

City Council Budget and Tax Rate Work Session Transcript – 08/19/2014

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[03:31:11]

>> Mayor leffingwell: Good morning, I'm mayor lee leffingwell. I call this meeting to order. The time is 9:32 a.M. We're meeting in the town lake center in barton springs. Today, we're looking at the maximum tax rate. The posting says 49.22 per \$100 taxable value. We have the right to change that -- lower. We could put it higher, but it might not be a good idea. So ... The language in this is set by state law. So I will read what the motion should be. It is a motion to adopt the resolution setting the proposed maximum property tax rate that council will set for fy 2014-15 at x cents per \$100 valuation. I will say that at the proper time, I'm going to propose that we set that rate at 48.09 cents, which is the city manager's proposed budget. So I'll entertain a motion to that effect.

>> So moved.

>> Mayor leffingwell: Is that 48.09?

>> Cole: This is for discussion.

[03:33:11]

>> Mayor leffingwell: This is to move the motion to set the property tax rate that we will consider. To clarify your motion is to set it at 48.09 or 42.22?

>> Cole:48.09.

>> Spelman: What is 49.22.

>> Mayor leffingwell: The roll back rate.

>> Spelman: What is the effect of that?

>> Mayor leffingwell: That is the proposed rate. If we adopted the city manager's budget, as is. My logic is that we have a budget that wor \$48.09. That says to me

-- there are always changes in the budget

-- that the funds have to come from something already in the budget, not additions to the budget.

>> Spelman: The effect of adopting a rate at a penny less is assuring the public we will not go with the

roll back rate, but go back how much?

>> Mayor leffingwell: 49.22 minus \$48.09. Doing the math that is 1.13 lower. 11.9 million. The difference between 48.09 and the roll back tax rate is \$11.9 million. Each penny is about 1.79 right now with the tax roll.

[03:35:16]

>> Spelman: I wanted to be clear what it was we were voting on and voting not to do. Which is take \$11 million on the roll back rate.

>> Mayor leffingwell: We can always go lower 48.09 but not higher.

>> Mayor leffingwell: Council member morris.

>> Morrison: I would like to make sure, in this context, something we talked about Friday. SHOULD WE DECIDE TO DO C.O.s For flood buyouts to a tune of \$78 million, that would not impact the FY 15 tax rate?

>> That's correