.

Thanks.

>> Mayor Leffingwell:
Okay.

Thank you very much.

>> Thanks.

>> Mayor Leffingwell: And trash department is next, i believe.

We're scheduled to go to noon.

I think probably the most practical thing is if we get done before noon we'll break to lunch.

We're scheduled to go until 4:00 this afternoon.

00 it will depend if we need it, it will depend on the availability of a quorum.

I know that I have to leave at four.

We are skipping presentations.

We'll go directly to questions.

And I'll start off.

's to start the master plan initiatives.

Could you give me a very quick run down on that.

>> Certainly.

And mayor, city council, bob getter, director austin resource recovery.

I would also like to introduce sam and gloria, our deputy director, and

tammy williamson county, our
assistant -- tammy
williamson, our assistant
director.

's, let me find
my chart here, we have five
staff that are directly
related to the master plan
implementation, some of the
new programs and diversion
programs that we plan on
implementing.

And five staffs that are
related to the operational
growth of the department.

And I can break those down
if you'd like.

How far in detail would you
like?

>> Mayor Leffingwell: What
aspects of the master plan
require 10 new f.t.e.'s.

>> For instance, one is zero
waste program development.

Another is business outreach
on the universe tall
recycling ordinance.

Another staff person is a
pio for our universal
recycling ordinance
implementation.

If we have a resource
recovery center operator
specialist for our bulky
collection program.

And those are directly related to the diversion programs.

The other staff positions are indirectly related due to the growth of the master plan activities and the limited staffing levels we have to increase work, for example, contract management, an additional person on contract management.

>> Mayor Leffingwell: What is the cost of the 10 new f.t.e.'s?

>> Good question.

>> Mayor Leffingwell: My next question relates to cost.

What is the cost of the zero waste campaign.

I'm assuming that doesn't require personnel?

>> The zero waste education campaigns are a combination of outreach efforts.

I'll give tammy the lead on that, but that includes universal recycling, implementation as well as the plastic bag issues as well as recycle right campaign.

Tammy?

>> [Inaudible - no mic].

Sorry.

The approximate cost of that, mayor, is 1.75 million.

>> Mayor Leffingwell: And that would be for, what, tv ads?

>> It would be for tv ads, print materials.

You will see, as I said print materials, cost of ads on the radio, marketing materials that will be handed out, a consultant that would be -- we'd like to hire for additional campaign and outreach, collateral.

You see various marketing targets and tactics for that.

>> Okay.

So you --

>> Mayor Leffingwell: Okay.

So we're working on a cost number for the 10 new employees to support the master plan, not to support our existing service.

>> Exactly.

That's correct.

>> Mayor Leffingwell: And the reason I'm asking these

questions, I'm looking here -- what I'm looking at is your budget shows a nine-million-dollar deficit?

>> Yes.

>> Mayor Leffingwell: And so in light of that I'm kind of wondering about extra frills in the budget.

I know you're probably covering that out of reserve funds.

>> Yeah.

A couple of comments on that deficiency.

Our budget -- I mention this in our may presentation.

We have a structurally deficiency between revenues and expenditures.

We're on a three-year plan to become neutral on that issue, to have revenues match expenditures.

-- Expenditures.

The budget proposal in may has been trimmed down and you'll note that the rate adjustments that are being requested now are significantly less than what was proposed in may.

And that directly affects that deficiency as well too.

We are proposing a lower rate increase.

The extra aprils that we have identified -- extra aprils that we've identified we've done in july.

We've done quite a bit of scrubbing in the budget.

And I believe the estimate is that we scrubbed 5 million out of our budget request.

>> And mayor, we have the luxury of a real strong cash balance to do that.

If we didn't have that --

>> Mayor Leffingwell: What is the balance?

>> The predicted ending balance for this year is \$4.1 million.

And obviously a a balance that will be decreased to 2 million by the end of next fiscal year.

>> Mayor Leffingwell: By the end of the next fiscal year it's going down all the way to 5.2?

And what's your normal -- what do you have prior to this year, for example?

>> Prior to this year --

>> Mayor Leffingwell: Nine plus nine?

>> I believe the carryover balance was around 20 million into this fiscal year.

>> Do you have any departmental policy that you follow to try to determine how much reserves you need?

>> Yeah.

We have a one-12th policy.

One-12th reserve policy and that factors out to about 5 million -- 5 million as a cash reserve.

>> Mayor Leffingwell: So you're well above for this year, but not for next year.

>> Exactly.

>> Mayor Leffingwell: Okay.

Those are the questions that I have.

Anything further?

Councilmember Riley.

>> Riley: Just a couple of questions.

First on the fee schedule, I notice that -- I know that the residential is going up 75 for the

base customer charge up to 9.50.

I also noticed that -- on the commercial side the base customer charge is coming down from -- coming down from 30 to 9.50.

Can you just explain the rationale?

That's a pretty hefty drop on the commercial base charge while the residential base charge is going up slightly.

What's the conflict there?

>> Exactly.

What we performed, our staff over the last six months has performed a cost of service study.

What we're doing is factoring in the direct cost of services to each client base.

And what we found was that we couldn't justify that 30-dollar base rate.

It was an oversubsidized rate.

And I believe that our services to our business community has increased due to the obligations of the universal recycling ordinance.

Therefore it's proposed that at \$12 for the clean community and a base rate of 50 on the cart service and the commercial sector, and it's based on direct cost of providing that service.

We're adjusting the rates for the direct costs.

>> Riley: Okay.

While there may be a significant drop in the base customer charge, there will be the addition of this new fee that will somewhat offset that drop?

>> That is entirely correct.

We're putting the fees in the programs that are delivering the services, yes.

>> Riley: Okay.

And then I just wanted to ask about our -- the movement toward the north facility's location.

Could you give us a brief update on where we are on that?

>> As you well know in our master plan we've identified the need for a north service center, a deployment of some of our services in the north as well as the south for cost efficiencies.

We also need a north household hazardous waste facility and a north fueling site.

That's what's driving that discussion.

We are centering in -- we were working with the facility development plan and actually had a detailed meeting yesterday on that topic.

And we're working on a financial plan of action on -- and a proposal and we'll be coming to council pretty soon.

When would you estimate a council impact?

>> We're always balancing because we're in the middle of the facility master plan, the overall goals of the city with the departmental piece.

So we're trying to work that through and make sure that we're on track so council gets kind of both of those at the same time.

So we'll be looking at some alternatives for austin resource recovery as well as some other co-located departments in conjunction with the master plan.

I expect it will be coming forward with the master

plan -- that's not my area
city manager,
but probably the next few
months.

And then with the
co-location part we might
have to come forward a
little bit earlier on some
land alternatives.

>> Riley: So that would be
a capital item that we'll be
seeing in a few months?

>> Yes.

>> Riley: Where are those
dollars coming from?

>> That is part of the
excess carryover balance
that we're dedicating toward
a land purchase.

>> Riley: Okay.

So we can expect to see that
land purchase sometime in
the next few months.

And then of course we'll
have to go through
construction.

Certainly it won't be this
fiscal year when that
facility is up and running.

>> I'm predicting late 2015,
early 2016 for occupancy.

We still have a lot of work
to do, site selection as
well as land development.

We are looking at cooperatively working with a consolidated concept of three, four, five different departments of the city working together, co-located, including a heavy vehicle fleet repair shop next to our facility.

>> Riley: And you're also doing some planning efforts on other major initiatives.

And the one I wanted to touch on is organics.

Initiatives related to collection of organics.

Are we going to be able to see anything this fiscal year in terms of actually getting an organics selection system in place?

>> Yes.

We have a three-year phase-in for a more elaborate organics collection system and we are starting up a pilot in january of this coming year with 8,000 households in five distinct different neighborhoods throughout the city.

Two of those neighborhoods are annexation areas and three are existing service areas.

And we will be adding a third cart to their program

service and asking residents to put in yard trimmings and food wastes.

This will be experimental.

We have a lot of questions about quantity, size of routes, the type of diversion that would be obtained.

So this would be our first pilot to gain some statistics.

>> Riley: So that pilot will be moving forward this year, but you don't expect any citywide movement towards organics this fiscal year?

Assuming that the pilot goes well, then when do you expect you might be able to move forward citywide.

>> Currently the plans are 8,000 single-family households in this fiscal year, 16 additional -- 16,000 additional in the following year and then citywide the following year.

So we're three fiscal years away from full implementation.

>> Riley: We probably don't know the full budgetary impact until pilot.

>> I think the pilot will tell us a lot of details.

For instance, we're collecting yard trimmings with a year loader.

We'll be converting to a side loader with this cart.

The question is is it a one for one trade of vehicles or is there a need for additional vehicles when we service citywide.

We'll know the answer to that after this 8,000 pilot is up and running for two, three, four months.

>> Riley: Okay.

I appreciate your efforts on that and I'll look forward to seeing it progress.

>> Mayor, I do have an answer to your question.

's, we don't have a breakdown of five and five, but of the 10 's, the financial impact \$792,000.

That's for all 10.

>> Mayor Leffingwell: Thanks.

While I'm at that time i want to ask you one more question brought up by councilmember riley's discussion.

Organics, yard waste.

We currently pick that up
once a week, correct?

>> Yes.

And we would continue once a
week.

>> And other recyclables
once every two weeks.

>> That's correct.

>> Mayor Leffingwell: So
would there be any hindrance
or cost savings -- you have
thought about yard waste
once every two weeks along
with recyclables?

>> We've looked in that and
we've also had some
discussions with the public
on the master plan and the
difficulty in going to every
other week on yard trimmings
is the addition of food
waste.

Food waste is 12% of the
waste stream.

We want to capture it and
divert it --

>> Mayor Leffingwell:
Future plans.

>> Yes, for future plans.

We can't really move that
third cart to an every other
week format because of the
food waste.

The current program on yard trimmings could move to a once every two week format, but given that we'll be converting in the next three years slowly over to a citywide organics cart, we have not considered going to biweekly this year, given the conversion that might happen in the next two to three years.

>> Mayor Leffingwell:
Otherwise you would if it were not -- it seems to me that that would be a considerable savings, roughly cut your costs in half by doing that.

>> And given the participation rate of the residents, it is a lower participation rate per week that could justify every other week collection.

>> Mayor Leffingwell:
Yeah, I know in my own case I have yard waste maybe once every three weeks or so.

Certainly not every week.

That doesn't say anything about the condition of my yard.

[Laughter].

>> It's go hot summer.

>> Mayor Leffingwell: Yes.

Any other questions?

Okay.

Thank you very much.

>> Thank you.

>> Mayor Leffingwell: So council, we're closing in on noon here.

We have three more departments, two of them likely to be somewhat time consuming, austin energy and the water utility.

And we also have code enforcement.

So we can either go on lunch break now or try to cover code enforcement.

Any thoughts?

Code enforcement it is.

>> With me today is dan cardenas, assistant director of code clients and keith leach, new assistant director of code compliance.

>> Mayor Leffingwell: Questions for -- councilmember morrison?

>> Morrison: Thank you.

Welcome.

And thanks for your work.

I know you guys have had -- you've been in the front

page of the newspaper over the past few months.

Congratulations on that.

Or not.

I know that you're working on programs to be proactive.

We've talked about it at public health and human services to be working with our multi-family -- aging multi-family housing stock, and that's a significant program that you're putting into place.

I appreciate that.

Do you have a sense of what the cost of that is.

's
to cover that or just shifting some work around?

>> Presently, councilmember, we're looking at adding four additional code officers to start an inspection program for multi-family.

And the cost of that -- personnel cost is about \$305,000 for those four personnel.

They would actually survey the city and look at those buildings that are old, buildings built 40, 50 years ago, and also look at problem properties.

We can identify those and then start a proactive program of inspecting, particularly the exterior of those buildings that are deteriorating and try and help prevent problems like we've seen happen recently in some of the multi-family complexes.

That would be a start.

The cost doesn't end there.

The program doesn't end there.

We've got to look at some other issues and we're forming a taskforce to look at that.

One is relocation policy and funding for relocation of residents if we have to vacate an apartment complex.

How do we relocate those persons and how is that funding if the city has to step in and do it?

It is and will remain the owner's responsibility to take care of those problems, but some owners, we've found, don't step up as they should.

The other part of that is the issue of -- and it came out in the public health and human services committee was affordability.

And so that's another issue.

We've started working with neighborhood housing to look at that issue.

And how do you help maintain affordable housing with apartment complexes that are aging like that and they need special maintenance and all?

Are there any rehab funds, incentives to help the property owners to take care of those problems?

That issue is going to take us a little bit more work.

And looking at the cost of that.

And I understand that there may be some funds associated with the bond issuance.

That will certainly help and we'll look for other sources of funding also.

>> Morrison: Thank you.

I think that as a policy issue we need to understand that affordability is one of our highest priorities and biggest challenges, and this is a key element in being able to do that.

To do that work and achieve that.

And preservation of existing affordable housing is thought to be one of the cheapest or the least expensive way to preserve affordable housing.

So I think it's really terrific that we are marrying all that and it's a very worthwhile investment.

Does the fees for licenses cover the cost of that program?

Are we looking at a neutral impact to our budget there?

>> Yes, absolutely.

The fees collected and intended to cover the complete cost of the program.

>> Morrison: Great.

I'm glad to hear that.

Let's see.

I also noticed in terms of investigations, the methodology, we're going to be moving from a generalized inspector methodology to a specialized inspector focus, which is on 545.

And I guess I'd like to see that over the years I've seen it go from specialized to generalize and now we're going back to specialized, i guess.

Because I remember in the olden days there were folks that inspected that inspected certain kinds of compliance issues.

Then it became more aligned areas, the neighborhood areas so that folks could get familiar with particular areas of the city.

And in fact some areas of the city did have more of certain compliance issues so there was a focus.

Could you talk about the move back now to specialized focus?

i appreciate that question because really we're not moving totally back to specialized.

It's sort of a hybrid if you will.

We want to maintain the neighborhood code enforcement focus so that we've got neighborhood code officers that work in collaboration with the and with other departments on a neighborhood level.

And so that that will still be the base, the foundation of our code compliance program.

Certain specialties would be built on top of that kind of lake overlays, if you will.

And those specialties might include many of the fee-based programs, the billboard, the mobile homes, the hotel-motel inspections, those kinds of things.

And even the multi-family inspection.

A lot of times you would bring in a specialist and the multi-family inspection person that would assist, if you will.

The neighborhood code officer would still be involved, but having the assistance of a specialized inspector to help get the work done.

But yeah, it's sort of a hybrid model.

We'll keep the district rep, neighborhood code officer concept and just build on top of that.

>> Morrison: Great.

That sounds like a good move.

And one thing I wanted to mention with regard to the multi-family effort, I'm not sure, but probably connected with the CDC in that regard, and I know that there's been

some really good work by classes and one of our faculty members up there in terms of surveying and looking at aging multi-family.

So collaborating with them would be great.

>> At the next meeting they're presenting a study, a relocation policy study, and we're very much interested in that.

So we'll work with that committee too.

>> And I know other issues have come up in the past.

For instance, when folks are going to have to relocate for one reason or another, even making sure we smooth away for changing their utility accounts and things like that can be --

>> austin energy was very helpful when we had to do the orders to vacate recently at a complex.

They actually did waive those -- the deposits and allowed the -- it helped the residents to be able to move smoothly into alternative housing.

We appreciate their collaboration, their help.

>> Morrison: And a last comment, on slide 48 you have a presentation of the city of austin citizen survey and it shows that satisfaction with enforcement of kids and ordinances -- codes and ordinances were above the city benchmark, which is 42.

We're at 46%.

So that means that presumably every -- four and a half people out of the 10 that I meet on the street are happy with it.

It sounds more like 10 out of 10 are unhappy because that's who we hear from.

Why are these numbers so low?

Why is it so hard for a community -- I see we're above the average, which is terrific.

Why is it so hard for a community to be able to be satisfied with enforcement?

>> Yeah.

That's a good question.

[Laughter].

>> I guess one area I can probably lend to is my experience in writing tickets.

It's just one of those things that when you don't come in contact with it that much, you're just not as engaged.

But in many cases when you're having to do that sort of enforcement it's not something that's really popular.

And then some of the complexity of some of the issues they have to deal with too, we try to reach a compromise and try to get compliance and in some cases the people that are complaining about it feel like you should be tougher.

And because a lot of times they're at their wit's end because they've been dealing with the issue a long time and really want us to come down with a hammer on people, and that's just not the approach we've taken.

We want to try to get compliance.

So I make fun, but it's not one of those areas that is really popular, but it's certainly very necessary.

>> Morrison: My inclination would be to assume that the vast majority of people are not being -- are not having to have anything enforced against them.

Most people are law-abiding.

The vast majority of people are.

So this number is really more the general reaction is more a response to whether folks feel like we are enforcing codes appropriately on other people.

>> Right, right.

>> We're pleased that we're above the national average, above the benchmark, but we're not satisfied with where we are.

46% Is not what we want.

We want better than that.

And I think the answer is the focus on getting -- giving good quality service.

Whenever they call that we'll have as quick a response as we can.

Our response is not where we want it now, but I think we're working toward improving that response time.

And how we do more with the especially indication.

Letting someone know what the folks are, having someone complain the codes.

Educating as much as possible.

And not just what the violations are, but how do you remedy, how do you correct the violation?

What do you do?

It will keep good customer skills in mind as we provide that service.

We're writing that ticket, but it's the way we do it, with respect and courtesy, that kind of thing.

I think if we do that those percentages will increase.

You'll see even better numbers from this department.

>> Morrison: I look forward to that.

Thank you, mayor.

>> Mayor Leffingwell: I wanted to ask you a real couple of budget questions.

's,
correct?

>> Correct.

>> Mayor Leffingwell: I want to focus on that because here we are at a year where in order to balance the budget, the

proposal is a significant property tax increase.

So we've got to look very close.

I think especially at new employees.

The waste hauler licensing program has nine new 's and that's transferred from resource recovery.

>> Yes, sir.

>> Mayor Leffingwell: I've been here long enough to remember when this entire department was a part of resource recovery, as it's called now.

So how many total employees do you have that focus on this aspect of your inspection process, which is illegal dumping?

5
that are doing that.

One permitted employee and one temporary employee.

Handling illegal dumping.

And they would be folded into that nine.

They would become a part of that nine.

>> Mayor Leffingwell: You have 1.5 and they have nine.

It's nine existing employees that are being transferred to you?

>> No, sir.

Well, the nine employees don't exist.

We don't have any of those nine and arr doesn't have nine.

They have a program set up for registration and licensing, but really don't have an enforcement component.

So with this program actually creating an enforcement component, and the nine positions would handle that.

>> Mayor Leffingwell: I would have a real question I'm going to be looking at that because obviously when you add positions in your department that affects property tax.

When you add those positions and resource recovery, that does not affect property tax.

>> Our department is moving to an enterprise fund and moving away from general fund totally.

And this -- this position, the solid waste hauler licensing program, would be

completely funded by the fee that come in from the program itself.

>> Mayor Leffingwell: All right.

Well, that's -- that's very comforting.

I appreciate knowing that.

's in resolution of compliance cases and four which have already been discussed in multi-family.

>> Yes, sir.

>> Mayor Leffingwell: Okay.

That's all I have.

>> Cole: Mayor, I have a quick question.

You talked about moving to an enterprise operation.

When do you contemplate that happening?

It's obviously not this budget year.

>> No.

This budget year.

This budget is adopted.

We would move to an enterprise fund.

The clean community fee would cover the cost of the department with the exception of the fee-based programs that are already covered by fees.

And we would move -- we would have no -- there would be no transfer dollars from general fund.

>> Cole: No transfer dollars.

Thank you.

>> I just want to clarify that the code compliance has predominantly been funded by the anti-litter fee.

Historically we're proposing to change the name of that fee to the clean community fee.

The general fund transfer to support code compliance has been in neighborhood about \$800,000 and is part of this budget process.

We would be -- we're proposing to eliminate that general fund support for the department.

That's part of why you're seeing a proposed increase to the clean community fee, and then we're also -- we're setting the department up or I guess they've already been set up as a separate stand

alone department from austin
resource recovery.

That's why we're not
recovering to them as an
enterprise operation.

>> Mayor Leffingwell: So
none of these additional
employees have any impact on
the general fund?

>> No impact whatsoever.

>> Cole: Thank you, ed.

>> Mayor Leffingwell:
Okay.

I think we're done, so we'll
break for lunch and be back
here at -- councilmember
riley?

>> Riley: In light of the
significance of both of the
budgets, water utility and
electric utility, I think it
would be helpful to instead
of going straight to
questions to ask the
directors to touch on the
highlights of the
presentations that they
would provide since we are
in a very critical time for
both those departments.

I think hearing a
presentation with both those
utilities would be helpful.

>> Mayor Leffingwell:
Without objection we'll
stand in recess and
reconvene at 12:55.

>> Mayor Leffingwell:
Okay.

We're out of recess.

We'll begin with the water utility.

And our format has been to go directly to q and a.

We'll maintain that format, but I want to ask you a question to start with, which is going to involve a long answer, maybe as long as three minutes or so.

[Laughter].

That has to do with the new plan we have implemented for the stability fee.

So if you can just brief us on that.

>> Greg MaStar as, director of Austin Water.

We also have David Andrews here, chief football officer.

Yes, this budget includes a retooling of our fixed fee, what we used to call our revenue recovery fee.

You might recall from the current budget we had implemented a flat across the board fixed three of 10 for residential customers.

And part of the budget discussions last year, set us on a course for what we call our joint financial subcommittee process.

They concluded back a couple of months ago.

Council may recall a briefing we had.

As a part of that we are restructuring that fee.

It's going to be instead of a flat fee, it's going to be a tiered fee based on water usage.

So each month will determine your water use, and the lower your water use the lower the flat fee.

As a matter of fact, you can see it up on the screen, slide 58.

40 per month flat fee to a fee that will vary based on your water use each month.

So it's still a fixed fee each month that if you're in a certain water class that's what you pay, but it will vary based on what we call our tiers based on how much water you use.

So mayor, is that what you were asking?

>> Mayor Leffingwell:
Yeah.

It's kind of hard to follow
all the way across there
because there's no line.

But are you saying it's from
zero to 2000 it's two
dollars?

>> Right.

If in any one month you use
zero to 2000 you will pay a
two dollar fixed fee.

If it's 2000 to 6,000 you
will pay a \$4.50 fixed fee.

So it will be tiered based
on your water usage.

>> Mayor Leffingwell: But
if you're a low income
customer, if you certify
that you don't have to pay
anything, right?

>> Right.

The cap customers don't pay
the fixed fees for this at
all.

>> Mayor Leffingwell: So
this two dollar -- reduction
of I guess 50% reduction
goes to anybody regardless
of income.

>> That's correct.

>> Mayor Leffingwell: If
you've got a condominium on

top of the austonian, you
get that 50% reduction too.

>> That's correct.

>> Martinez: Mayor?

>> Mayor Leffingwell: I'll
just say I realize this is
part of it.

I don't think it's good
policy.

I don't support it.

But it is what it is.

I'll turn it over to
councilmember martinez.

>> Martinez: I just wanted
to ask, following up on your
questions, can you give us a
breakdown of the percentage
of customers in each one of
those blocks so that we can
have a better understanding
of the impact on the
customers?

>> Yes.

I think if you move to the
next slide and -- and the
slide after, --

>> Martinez: I see.

>> This is a graphic form of
that slide.

Let me even skip to the
tabular form as something a
little more straightforward,
the slide following.

53% Of our customers use less than 6,000 gallons, so 53% of the residential customers would see actually a decrease in their water bill under this restructuring.

And then as you get above 6,000 gallons -- we picked 6,000 gallons because that's about the winter average.

So you might think about that as your essential water.

And then as you get above 6,000 you start getting more and more into irrigation water and then you see a more steeply climbing impact of this restructuring process.

And maybe while I'm at it too I'll just throw in one other thing that we talked about the cap customers and I think it's important to understand -- let me skip ahead a little bit.

We were concerned about the impact on the customer assistance program customers with this restructuring because we're changing our block rates too as a part of this.

And particularly when you use about 9 to 15,000 gallons it can hit that customer class fairly substantially.

So we also recommended in this budget process and we just took this to our boards and commissions, an additional discount for cap customers.

Historically we've only discounted their fixed fees.

We're now recommending that we apply a small discount or a discount across their water variable fees, which would result in all cap customers seeing a water rate discount for the 2013 year.

So I think that's something we would recommend to the council at this time also.

I went through that pretty fast.

Maybe if you have questions on that --

>> Mayor Leffingwell: Any other questions?

Councilmember morrison.

>> Morrison: Greg, I know the joint subcommittee and staff went through a lot of analysis and what they were trying to balance in terms of coming up with the tiered fixed fee.

And I wonder if you could just address the different pluses and minuses of it.

I think the issue was if it's just a flat fee are we discouraging conservation because the lower users pay more?

Could you run through the logic of that?

Because I think it's important for all of us to understand why we went for that.

>> Yes.

The joint financial subcommittee process working closely with utility staff, they were really balancing several variables.

And at sometimes competing interest.

One, we wanted to reduce the long-term risk of votesty in our -- volatility in our revenue stream.

We want add higher fixed fee.

We were at 10 percent and our revenue recovery was in fixed fees where 80% of the costs are fixed.

We're on a pathway to try to fix that.

Ultimately wednesdayed up at 20%.

Ultimately we ended up at 20%.

We tried to recover a few more fixed fees in a way that didn't run counter to conservation.

That you still wanted to send conservation pricing signals and I think our flat fixed fee structure brought up concerns about that not being a pricing signal.

So that's what a kind of led us toward a more fixed fee.

We hadn't really in well over 10 or 15 years looked at our intervals, where we cut off the water block rates.

So we received a lot of testimony about that and now have updated our intervals for the block rates on more of a rational system of the lower 10%, the top 10%, the wastewater averaging.

We took a more scientific approach to where we cut off the various intervals, again to help with volume activity and pricing signals and other kinds of issues.

So it was really a holistic look at that.

We had developed a model that we ran up towards of almost 50 different scenarios that helped balance these competing interests.

I don't know, david, if you want to jump in on other thoughts too.

But they really were looking at all of that together to try to harmonize that and come out with a recommendation here that wasn't perfect because there isn't a perfect solution, but one that tried to balance all of those interests.

>> Morrison: And then the fixed fee basically is what drives the decrease in volatility.

And -- but I know you all looked at sort of the measures of volatility.

And making the fixed fee a tiered structure, does that -- is that going to address to a significant degree our need for reduced volatility?

>> What we found through the process is we really can't fix volatility in our water revenues.

That we can stabilize it and see that it not get worse over time because we're on a pattern every year our risk of volatility was getting agents worse and a little worse.

So I think this restructuring starts us on a

pathway where we don't see volatility getting worse in the future.

It probably gets a little bit better than where we were.

And going from 10% fixed fees to 20% fixed fees is a part of that solution.

I think the other part of this budget process and the recommendation that came out of that group that gets out at the other risk of volatility or management volatility is mitigating it.

Since you know periodically you will have highly volatile revenue years, we've also recommended and it's in this budget is the beefing up of our cash reserves, the establishment of a new reserve fund that would just be for managing volatility and a small surcharge.

I think it's forecast at 12 cents per thousand gallons, to help start funding that increased cash reserve.

And it would be built up over a period of five years.

And then there's a whole series of new financial policies that we would put in place with this budget to manage how and when those cash reserves would be used

in years that we see significant revenue loss.

>> Morrison: So really, what came out of the committee and it was a unanimous recommendation with the committee and staff, really appears to go at all these competing interests, basically, and the financial stability and provision of water in many different ways.

You mentioned, for instance, the reserve fund.

And that is to build the reserve fund so that when we do have the volatility if it goes beyond that we're ready to exam, we'll have the reserve there and then we'll build them back up.

And I appreciate that already it looks like you're sort of working according to be sort of evolved and more sophisticated financial policies and that is the joint subcommittee recommended 18 cents as the reserve fund surcharge and you saw that there's an ending balance this year so we don't need to even charge 18, it's going to be 12.

>> That's right.

We had enough cash balances at the end of the year to transfer a bid in to start this fund out, which helped

reduce the user fee element of it.

That was one of their recommendations to is to look at fund balances in terms of helping establish this new reserve.

So yes.

>> Morrison: In sum, i think that what we have in front of us here takes us to a much more sophisticated and refined and approach to rates and managing it for the water utility.

>> Cole: Councilmember tovo.

>> Tovo: I wanted to ask a question that is about a specific council resolution, but I think it has potential budgetary impacts because it relates to the customer assistance program and it was a resolution that we forward with regard looking at ways for the financial assistance program for customers who live in multi-family apartments.

I wondered if you had a sense of the progress.

I understand there are some challenges in doing that and I didn't know if you had an update in where we were in navigating those challenges.

>> We're working closely with ae on that change where we would partner a with ae to reach those customers that are multi-family, just as you described.

There are some technical issues on how we would ream the utility for that kind of program.

I think there's probably some legal related matters to sort through too, david, you may have more specifics than I on that.

>> I think that's basically where we are.

We are working with austin energy.

We have in our proposed budget for 2013 included the increase of our cap customers starting in february of next year, which is when we would implement the water rates.

So we are assuming that that program would include those tactical additional cap customers and we're also including an amount that the expansion of that program as continues to market that, then we factored in some increases in the cap program as well.

>> Tovo: Can you point me to where I might find those in the proposed budget?

>> I don't think there's any specifics within the proposed budget documents, but we could definitely provide you some specifics.

I believe just off the top of my head we're around 4500 customers today.

We are planning that that would go up to almost 10,000 in february, which is about the amount that currently austin energy has.

And then I believe by the end of the fiscal year we're assuming that it would go up to about 18,000 customers in that.

So we have factored in some of that additional customers being signed up.

>> Tovo: That's very help.

And those increases are estimated to result from the -- sorry, what a tortured sentence.

Those increases are a result of moving toward an automatic enrollment system.

Is that right?

>> Yes.

>> Tovo: Do you have a sense of how many -- if you were able to capture some of the multi-family customers, if you were able to navigate

through the technical challenges, how many additional ones we might have?

>> I think right now that that would be about 4500 customers that are -- we're at 4500 and basically it would be almost nine to 10,000 is what currently austin energy.

So at least those would be -- we would be even with austin energy at that time.

And then as new customers come on through automatic enrollment, if they are multi-family, then it would increase us as well.

>> Tovo: So you estimate there are about 4500 multi-family customers who are--

>> that are currently on austin energy that are not in austin.

That's the difference right now.

>> Tovo: Thank you.

That's helpful.

>> Cole: Councilmember riley.

>> Riley: Picking up on the questions about the cap program, we had a lengthy discussion yesterday at the

health and human services
committee with austin energy
representatives and folks
from the home repair
coalition to talk about how
they could coordinate their
efforts to -- on home
repairs so that
weatherization can take
place jointly between the
coordinated efforts of
austin energy and the home
repair folks.

And that's something that we
tried to get going during
the time when we had
stimulus funding, but never
really got in place.

Now that we're looking at a
long-term program funded
through the cap program
there's a heightened
awareness of the need to
coordinate.

I'm very pleased that we're
working diligently towards
effective coordination
between those folks.

But one thing that came up
was the need to also engage
the water utility because
the whole understand is
you're getting in there to
do certain repairs and in
that process you can
identify opportunities to
make improvements on things
that you might not have
expected, including, for
instance, water
conservation.

And so you might identify leaky pipes or other things that could actually promote water conservation.

I just wanted to ask to what extent y'all are tuned in to those efforts and available to help with that coordination effort to promote water conservation efforts as we go forward with stepped up efforts to coordinate home repairs and weatherization efforts.

>> We closely coordinate on those programs, work with ae and others, but I'll make sure we're plugged into that and as much as we can participate on conservation, education and improvements, we would want to be a part of that.

That's a group of customers we really want to reach.

And I'll make sure that that happens.

>> Riley: It seems like that may printouts to educate people about -- may present opportunities to educate people about looking for water efficient compliances and other things.

>> Yes, absolutely.

>> Riley: Okay.

I wanted to shift now to the staffing proposal for 2013.

I see on slide 73 for the coming fiscal year you do expect to add one full time employee devoted to wild land management.

And this morning we talked with the fire department about establishing a wild land division within the fire department.

And one thing that has come up in the course of those conversations is the fact that we have people within the water utility who are doing some of that work today.

So I just need to ask you, as we go forward with -- assuming that council does decide to go forward with the establishment of a wild land division within the fire department, does that affect your vision for maintaining staffing positions for wildlife management within the water utility?

Or is this something that we could just ask the fire department to cover?

>> These are really two separate issues.

First, I did hear a lot of discussion with fire and i

think chief evans indicated this too.

We work hand in glove with wild land particularly as it comes to fire, coordinating and educating.

We have some expertise with wild land certifications for fight fires.

We've been teaming with fire and vice versa.

But our core wild land issues are not so much water protection or fire response.

We're not a fire department.

We don't do that part of it.

Really this is about managing the wild lands for ecology purposes to make sure they're accomplishing their missions to protect endangered species.

To make sure that we're maintaining facilities, upgrading our fences.

We're always acquiring new properties.

Making sure that properties that have been acquired or have conservation easements are meeting their requirements for conservation easements.

There's increasing activity associated with trespassing

on the wild lands and things like that that we're always trying to manage those kind of facilities.

It's really not as much about fire response issues if that's what you're asking with regards to this kind of a position that we would have.

>> Riley: So you're saying there's really no fire protection activities going on within the water utility at this point?

No need for training of employees on fire issues?

>> We do prescribe burns within the wild lands to manage for both ecology related purposes to make sure the wild lands are accomplishing their goals for water quality protection in barton springs, make sure that the wild lands are accomplishing their goals for habitat protection or creation for veerios or golden cheek warblers and others.

And we work closely not only on that, but other fire divisions.

The wild lands span four counties, so the wild lands we manage.

So we have to coordinate a lot with other jurisdictions.

Also all of our prescribed burn staff are fully certified in wild lands training and all the various certifications you have to have in order to do prescribed burns.

>> Riley: So the water utility has staff doing prescribed burns and getting training on prescribed burns, but you're saying that the establishment of a wild lands division within the fire department would have no impact on the -- on how the water utility carries out these prescribed purposes?

>> We would work collaboratively.

We do now.

review our prescribed burn plans.

They are often on site assisting us in our prescribed burns.

Not only them, but other fire departments because we're in other jurisdictions often.

It's a very collaborative effort now and would continue to be in the future.

>> Riley: But you'll need -- it won't reduce by one penny the amount that you have to devote -- the would have a wild land management division devoted to fire protection wouldn't reduce the water utility's budgetary needs for related to prescribed burns and things like that by one penny.

>> No.

We wouldn't be asking the fire department to do -- they're not ecologists.

They would not be able to plan a prescribed burn to accomplish the goals of protecting endangered species habitat.

That's an effort that's done by biologists that specialize in that working with other staff that we have.

Again, we always are collaborating with a.f.d.

And other jurisdictions as we actually execute a prescribed burn.

But the process of planning those for ecology purposes is not planned to transfer that to the fire department.

>> Riley: Okay.

I expect we may need to have continued conversations about exactly how that coordination may or may not be affected by the establishment of (indiscernible).

>> I want to emphasize again that the percentage of time and activity that our wild lands division does related to prescribed burns is very small.

That that is a minor part of the overall objectives of our wild lands division.

Again, it's much more wrapped around compliance with the bcp permits, all that goes along with that, as well as making sure that we accomplish all the goals when we acquired the water quality protection planneds and we had a commitment to manage those lands in a way that enhanced the quality of barton creek and barton springs.

And that's the core mission of our wild lands that the prescribed burn element of that is very minor.

In any one year we don't have more than one or two prescribed burns.

Sometimes none.

that
you're proposing to add this

coming fiscal year for wild lands management really would have no involvement in prescribed burns?

>> That's correct.

In the end everybody may support prescribed burns in the sense that they may be on the site.

We tap all of our staff.

We pay overtime and things like that.

This is not an f.t.e.

Dedicated just to prescribed burns.

>> Riley: It is wild lands management, but not burns.

Got it.

Okay.

that is being added, that you're proposing to add would be devoted to reclaim water.

So I just wanted to get a general update on where we are on that program.

I see that reclaimed water is getting the steepest fee increase of any of the categories.

8%
rate increase.

One thing I didn't really understand was that if we're -- when I look at the requirements set out on page 69 under reclaimed water service, the budget for 2013 is the same as it has been for 2012 at \$300,000.

If we're adding an f.t.e.

Devoted to reclaim water then wouldn't we expect to have -- wouldn't we expect that to have some impact on the budget for reclaimed water?

Reclaimed water program?

>> Is that the transfer amount, David, for the subsidy?

>> [Inaudible - no mic].

>> You're correct.

would be included in the budget, but I think on this particular line item, it's not being shown in that like it should be.

It's probably in the other requirements at a lower amount.

It would have an impact.

I believe that's an engineer, if I recall, and it's probably in the 80 to 90,000 change with the impact of

the salary and fringe benefits.

>> Riley: Okay.

There will be some impact on that line item.

It won't actually be the same.

It will actually go up a bit.

>> That's correct.

It's probably categorized in the wrong spot.

And our rate increase, some put the reclaimed rate increase in perspective a little bit.

One.

One of our goals is to get the reclaimed water utility over time to be more self-sustaining.

Right now it's a -- it's still a significantly subsidized part of our utility that is water and wastewater, surprise that utility.

The reclaimed water rate is very low compared to the potable rate.

12 per thousand.

30 Per thousand
gallons.

Where the lowest commercial
reclaim rate we would have
on potable would be well
above four.

So what we're trying to do
is over time accelerate
reclaim uses so that it
becomes a higher percentage
of potable and one day in
the future becomes a self
sufficient third utility.

So when you see a 10% rate
increase it seems big, but
it's 10 percent on \$1.30.

It's not big in terms of --

>> sure.

Of course the principal
expense involved with the
reclaimed water program does
not -- is not the
operations, it's the capital
expense of actually getting
the lines in place.

And those are set out on
page 75.

We see it from 2013 to 2017.

It indicates that there will
be something of a dip in 20
four, but then the program,
we'll grow a bit the next
couple of years and drop a
bit in 2017.

What this doesn't tell us is
how these numbers compare to

what we've seen in years past.

It's hard to get a sense of how these numbers -- is the program growing?

Is it contracting in relation to where we've been?

>> If you -- this would be about what our pattern has been, roughly 40 to \$50 million of reclaimed investment every five years.

That's been about the kind of arc that we've been on.

It will be up a little bit one year, down occasionally, but the overall average is right between 40 and \$50 million.

I think, councilmember, some shifting focus of reclaimed or refocusing of reclaimed, one of the things we want to start to do is we would look into the five-year plan is we're getting a fairly large asset base on the ground now.

I think one of our key fourth quarter in the future is leveraging those assets so we get more customers to connect on the existing infrastructure that we have.

That there's I think some work that we need to do to market those lines so people

know, hey, you are very close to reclaim line.

You may want to think about hook up.

As well as we've made a commitment and you're probably familiar with this through some of the gray water.

As a matter of fact, it's an rca bound towards council in a few weeks where we'll take a comprehensive review of all of our auxiliary water related standards and codes and where there's overlaps and where the state code comes in and how it touches other departments from code and austin water and try to optimize that or streamline that in a way that helps people in how to connect or how to use auxiliary water.

While still being very assertive on protecting the public water supply.

That that's the balance that you have between those two.

So in the future you will see us emphasizing more not only the creation of new assets, but we've got a very large asset base now making sure we're getting the most mileage out of those assets that we have.

Because connecting reclaimed customers, what the

challenge is it's not
that these lines are going
to new customers that are
building fresh.

Occasionally that occurs,
like at mueller.

But a lot of this is
converting existing
customers, and that's a very
complicate the process as
you're working through
changing plumbing and the
back flow prevention and
others.

We were just chatting with
this week about some of
the challenges of dealing
with 100 years' worth of
plumbing on the campus and
how you connect it to
reclaim in a way that helps
them out, but also balances
the risk to the public water
supply.

>> And that's one thing i
wanted to get to.

When one of the significant
milestones we've achieved in
recent years is the
extension of the reclaimed
water system to u.t.

When was it that the line
actually reached the
university?

>> I think it was about
probably in the end of 2010,
I would say.

>> Riley: End of 2010.

And at this point as we sit actually using reclaimed water from that system?

>> Just a few months ago we approved their first permit to hook their first grilling tower to reclaim and they have taken -- they're in the process of taking bids to do their plumbing changes to hook that first cooling tower at san jacinto and 26th street to that.

So they're not drawing reclaimed water now, but they're in the process of taking their first capital improvement bid to hook that cooling tower.

We'll be working on the ones after that.

>> So we're talking a full two years after the line gets there, at least two years before the water actually flows.

And why has it taken so long to actually get that problem solved, actually get the water flowing?

>> You're working through compliance issues.

There is appropriately so an important focus in our utility and in code compliance and others that there not be a risk of reclaimed water babble

flowing into the public
drinking water supply.

That is a risk we will not
bear.

And so it's a judgment of
how you update your codes to
facilitate using reclaimed
water, but in a way that you
don't in any way jeopardize
the public drinking water
supply.

So as I talked about, that's
one of the processes
underway to take a look at
all of our codes related to
reclaimed water and also
look at best practices from
other states, arizona,
florida, california, who
have -- are farther down the
road on reclaimed water as
well as san antonio and
others that are using
reclaimed water.

I happen to be the president
of the reuse association of
texas this year, so I have
more resources to reach out
and get that kind of input
back to austin.

When you look at something
like university of texas, as
I mentioned again, they have
100 years of plumbing on the
campus that goes in all
kinds of different
directions.

We need to make sure that
that plumbing is back flow
prevented from flowing back

into our system because when you hook it up on reclaimed, if the reclaimed system is somehow connected back into the drinking water system or in the future could be connected back.

Because if some janitor goes out and gets mixed up on a line or two and connects them, you will be pumping treated wastewater effluent back into the drinking water supply.

Nobody wants that to happen.

>> Riley: Sure.

>> So I think the challenge is some capital improvements 's side to help back flow prevent a little bit more those things.

And it takes some time.

>> Riley: So the permit is in process now.

When do you expect that water will actually be flowing?

>> As soon as they construct those improvements to that first cooling tower.

I'd have to refer to them on their schedule for that.

And we'll be tackling and have been he willing other applications of additional cooling towers as well as

irrigation issues in the future for them.

As we meet and talk about new buildings or plans we have for the campus, we'll be incorporating reclaimed planning into that.

I think those are the easier applications because they'll be from scratch, per se, so you can build reclaim more easily into that.

I would expect certainly this year that they would be drawing water for that fresh cooling tower.

>> Riley: I appreciate all your efforts on that.

>> Mayor Leffingwell: Councilmember morrison.

>> Morrison: Two brief questions.

One, I know that there was a recommendation from the joint committee, also on impact fees.

Could you talk a little bit about where we are on changing those?

>> Yes, the state subcommittee made a recommendation and on the fees that you pay at the time of connection.

It's not part of the budget process.

We're estimating that later this year or the first quarter of next year we'll be back to council to talk about an update to our reclaim -- our impact fees.

And we're working through the impact advisory fee committee process now.

There will be additional stakeholder input that will be going through additional boards and commissions and ultimately coming back to council.

The recommendation from the joint financial subcommittee was we should reduce the amount of discounts that are given to impact fees.

Basically there's -- it's more of a local practice.

It's not a state law requirement that the city council's policy for many years has been to do some discounting of impact fees.

I think to incentivize investment in the desired development zone and the downtown areas back 10 and 15 years ago.

And I think that's something that we're looking very closely at, working with the impact advisory fee, getting stakeholder input, and would be making final recommendations to the

council later this year or early next.

In addition, a closely related or related part of that is there was a recommendation to update our service extension request policy where we provide -- once infrastructure reaches a certain size we provide 100% reimbursement for that approach infrastructure.

The recommendation was to revise those policies and go to a cost participation on all projects, not 100% reimbursement on certain projects.

And we're in the process.

We've already crafted land use code revisions to that effect.

We're in the process of going through the land use code revision update process, boards and commissions for that.

We're trying to time this in a way and also coordinate stakeholder outreach so that this comes to the council about the same time -- since they're not exactly the same, but they're connected and impact the same community.

Developers, home builders, those kind of groups.

And so again we're anticipating that being late this year -- late this calendar year or early first quarter of 2013.

>> Morrison: I guess I'm looking at the service request reimbursement, slide 77, with a cost funding of 18 and a half million dollars.

So that's how much service extension requests are costing us right now.

If we were to go to the cost participation that would reduce it, correct?

>> Yes or no.

It wouldn'ting an extension request.

Any approvals that were made for cost reimbursements prior to the new land use code going into effect, whatever ends up being approved, would apply going forward in the future.

>> Morrison: Sure.

5, does this envision any change to the service extension request process?

>> I want to make sure what we're doing.

What slide are you on?

>> Morrison: Slide number 77.

There's a line item service extension request reimbursement, \$18.5 million.

>> Those are all approved ones.

>> Morrison: Oh, okay.

>> They were in our capital program from prior approvals.

I think what you would see is in the future, future five-year cip's, the amount of service extension requests dollars would be lower as we would eliminate a 100% reimbursement.

>> Morrison: Okay.

And I think I'm glad they're coming forward in the future because they're part of an important discussion about the cost impacts of growth on the people that already live here, and that's the way to deal with them.

And then speaking of the future, one other question.

Is there anything in this budget that is reflective of imagine austin in our comprehensive plan.

I'm just asking because I'm wondering about like how are

we going to start
integrating imagine austin
and the guidance and
policies there into the
everyday work that we do.

And certainly water and
five-year plans for water
and all are going to be
affected by that.

>> Yes.

First imagine austin
emphasizes forward looking
management of your water
supply and ordinance of
conservation.

And all of those issues.

That's the heart and soul
part of what the utility
does.

And it's making very
significant progress in
those areas.

So that part of it is
embedded in our budget.

I would say the other
overlap would be in our
capital improvement
planning, we worked very
closely with the city's
overall cip planning group
and my staff has
participated very richly in
the comprehensive plan
process.

My systems planning group,
bryan long does our cip
planning and they've been

deeply embedded in those teams and all of our capital improvements are aligned and harmonized with the comprehensive plan.

We're not planning to extend infrastructure into areas that the comprehensive plan would not support, where the comprehensive plan indicates higher densities in the future.

That's where we looked at up sizing infrastructure to try to manage those at nodes that they've identified.

I mean, just one example is that the downtown area, we're just completing things like our downtown tunnel, which is going to emphasize more investment and urbanization densification in the area, so yes.

>> Morrison: So the answer is yes.

>> Every year we update our five-year plan.

That's part of our review is compliance with the comprehensive plan and imagine austin.

>> Morrison: I know one of the things we hear about a lot is the central city infrastructure and the impact on the infrastructure from increasing density.

So it's important to keep an eye on it.

>> [Inaudible - no mic].

>> Morrison: I think the city manager had a comment.

Am I right about that?

>> Just to say that the math that he's talking about -- the method that he's talking about, looking at imagine austin, relative to how they're conducting business, is an approach that will be applied enterprise-wide.

The only thing I would add to that, and we haven't side decided yet, but periodically we will pause enterprise-wide to assess how we're doing and what we're doing in regard to imagine austin and report back to council periodically.

>> Morrison: Thanks.

>> Mayor Leffingwell: Mayor pro tem.

>> Cole: A couple more questions.

Okay.

's,
correct?

>> That's correct.

>> Cole: And you had on the slide that the idea that that was largely because of growth.

And I'm trying to understand, I think this is showing growth between 1995 to 2012-13.

And it shows a big gap between projected growth and the number of customers.

Can you explain what this slide is trying to show us and why it's over such a long period of time?

>> It's slide 72, is that the page?

>> Cole: Yes.

>> What we provide with this slide is an historical perspective of austin growth relative to the growth of customers and associated with that pipeline mileage.

And other facilities.

And I think what we tried to demonstrate with this -- and this came up in the forecast too is austin water's f.t.e.

Count is not much higher today than it was 20 years ago.

And so the number of pipes per employee, the number of customers per employee has

climbed significantly over the last 20 years.

It shows a good use of innovative technologies and productivity of our employees, but as i communicated at the forecast, we don't see that trend continuing indefinitely into the future that we're reaching a stage where we have to start to 's as we continue to see our systems expand as well as the increased demand of aging infrastructure, implementing council policies such as we just talked reclaimed water, conservation, wild lands that we absorbed those 's, and that we're probably forecasting or we are forecasting a trend as we look into the five and 10 's increasing as opposed to staying flat as they have over the last 20 years.

>> Cole: You have managed with relatively few f.t.e.

Additions.

I noticed also that one of the proposed increases for personnel and contractual costs was security at plants.

And that surprised me.

What type of security issues are we having and is that significant?

>> We made a decision approximately a year ago to increase our security activities at our major water and wastewater facility.

So we would have particularly off shift, weekend and nights, more full coverage of security patrolling the grounds, checking the gauge, checking cars as they enter, looking for people loitering.

It's awwa best practice.

I consulted with the chief of police on some security issues, also homeland security.

And just --

>> Cole: So people potentially damaging the water supply?

>> Or trying to get into our compounds.

We had some incidents that -- I don't want to go into too much detail --

>> Cole: I was just trying to figure out what was the risk, and I guess that's one of them.

>> Yes.

>> Cole: Okay.

I notice that the new debt service was \$9.3 million.

And I thought that was rather high because the existing debt service was five million dollars.

And can you explain where that's coming from?

>> I think a couple of pieces of that.

When we say existing debt service going up, there's some restructuring of our debt in the 1990's that pushed some principal payments into the future and we've been working through those and will continue for the next few years.

So in any one year we see existing debt increasing our debt service from five to 10 million.

New debt is our debt for capital improvement projects that we've done more recently.

And things like our everyday , sewer rehab work, plant four, downtown tunnel.

That that's just the debt service that's been added on to address past expenditures in the capital improvement program.

As we look into the future
we do see a brighter picture
there.

We've been working very hard
to reduce our long-term cip,
just as an example, five
years ago our five-year cip
averaged 1 point five
billion dollars and this
year's five-year cip is one
billion dollars.

So it's come down
considerably and we're
forecasting that to continue
for the next few years.

We'll be below a billion
dollars next year.

Then in 2018, it seems a
ways off, but it's not too
far away, we see a major
drop in our debt service is
forecasted as we clear some
of this debt from the
1990's.

We would see our debt
service actually dropping in
2018 as opposed to
increasing.

So we're kind of in the peak
of it now with some of our
existing capital and old
debt restructurings, but
that will ultimately start
to come down as we look into
the 2018 and beyond.

Did I answer your --

>> Cole: Yes.

Thank you.

Thank you, mayor.

>> Mayor Leffingwell:
Okay.

That's it.

Austin energy.

>> Morrison: I would like
to second councilmember
riley's suggestion that we
work through the slide,
especially austin energy.

We went through such an
extensive analysis with the
new rates and there's 20
pages.

And I must confess we got
these slides yesterday and i
did not have time to start
and memorize each one of
them yet.

>> Cole: You're the only
one who hasn't done that.

[Laughter].

>> Morrison: I don't know
how my colleagues feel.

>> Mayor Leffingwell: We
don't have to follow with
the q and a, but anyone
else?

Okay.

Go through your
presentation.

>> Good afternoon.

We'll go ahead and get right into it.

I'm larry weiss, general manager of austin energy.

And mayor and council, we're -- with me today is anne little.

And we'll go right through our presentation.

Page 87 I think is where we're starting, correct?

We had another slide that's not in here.

The major impacts, significant changes this year is about \$51 million of changes to our budget over last year.

Citywide we have salary adjustments, administrative support on that list and then departmentally we have coal and nuclear operating expense of 9-million-dollar increase.

And those increases, because you will probably ask, are due to stp's, about 18.4 million.

And fayette is about 5.5.

Those are remedial actions at stp project for outages, reacting to the nuclear

disaster incidents and
legacy system improvements.

And we had outage expenses
delayed for stp.

So that's large cash drivers
there.

And transition, ERCOT and
Texas and the others are
maintenance at Decker and
Chill water plant approvals.

We have a system average
seven percent increase that
will kick in the first of
October.

The redesign of our rates.

Line item assistance -- line
item funding for a variety
of activities, but customer
assistance program and
energy efficiency in solar
and street lighting.

And then the regulatory
charges.

Also a large change, we are
now on a four-month summer
rates and eight months of
winter, where that used to
be six and six.

So that's a substantial
change.

And increased revenue allows
us to move forward with our
carbon reduction, our
necessity are achievable goals
and to remain in the

affordability targets
established by council.

On page 89 this is average
for 12 months, we're
projecting this next year,
this is what it averaged, a
thousand kilowatt average
per month consumer will see
80% of the bills fall in
this range.

85% Of our customers' bills
are below that range.

So that gives a sense for
our increase.

Page 90 is a slide that
demonstrates that if you
take advantage of our energy
efficiency programs which
are among the best in the
country that you will
substantially reduce our
energy use and maybe even
mitigate the increases that
you will see with our rate
increase.

And that's what that slide
demonstrates.

Changes to tariffs.

At the time we proposed
rates in the documents.

These were not included.

There are -- I'll take
questions on them, but
there's some time of use
issues that we have to
adjust for.

Power supply adjustment issues and some regulatory charges.

On page 92 in addition there are some other changes that we have to do that are as simple as some typing errors, all the way to just helping to find what we intended with our power factor program, an example, we need to make sure we straightened up some things on that.

I'll be happy to take any questions on any detail of that.

But that's what those two pages are principally about.

Cost control efforts.

On page 93 we have gone through -- I go through with the financial staff way prior to this budget presentation.

We went through all the different pieces of the company to make sure i understand what we're projecting to do.

And some strong drivers of course for us is no new f.t.e.'s.

This will be the fifth year or fourth year.

This will be the fourth year where we have not added f.t.e.'s.

That doesn't mean certain parts of austin energy aren't getting more people and certain parts are not affected.

That means that we're managing the workforce and moving them to the places in the organization on an basis that we need to get the jobs done.

We have a number of deferrals and reduction in scope and capital projects.

That's been a large driver of it.

We have some -- at the top it talks about some projects that we could defer.

The general fund transfer, you're very familiar with.

We maintain that at 105 million.

And funding more projects with capital, looking forward is -- with debt going forward is part of our strategy.

We have a 1 point -- and 1 billion five-year capital spending plan.

In the distribution area this is probably in my opinion a conservative forecast based on what we're seeing in customer growth and the numbers of new buildings, the numbers of just growth within our service area.

I expect some of these numbers to maybe go up over time, but this is our current forecast.

We have distribution substations which are a direct reflection of that growth in that forecast and transmission upgrades.

Some of these transmission upgrade such as the dunlap substation that's before us right now we'll also include additional revenue down the road.

Not all of these capital spending items come without some additional revenue.

Our electric service delivery in total of 482 million over these five years.

Our power production in 2015 out there we're looking senate additions to our sand hill generating fleet.

And customer billing we have some ongoing maintenance.

And in 2015-16 we're looking at additional upgrades to that and we have facilities and technology support.

>> Larry, can I ask a question?

>> Cole: Councilmember martinez.

>> Martinez: Thank you.

So obviously this five-year spending plan doesn't include what potentially could be in the study that's to come this fall?

>> That's correct.

>> Martinez: About fayette.

>> It's what we know today.

>> Martinez: This could change substantially depending on council action of that that study is given to us.

>> That's correct.

>> Some projects we have in progress right now.

I'll highlight a few of them.

You can read them all.

We have the street lighting programs.

We have a 300 kw system going on at decker.

A lot of the solar systems that we put in that are austin energy systems, all of this counts to renewable goals.

We have several new customers being hooked up to the chiller system downtown.

That's the good news for that business.

And in addition to the library we have also our system control center is a major capital improvement.

And that will be operational this fall late.

Some photos of some of these capital improvements are on page 96.

The carver library, good, beautiful solar installation put up there.

On page 97 some developmental highlights that will be reflected.

And we'll put this in place, hopefully going into 14 and beyond.

One is the line extension policy, new service fees.

This was asked as a part of our rate work and it is

business that we do really need to take a long look at.

We've -- austin energy drifted away from line extension policies that it had in place in the light 80's and 90's and made other changes.

And that is substantially -- it may substantially have reduced some of the revenue we have for new took hooking up and dealing with the growth in our system.

Additional renewable energy, congress is legislated to renew the tax credits for wind projects this fall.

I believe with the politics going on at the national level, everything we hear is that these will be approved.

That will put us in a position to acquire some new wind facilities next year, new wind contracts.

Our energy efficiency and our solar incentives are not restrained by budget.

This is an important issue.

I won't belabor it too long, but as you know we have the public benefits charge now and we have the ability to collect revenue to run our incentive program for solar, consumer solar and for

consumer energy efficiency
using those funds.

So the budget has been under
pressure, as you know, by a
number of groups saying we
need to spend more or less.

Not less, but more.

And I think that this
funding mechanism gives us
the ability to not tie it to
the budget.

It's really tied to the
performance of the
customers, how much the
customers want our programs
and our incentives and how
they're delivered and so
we're really looking forward
to this because it will take
a lot of discussion points
off the table about how big
those budgets should be.

The way it would work is
that this year we have --
when we put our rates in a
place we'll have a charge.

We'll collect so much
revenue.

If our programs are really
successful and we spend too
much money, we'll set the
charge accordingly in the
next fiscal year and we'll
rebalance it and then we'll
do that going forward,
either up or down.

And so -- anne assures me
that we'll be able to keep

track of that and make sure it works.

We're going to enhance our green choice programs.

They are number one in the nation.

We're going to continue to hold that mark with improvements that we make.

And our continued support of the pecan street project.

Behind the scenes at the pecan street project is austin energy.

Austin energy is involved in development of it and it is our r and d lab.

So we work very closely with the pecan street project on everything they do.

And our technical people are engaged with theirs and all of the different test projects.

So as we go to test a rate, for example, or some concept of how electric cars might work into the grid or all these other concepts that are out there, this is a place we'll test it first.

You've been handed out a slide that has more history on the funding of our rebates for incentives for solar energy efficiency.

I want to point out that in 2001 that combined budget was about six million or about \$7.2 million.

And in fy 13 we're proposing 3, but that is a proposal that's really tied to customer engagement.

And if you'll look in the last few years over nine, 10, 11, that's really the economy.

That's really the customers.

Our programs haven't been selling as well as lately because the economy has been driving back customers and how much cash they have to participate in the programs.

The fund summary on page 99 is where our beginning balance is in millions of revenue and amended transfers and where we predict the fuel to be in the budget.

And at the end of a year, and I don't know if you have any questions, but I wasn't going to go through it in detail unless you do.

We have an ending balance which starts to climb and our strategic reserves will go down as you know during the near term year or two, and then we'll start to pull out as we have that

additional revenue in from rates.

>> Page 100 is often not frankly bragged about statistic of austin energy enough, and that is the credible statistics this utility has with interruption frequency and duration of outages.

There have been times it's been really high.

You can probably look back and some of the years and recognize those are some very difficult weather years where there was significant amounts of outages.

But we established as a goal starting out the budget year 80 and of our sade index of 60 minutes.

And that's the goal we tried to do.

The last two years have done very well.

Last three years, frankly.

[One moment, please, for change in captioners]

>> we have missed you, I'm going to delve right into the part of your presentation that directly relates to our rate proposal.

One of the things that we ask for is that we begin the process of I think we called it a budget, and so I wanted to talk to you about your cost control efforts.

One of the things you mentioned is that you were deferring projects including technology projects.

Can you give us an idea of what that is.

>> We're looking at all of our contracts is one of the ways that we're starting, we will continue to do this every time a contract expires, or we need to renew it, on the it contracts that you mentioned, we're looking at trying to reduce the maintenance that we have in place and look at other ways to reduce those on going costs in it section.

>> So is that a significant amount or is it of the budget or what type of cost containment are we expecting there?

>> We are looking at reducing it five to \$7 million if we can.

>> Very significant.

When you talk about your comprehensive pole inventory, tells me how that fits into your cost containment effort.

I'm looking at the project -- cost containment effort -- deferring comprehensive.

>> I think that cost as much as \$2 million, we've deferred that again.

We need to do that in order to make sure our pole contacts are correct.

Which is an infrastructure rental revenue that we get, and also just to know where the poles are and make sure that our gps and gis systems are correct.

>> So just better tracking and delaying upkeep and maintenance, I guess, is that right.

>> Yes.

>> Can you just highlight some of those for me?

>> One of the largest ones that we've had is the sand hill, additional generating units at sand hill, depending on how we come out of our generation plan this fall, that one of us discussed earlier, that -- that placeholder right now for that generation piece, and that is an example of several that we have.

As I've gone through the budget with the various executives at austin energy

on their very budget, that's been really the theme, is that how long can we put off some of these capital projects, or do we really need them, I guess is the first point, and we've scrubbed that very first, but then we get into the plan, making sure that between -- in the whole organization that we don't have a coincidental need for lots of capital that these programs are stretched out as far as we can, which saves a lot of rate pressure.

>> Okay.

And now, I might have misunderstood you, but earlier I thought you were pointing out some potential upgrades also.

>> Right.

That's the one I'm talking about.

That is the additional combined cycle term at the sand hill.

>> You're going to see some reductions in sand hill, but you're going to see some upgrade cost increases or --

>> you talked about deferrals.

That is an example of a project that has been deferred already two years.

>> I see.

>> And we may defer it again, depending on what our strategy comes out being.

The other capital that's in there, in that capital forecast, is frankly to deal with the tremendous growth we're seeing in the austin area, in our service area in total.

>> Okay.

>> From formula one to the new hospital lakeway, to all the stuff downtown, I think I counted the other day six cranes in the air, and we all have to -- we have to build facilities to serve.

>> And we're always dealing with the question of how can we accommodate that growth and yet have it pay for itself.

Can you give us a little insight on that delay?

>> Well, in this business, it's always building capital, putting the infrastructure in place, and then you recover your costs over time, so if you sit down and look at an individual customer, as an example, we have potentially

a very large new customer addition in our service area, you may have read about, but that impacts us to a about -- the tune of about \$10 million over time, and a year, and the capital cost of build what we need to build there is higher than that over time, we do see a payoff where we can bring that down cost of service and that customer is actually building into our revenues and costing us money at first, it's different for every kind of customer that you have, from a residential customer to commercial customer, industrial customer, they all have a different cost to hook up, they all have a different return on the energy that we sell, and all the characters are different, so it's really difficult to do that.

>> But do you try to do that within customer categories so you have some sense --

>> that's what we do a cost of service study for.

When we've gone through that exercise, we look back at a cost of service study, are we -- those classes of customers, the commercial class, are we adequately cover ago revenue necessary to operate that commercial class, and that includes the initial growth of some

customers that went in and the cost do hook them up and the new sub stations and everything.

So it gets down to really the sub station costs factored in.

>> Okay.

And last on this topic, we spent a considerable amount of time talking about changing the debt ratio, and I've noticed that you've included it as a means of cost containment.

Have you been able to figure out what that is going to mean to the bottom line this year?

>> It will really be what it means to the bottom line going forward.

Let me give you an example.

So as we go forward, and let's say we buy -- or build a new generating facility, and other capital decisions that we make, as we move into that borrowing, we're going to use less cash and more of the borrowing.

We walk into -- as we demonstrated, we'll walk into that slowly.

It will take us, what, five years to --

>> yes, at least three years, we can defer the principal payment three years, so we will be paying interest only for the first three years, so it helps more in the first three-year period of each large investment like that.

>> Okay.

Well, I appreciate y'all having identified your specific cost control efforts, and we'll continue to work on this.

Questions, colleagues?

Councilmember tovo?

>> Tovo: Thanks, thanks very much, it's good to revisit some of these topics.

I have a few specific questions about your presentation.

Small ones.

On page 87, well, and actually in the budget detail in our bigger book, you talk about the increase for salaries -- for salary increases associated with wage adjustments, and I just wanted some clarification about whether that was -- those are wage adjustments that have come as a result of the market study or -- or not.

>> That's the 3% citywide?

>> Okay.

So those were -- was that also -- so that was the increase that we approved in the budget as well as the market study adjustment?

>> It includes the market study.

For us, the market study adjustment was very small.

I can't remember the dollar amount, but it was very small.

>> Okay.

But those are -- those have been folded together?

Were there any other salary adjustments or were those the primary ones --

>> the market study was only looking at some of the employees of austin energy, not all.

>> Which employees were included within austin energy?

>> For us, it was mainly the warehouse and administrative assistants, so it was -- it was small dollars for austin energy this year.

>> Tovo: Okay.

Thanks.

And then I guess on that weiss, you talked about -- and i appreciate you anticipating our questions on that, the 9 million associated with the cole and nuclear plant operating expenses, I think I heard you say that that figure represents both outages and upgrades, and i wondered if you could just say what you said again, so you I could note it -- note it.

>> Sure.

2 Million is response for the japan -- the nuclear disaster in japan.

Specifically, there are a lot of actions that the nuclear regulatory commission is taking with respect to nuclear operators, on spent fuel storage, namely, and a number of other actions, so our share is 16% is austin energy's share of stp, so this represents 16% of the total cost of that, that all the partners, our partners will share in.

We anticipate that depending on what the nuclear regulatory commission does, that the impacts may reach deeper into what we do with spent fuel, primarily.

Today spent fuel is left on site and water, and if the industry is moving, has to move to move that spent fuel offsite, then there's some significant costs relative to the cost of our project, not a real big impact to austin energy, but relative to the industry that has significant impacts.

2,
and I guess you could say those are upgrades, more or less.

>> Right, whether anticipating this next fiscal year, yes.

>> Could you just track us through the rest of that 23.9, so that was 6.2?

>> Yeah, there was 9 million for one additional outage in fy13.

The unit will be brought down in october, and there's an outage relative to that.

There's \$2 million for a legacy system replacement.

I do not specifically know what that system replacement is, but it is typically it controls system for a operating part of their operational backbone inside of the stp.

>> Tovo: And you said -- okay, so that is stp.

Okay, thanks.

>> Pardon me?

>> Yeah.

>> Yeah, this is all stp.

All stp.

Yeah.

And then there was
3 million of stp for
nonlabor items.

We had a large outage, one
of the generators at stp,
and those are deferral
items, I guess, that move
into the next fiscal year.

At the fayette powerplant we
5 million due outage
expense delayed if fiscal
year-12, there were some
outages and that is our
increase.

>> Great.

Thank you for taking us
through those details.

And then, on page 91, you
talk about thermal energy
storage.

Surprisingly, this didn't
come up, and if it did, it
didn't come up in great
detail, could you describe
what this is all about,
please?

>> Let me describe it as a higher level, and ann can jump in and fill in anything.

The -- oh, this is on the time of use rates.

I'll let you answer that.

Okay.

>> Okay.

As you know, we moved through the rates pretty quickly, and at the last we had to submit the tariff with the ordinance, and as we started implementing those, we felt -- we found several things, just kind of housekeeping things that we needed to address and change some of the wording in the tariff, and one of the things that we found were we closed the long-term contract customer tariff, and one of them we closed was this thermal energy storage.

We found out that we needed to leave that open, because they're still long-term contract customers that are putting in thermal energy storage.

In fact I believe a rebate was approved for one just last month.

So we needed to reopen this -- this tariff.

So this is an existing tariff that we closed in error in June.

And so we just want to make it available so that we -- the long-term contract customers can continue to add thermal energy storage.

It's a good thing for Austin energy, because it helps us meet our demand side management goals, so we closed it in error, so we want to make sure that it's open for the long-term contract customers.

>> Okay.

But this is not the long-term -- this is not the large primary special contract rider.

We had closed it, I think, a meeting or two in advance of the -- of the wrap-up of the Austin energy case.

That's not what we're talking about here.

This is just another one that closed when we approved the rate proposal.

As you said it was closed in error.

>> That's correct.

>> Okay.

I guess I have some more questions on what exactly that is, but we can -- we can talk about it offsite, it's not directly related necessarily to the budget.

And then a couple of questions about the budget detail that's in this big binder.

On page 419 it talks about an overtime increase, and also an increase in temporary employees and temporary contractual 57600no carrierringconnect 57600 .. that is doing work around the rate approval, around the rate design, which was never anticipated when the ccmb was put in.

It was anticipated that rates would happen some day, the exact design was not.

This contractor has come in to make sure we meet our target.

Do you have any comments about any specific consultants?

>> Yes, I don't think those cost also continue in the future.

Those consults were for staff augmentation, because you may remember we moved from 24 customer classes down to 9, and from 91 rates down to approximately 30.

So in order to implement all of those, we needed a little bit of help to get it done in the 09 day period, so this is just to help our staff get through this, and then we may need them a little bit further on when we start changing the water rate structure, because their structural changes are pretty significant as well.

After that, I don't think that we will need any consulting help.

>> So that was -- and that was the question, more or less, that I submitted for this week's agenda, whether some of those costs were contemplated at the outset, and I guess maybe that is an issue for tomorrow rather than today.

Is it all right to continue on that path?

I think I -- well, I think you've given me the part that relates to the budget which is that they're not contemplated to continue throughout this fiscal year, and then we'll talk about the other piece tomorrow.

But I guess -- I guess I would like to know are there costs in this year's budget that were not contemplated that have had to be added, some budget lines that you've had to add in here

because of some of the challenges with regard to the budget, the billing system.

>> I would say only from the perspective that we have new rates that we have to put in place, and when the original system replacement was being -- there was no knowledge of the timing or the complexity or when we were going to do that, and and so for example, should we, a year from now, add -- want to add some kind of rate structure or something to our existing rates or do something different, and it's beyond the capabilities of our austin energy it folks to do.

We might be back to revisit the small contractors help us again.

So a lot of that is work going forward that we're going to have to manage, but right now we don't anticipate that.

We anticipate this.

>> Okay.

Thanks.

I think -- I think that covers all of the questions I have at this point.

Thank you very much.

>> Councilmember riley?

>> Riley: Larry, last night the electric utility commission passed resolution on a subject that just is becoming a fairly routine for them.

We hear from them every year on this issue.

In fact every year since 2007 they have passed resolution recommending that -- that rate payers not be required to fund the economic growth of the involvement services office.

There's been a lot of discussion about that, as you know, including during the rate case.

We've also recently heard from data foundary, I guess that was yesterday in fact we heard from data foundary, who -- who raised this same issue about the allegation for tgrso.

So in light of all of that history, can you compare this year's budget for -- within the -- within austin energy, this year's budget for ego -- egrso compared with last year's?

What is the change compared with last year.

>> I probably have to have someone in from like elaine

to come up and answer that,
unless you have the answers
..

>> It's -- it's only about a
million dollars higher than
last year, and that million
dollars is part of the
administrative support
that's related to the
economic development group.

>> So after all of these
years of talking about
weaning egrso off of austin
energy, including
discussions during the rate
case, this year we're
actually spending a million
dollars more, spending a
million dollars more on
egrso than last year.

>> It is really not a
million dollars more.

It was in our administrative
support trants -- transfer,
it was moved from our
support transfer to their
fund.

So their costs were actually
pretty flat.

>> Okay, so it's -- with
respect to austin energy's
perspective.

>> Yeah.

>> In terms of austin --

>> we're holding steady on
the egrso's support for --

austin energy's support for
egrso?

So I have to ask, are we
just announcing that that --
can we just acknowledge that
that is our long-term
vision, that we will
continue maintaining -- we
will continue the policy in
depth forever in terms of
the support for -- is
that -- I mean every time
we've raised this issue for
years we've been told we'll
work on that, for years it
was we'll get into that in
the rate case.

Still no change.

So I mean could we at
least -- could we just get a
straight answer as to what
we expect to be doing with
egrso?

>> As I -- I probably have
to turn it over to my boss
here in a second, but I --
but I think -- I think
that -- here is the way i
explained it to the euc more
than once.

>> And we've got somebody
here waiting to help you
whenever you get ready.

>> Okay.

I'll be quick
then.

You know, it is very normal
for a utility, particularly

the size of austin energy to work very closely with economic development organizations to help grow our business, that's -- that's -- that's normal.

If ae was a stand-alone public system here in texas, we would definitely be spending some money on economic development.

Now, is the answer \$11 million?

I don't know the answer to that, but there definitely is -- it's very important to the utility and its growth, and so we have discussed it, and I -- I've -- I've let the euc know that it's really not -- directly an austin energy matter, that i would really have to work to talk to mark and see how we want to handle it so --

>> I want to be clear that i -- I'm not suggesting that austin energy should provide no support for economic development.

That is a standard practice among utilities, and I think it's entirely appropriate.

I am once again raising the question about whether we have fairly allocated the costs of our economic and development -- economic growth and redevelopment services, given that -- that

austin energy is not the only fund that -- enterprise fund that or utility or operation that benefits from economic growth.

I mean there are other -- other folks that benefit from economic growth, too, who are contributing far less than the egrso, and that really has been the principal concern.

Have we fairly allocated the cost of the economic growth and services.

It doesn't make sense conceptually to put the entire burden on our electric utility, and that's the question we've been raising and I'm still waiting for some indication that there's some acknowledgement that maybe the costs should be -- should be shared -- should be shared by other folks, folks other than austin energy.

>> Let me -- first, let me support chris on that.

I thought this is exactly what we had discussed, but i stand ready to be corrected here and there -- here and now.

>> It's -- in light of -- it's not that it was untalk -- not talked about

in the course of the budget development rosas.

We talk about it, and in fact we talked about various scenarios, some that were -- I don't know the right adjective to use, I guess substantial.

But it is, in our view, complicated by the prospect of the rate case, and it's hard for me to really talk about it beyond that, our decision in that regard was complicated by that issue.

I'm feeling really compelled to stop there, unless i compromise that set of circumstances.

>> Mayor, can I ask legal a question?

>> Let me --

>> oh, go ahead.

>> Did you want to add something.

>> I was simply going to ask to go into executive session --

>> thank you.

[Laughter]

>> I'm perfectly good with that.

Maybe I'll try to clarify a few things, and hit on some

of it, deputy cfo for the city.

To the extent there are increases in egrso's budget this year, I really do want to clarify it's a movement of funds.

You heard me talk earlier about how we had some monies.

We used to budget at the fund level.

We used to budget the administrative support dollar for egrso directly into ae's budget, and we thought it would be more accurate to reflect those dollars in the egrso budget.

1 million shift, and then the other increases are all related to -- almost all related to wage increases, entire increases, health insurance increases, so egrso for the most part has a status quo budget going from fiscal year '12 to '13.

In regards to looking at egrso's funding model, we talked about that at one of the many ae rate discussions, I remember having a long discussion about the egrso on transferring the fact that ae supports it all.

And there are some complications as the city manager mentioned beyond the rate case just in defining those other enterprise operations that may contribute to it.

There's restrictions, hotel/motel, even at the convention center, seems like an entity that benefits, from economic growth music activities, et cetera.

There's limitations on what we can do with legal considerations, there's considerations what we can do with the use of the hotel we talked about aviation again, they probably benefit from some of the tourism aspect and economic development, but that is pretty much a hard set --

>> talk about legal impediments.

>> No.

>> There you go.

>> That's not going to happen.

>> One of the things I would mention, and I talked about it back at that work session is staff or at least myself felt that, you know, as we're looking at alternative funding models for egrso,

it's important to look at it
in light of the history and
what we do with our
sustainability fund which
came up at our monday --
monday discussion that, you
know, going back about ten
years when we started
funding egrso, some of these
other enterprise operations
started contributing funds
to the sustainability funds,
so staff recommendation was
to try to look at that
holistically before we start
shifting costs around under
we under other enterprise
operations to fund egrso, we
need to look at it
holistically, and that
holistic looked, bringing it
all together, staff
recommendation was to start
Carrierringno carrierringconnect 57600
.. I think we've got
some very solid, very solid
research to look to for that
kind of support so --

>> mayor, I think it's
appropriate.

And I do have one last
question, but on a different
subject, but did you want to
move on?

>> No, I wanted to make a
comment on this subject.

>> Councilmember morrison?

>> Thank you.

Just to chime in, i
van

engle has mentioned to us, now I'm a little bit surprised, because we had brought up the issues and questions about the sustainability fund, it's the first time I'm hearing actually if it's part of a larger plan, I too would very much like to see what the larger plan is before we start moving down the road to the larger plan, and that -- all to say that it's part of the larger policy discussion, so it just raises concerns more for me about moving away from the sustainability fund this year until we can understand the whole plan and have an adoption of that plan by the council.

>> Before we go to a new subject, councilmember, i just want to say that none of this detracts in the least the importance of economic -- the economic growth department, because i think that department is in large part responsible for the city's success, the dollars invested there have come back to us many times over, and enabled us to get through a very difficult time, so from my perspective at least, I want to make sure we can do it.

The question is how we go about it.

>> Councilman tovo.

>> I asked a lot of questions before.

I apologize, I missed one.

With regard to the line extension policy, I know we've talked about this during the rate case, I know that you embarked, or at least there was discussion about it last fall.

Can you tell us when it was going to tell us about the line extension policy.

>> Actually the analysis started about 8 months ago or longer, prior to the rate work getting engaged certainly with council, i had already discovered it basically.

It's really a policy issue, not necessarily fundamentally business, but utilities, if you're a new home, you move into our service area, utilities have different rates and different philosophies about how much of a cost of hooking you up should we collect.

We've done the research in texas.

We've found out what is normal.

What we used to do, and we're working on a plan.

We've been working on it for awhile.

What I'm hopeful to do is bring that up to the budget process for 14.

That's the goal.

So we have a lot of work to do.

So it's -- internal work underway between our electric service groups, and financial eventually, and then we'll figure out where we want to go, and then i will talk to mark and show him what we're going to be doing, and rolling that out I'm anticipating before the budget next year.

>> Have I a keen interest in this and I'm glad you've been focused on it for awhile, I would ask that perhaps we could schedule some time in audit and finance to hear results of some of that initial research long in advance of next year's budget cycle if that seems appropriate given the days that the staff are at in terms of their work.

>> Absolutely.

>> Uh-huh.

>> Mayor?

>> Ann, let me make a quick comment with reference to that.

I know a lot more -- a lot more items are going to the audit and finance committee, and I would like to remind you that that is a council committee in that not everybody on the council including myself is on it,.

>> If I might suggest, we could do this as part of our quarterly raters.

I think that is a better idea.

>> Or work session.

>> You said the magic words.

>> I'm always looking for something to fill that .. that will be good.

>> I would like to turn to slide 8, which sets out the rebates, solar energy efficiency from 2009 to 2013.

This -- and you've got the new one.

I do have the new and improved version.

>> It's got more years.

>> Same number.

>> Present as somewhat different picture than we see in slide 98, and whichever version we use, i would like to get some more information, in particular starting with solar, we've talked a lot about the -- the extent of our commitment to supporting solar.

There's a lot of interest locally, and in maintaining austin's role as a national leader in -- in -- in the cultivation of a solar industry.

We talked about getting back to the 2009 expenditure 11.

The local solar advisory committee has recently passed resolution recommending a budget for this year that increases the solar budget to ten million dollars, from this graph i can't tell exactly where we are, where we're proposed to be in 2013 with respect to the solar incentives.

Can you shed any light on that?

>> Well, before -- before i turn it over to ann, she can shed a little bit of light on to it.

We're in a little bit of a -- what I would say a transition between how we pay for the -- how we budget, and our new programs

going forward, an example of that, you'll be seeing -- you've already seen as our commercial solar incentive program, it is performance based.

We have increased the limit of that up of 200kw.

You have approval on tomorrow for 197.9 kw.

You're going to see some folks throttle it right up to that 200, that's going to, in my opinion, turn the solar program into a grass fire.

I mean we're going to have a problem the other way, we're going to have so many systems that want to come in, we're going to have to say, well, just how fast can we go, and how many can we put in, because the commercial sector, and this is a big change going to 200, from the old way that we did it, but going into this commercial sector is where the real opportunities are to really grow our numbers.

For example, we have 3-megawatts in our system, we're showing I think four next year, four megawatts, we're taking a substantial jump in the numbers of consumer-owned solar systems that we're going to be putting in our system, so

having said all that, I also want you to know that coming up in the next quarterly report, I'm anticipating a lot of questions around this area, so I've got our staff, and I've been working with them directly to develop what exactly are we doing, what is our transition, how do we answer those questions about those budget issues and should it be ten, and should it be 8 or what just should it be.

>> I'm glad you mentioned the commercial programming.

You had something that local solar adviser committee has called our attention to.

They have specifically asked that the budget accurately reflect current demand and historical spending, and this is a challenge with respect to the commercial program, given that it's a commercial based production, when we make commitments this year that has impacts on budgets in future years, and we're not sure exactly how to capture that in this year's budget numbers.

Have we landed on --

>> we're working on that now, I anticipate that we'll go into that, the questions came up from the duc, they come up with my personally how we forecast that, and i

want to have some of our finance team at ae generate a lot of the analysis on that, and ann and I are working on that, as we speak about how we do that.

Frankly, right now, with the way our solar programs going, it's going to start out stripping our staffing at ae, and our ability to keep up with the demand, and so that's also a balance that we have to strike.

We have to strike a balance with that.

I think also the local solar community is very interested, we're very interested in supporting it.

Local jobs, green jobs, all of that, we get the program too big, then the question is how many out of region contractors come in and start doing larger solar jobs too, there's a lot of variables at play here, we're monitoring them very closely.

I've had more meetings on solar energy in the last three or four months than i have since I've come here.

>> One of those meetings was right in this room, when the council committee on emerging technology was getting a report from the local solar advisory

committee, and they presented the recommendation that included a ten million dollars suggestion for the fy-'13 budget, and they emphasized, as you recall, that that number was intended to be directional, they wanted us to be pointed upwards in terms of expanding our solar program, and that would certainly be going upwards, because we are still -- we've been on a downward trend since the 2009 expenditure level of 7, and they wanted us to get it pointed upwards, so i realize it's hard -- there are outstanding issues about exactly how to account for the budgetary commitments on the commercial side, but is there anything that you can convey about this budget, with respect to that basic question about which direction are we headed in in terms of our budget for solar incentives.

>> I think it's up.

6 as you recall this year, came back with a budget amendment 6 in, because what had been done in the past is if we went over budget, we took the money from some place else, and -- and it is sort of my style to that is that's not the right thing to do.

If we're going to have consumer demand that is going to be that high for our programs, we need to accurately reflect the budget to support that, and so with our new rate structure, the ability to -- I guess notwithstanding there being some limit to how much we can do, it's really now up to the consumer and the free enterprise out in the industry to determine how much they can do.

And we've seen an up tick in the economy, and we've seen an uptick in the amount of individuals interested in solar projects for their homes, particularly because we changed to a value of solar computation.

It is a pretty good pay back for customers right now, and we're monitoring just what that is.

And over time, as we get toward our megawatt goal, we anticipate that some of those incentives may go down, and the industry knows that, and so it's -- it, like I say, it's really on fire right now, they're really putting a lot of systems in.

But you had a question that ann was going to answer.

>> I think you answered it.

There's \$4 million in the chart for 2013 for solar rebates, and that is about the same that it was last 6 million budget amendment.

>> Okay.

So we may have a tough time making the case that that -- that that is -- that's positive -- that's a positive direction from 7 that we had in 2009.

>> Depends on when you want to look at dollars or megawatts.

>> Okay.

>> So your argument would be that if you measure in terms of megawatts, we're still stepping up the program.

>> That's the goal I'm operating under.

If the megawatts cost nothing, that would be great.

>> Right.

Right.

Some of the discussion around solar has related to community solar, and -- and as you know, there's been a lot of work on exactly how we can legally establish a program to support community

solar, and there's various ways you could do it.

Once -- a couple of suggestions have involved the rate tariff adjustment, and I know the utility has come up with some ideas about how we can do a rate tariff adjustment how we can support community solar.

Where are we on that, and is it part of the fees that are on the table for this year's budget?

>> The answer to the last part is yes.

It is part of the budget going into this next year that we are in the throes of the final design of what I would call a community solar program.

It will not be called community solar.

It will have a familiar ring to it.

When we announce it.

But we are not yet ready to do it.

It is basically -- let me describe it as a way a consumer can participate with solar energy and helping them mitigate their bills and participate as you would if you put it on your own home without you having

to make the, you know,
the -- the investment in it,
directly.

These are programs that are
similar to others that are
across the country.

There's another program
where -- that has been
pitched to us by a private
developer, a private idea,
an are looking at doing
a test pilot project for
that, and I have staff
assigned directly to work
with that idea to see if
that is going forward.

I have been pretty open in
saying that I have not seen
that idea anywhere in the
utility industry and I'm
always reluctant to be the
first to do some things, but
we're looking at that one
but back to
community solar, this is an
application that has been
done around the country,
we're developing a new twist
to it, and I hope that by
the -- again, the quarterly
report in october that we
can be read did I to
announce what we would like
to do with it.

>> We won't actually be
approve ago tariff to
support community solar in
connection with this budget?

It's something that we'll
hear about --

>> correct.

That's correct.

>> Okay.

>> I will say, though, it has the same values.

We're still working off the value of solar calculation, we're still working off the same basic economic drivers that we do in any solar calculation, but it's just the form of ownership, and how the incentives work, and, you know, basically the business model behind it.

>> And there's no reason why a tariff adjustment has to be tied to the same budget cycle that we're -- we can do a tariff adjustment after --

>> that's correct.

We have the ability to change those incentives and that funding without --

>> right.

Right.

Right.

Okay.

Making me turn briefly to energy efficiency.

>> That guy that we have from the utility on that was

in a memo sent from december 2011, and that -- that memo said that the current goal of 800-megawatts, utility estimates that funding for energy efficiency, rebates and incentives, purchases and other costs need to be increased about 5 to 8% each year through 2020.

So as we look at the budget that's before us now, are we -- are we -- are we adhering to that guidance?

Are we stepping up our funding for energy efficiency rebates and other costs to support energy efficiency programs from last year?

>> The answer is yes, but the most important aspect, the most important variable to achieve the goal we're talking about is to get customers interested in our programs.

So when we talk about door hanger programs, when we talk about other ways to stimulate market to our customers, in my opinion, looking at our programs now having been here two years and understanding the -- the -- the business makeup of them, we have to market these hard to our customers, and we are getting customer interest in these programs is something the contractors

want, it's something that
austin energy want, but it's
vital to the business.

So frankly, I worry about
that more than I do the
budget.

If we have that much
consumer demand that comes
in and says I get a call
from fred in this case, our
vice-president of des.

He says we're going to run
out of money, I'm running
out of resources to do it,
that's a problem I want to
have, and right now we don't
have it, and we just need to
get consumer demand up for
it.

Changing the money, making
it more lucrative, I'm not
sure that does it, it's just
that we're coming out of a
time in the economy where
people making different
choices are with their
dollars.

>> Of course, the hope has
been with the adoption of a
new rate structure that we
would be in position to
make -- to step up our
progress, because that way
they increase the incentive
for progress.

>> Consumers that are
interested in making that
investment, had they sat on
the fence about that in the
last year or two, they

should rerun their numbers
and they will find their
cost effective pay back on
that is better.

>> And that is something
that is particularly
important to keep in mind
when we consider the
progress we've been making
in recent years.

The last four years,
frankly, have not been very
encouraging with respect to
our progress on energy
efficiency.

We've gone from 65-megawatts
in '07, down to 52, to 41,
we've been moving in a
negative direction in terms
of the progress we've been
making annually, on -- on --
on savings through energy
efficiency.

I realize when we look at
the slide on 102, it looks
like we're moving in the
right direction, but I have
to point out that that
slide, and I've made this
point before, that slide is
somewhat misleading, because
that -- the only reason we
see that positive upward
trend is because those
numbers are cumulative,
isn't that correct?

(One moment, please, for
..)

>> feel like every time we have this discussion, to remember that.

>> Mayor, page 88.

And the goal.

I needed to make sure that was in there.

>> We may see diminishing marginal return as we go forward, it is cheaper than alternatives.

I suppose I will need to submit a budget question for this, because I don't see it here.

I would like to see a breakout of our energy efficiency incentives.

To make sure we are sensitive with both the solar programs and energy efficiency programs and i think we're going to need to get a little further into the numbers on each of those programs to really bring that in.

Thanks.

>> Going questions, councilmember morrison.

I heard you say the local solar environment is on fire, that there is a lot of demand.

>> In the commercial sector, yeah.

We have had a lot of interest.

We had the community benefits to pay for that.

we have the opportunity and the demand at the potential funding.

>> When we start out the new rates in october, we will have this line item that helps fund what we call the conservation renewal, the crest, as the fund is called.

The conservation renewal fund.

And what we're planning to do, i mean, we could put that number up higher than what we anticipate and collect, but we feel like we would probably be overcollecting from consumers what we really need.

So the idea would be, despite what number we end up with at the end of the fiscal year, we will set the new number for fiscal year '14 to refund the difference or make up the difference, either way, for the previous fiscal year.

>> .

the fact it is at four million this year, we can go ahead and fund \$5 million?

>> Right.

Getting this million from the next year.

and look ahead to
getting it from the next year?

Ok.

So that is helpful, I didn't
quite grasp that.

It might be set at one amount,
we're not limited by that?

>> Right.

We have been trying to explain
that to every stakeholder group
that comes in, it is not tied to
a hard budget, it is the program
demand, as long as it is within
the parameters of everything,
that we would let it go to where
it needs to be, and collect it,
looking back.

>> So we need to make sure we
have the infrastructure
internally to handle the demand?

>> Right.

and maybe you could
keep us apprised, if you end up
bumping up against the
boundaries of what you can do
because of that, because that
would be a reason that we would
be constraining it?

>> Right.

I'm not sure I want any more
problems over there, but that
would be a nice one to have.

The restraint of our program is
that we simply need to have more

people on the ground to keep up with demand.

That is a great problem to have.

Consumer demand --
so you won't turn
people away because they don't
have the budget?

>> That is exactly right.

>>Morrison: ok.

I want to mention on the line
extension study, it was a year
ago that I understood from you
that it was underway.

It feels a little bit like
searching for the break-even
point in fusion where every year
you do more research in
achieving that goal is farther
away.

I hope we can make progress on
that.

I think a lot of people are
interested in it.

If it --

>> a year ago, we were working
on it.

We're still working on it.

And I got a number of things the
staff's got on their plate.

So my anticipation is there is a
lot of elements to this, for
example, outside of what we

might recommend for pricing policy.

We have to figure out how to deliver it, because we don't currently have people that deliver that product.

There isn't any system to do it.

A lot of those things have to be worked through.

..

>>Morrison: ok.

Thank you.

>>Cole: ok.

Thank you, larry.

Thank you, everybody.

Next we'll have the city auditor.

If you could come up.

As you do that.

Let me explain -- you're passing out --

>>tovo: mayor pro tem?

were we scheduled to --
yes?

>>Cole: it was on the agenda.

the three who don't have the experience might want to be here for the presentation.

I want to raise that as an issue.

let's discuss that issue.

Let me give you background and context because we can make that discussion while ken is here.

Normally it comes to the audit committee and we make a presentation to the full council about that, without much difference that recommendation is ordinarily adopted.

This year, we wanted to have that discussion in connection with the overall budget to be more comprehensive, and also that recommendation wasn't that the auditor wanted was not immediately paired with the city council -- I mean the city manager's request.

So I wanted to hear that.

So I scheduled it to actually come to a budget work session to have that presentation.

So all of council can hear it.

We know councilmember spelman is out.

I would as soon go forward with councilmember riley and you and laura and city manager here so we can hash out because we are getting down to the wire with the budget.

So does anybody else want to comment or weigh-in on that?

>> I had planned on being here so I don't mind.

But I do agree [indiscernible]
I'm not sure how much we'll get in the presentation.

I don't think the dollars are significant, but because there was a difference between what management was originally proposing and what the auditor was proposing and because no one in audit finance wanted to make a solid decision about it.

I thought we could do it.

I plan to be here until 4:00.

I don't think it will 00 because it didn't take an hour in finance.

Go ahead.

>> We have about three slides to talk about.

Then get into questions to get us up to speed.

Good afternoon.

Thank you for the opportunity to provide this additional information.

While the city auditor's budget is rolling to the final approval, approved city budget,

as you know, the city code states we're supposed to have a discreet budget, some confusion about what that exactly means.

We normally present it and it rolled into the city manager's budget as well.

Mayor cole when I arrived in austin, I was asked if I need any additional resources to perform the city auditor's job.

I indicated at that time if i could increase the productivity of the office.

We did increase that productivity by about 67% over the last two years.

However, I have come to the realization at this point, it would be difficult to sustain the level of output provided without additional resources.

Our goal is to deliver timely insights.

To achieve this, we need to address the following gaps.

First, I gap in personnel resources necessary to address the audit demands facing now and into the future.

Second a gap in training resources to achieve the necessary competency needed to do that.

The next slide which is hard to read, apparently -- do you have copies of this.

>>Cole: yes.

>> It includes 31,000 for reclassifications, that was the portion adopted into the city manager's budget.

We are requesting the following additional items.

The addition of one assistant city auditor position, an auditor 2 position, part-time administrative assistant position, which replaces a similar temporary position we now have and an increase in the training budget.

Total amount is approximately 9% over the proposed budget.

Ready for any questions you may have at this point.

I hope that was quick enough.

We removed that as a request, the conference room.

We think we can do that with savings this year, without having to ask for it.

Also the gate for the future on that as well.

first of all, I'm noticing that this is different than the one we talked about in

audit in the finance a little bit.

Um, can you -- is this -- the total additional amount that you are asking for is that \$273,419.

>> Yes.

>> The city manager's budget gave you over \$2 million.

>> I'm having -- it says --

>> I'm putting on my glasses to see that.

we gave the request [inaudible] to the assistant city auditor; is that correct?

>> Cole: ok.

So what we don't have on this sheet is the actual city manager's recommendations.

>> Well, that would be the 2772 at the very top.

That would include the citywide adjustments to the budget we have plus the two reclassifications in the unit.

so do you -- that is what we have in the proposed budget for total departmental budget.

>> So for your total departmental budget you have that amount?

>> Yes.

the amount that you are asking them to add to the budget is the \$273,419.

>> That's correct.

that is the additional funds that you laid out?

>> That's correct.

>>Cole: questions?

Are you good?

Ok.

I think it's -- did you have any comments about that?

>> I don't.

let me say that we put increased demands on the auditor, without a doubt, within the past two years, especially and especially within the past year.

I know with austin energy in particular and water treatment plant and so on.

So into the future, I can see us doing that even more so with specialized audits, so I do not have any reservations about recommending that this additional sum be added to the city manager's budget.

But of course, I do not have anywhere to direct where that funding would come from.

So I would like your thoughts on that.

>> Well, right off, you know, it would -- we'd have to go back, evaluate it, come back with recommendations to the council.

Just off the top of my head, i don't know at this point.

but you can handle that direction?

Councilmember morrison.

I would like to second what you had to say, mayor pro tem, because I think that the value that the auditor has been bringing to the council and to the community has been significant.

I also see increasing demand.

The bottom line is, what this does is increase your capacity with the additional higher level staff.

And so to be able to do that is very important.

I would also like to highlight the staff training item, which is a small part of it, but i think that is absolutely critical for the staff that we do have, that they're able to stay up to speed to be able to maximize what they can offer to the city.

So I'm also supportive.

>> Just so it doesn't go unnoticed.

It is total request.

We did fund \$31,000 of it.

To help with this capacity issues.

And I know that he's been called upon -- he and his staff do a lot of extra work.

Some of work, though, frankly was extraordinary, you know, related to austin energy and some of the other things that we're not likely to see again.

So.

I appreciate you working together.

Any further comments?

Without any further items, this session of the austin city council budget session is journed.

-- Adjourned.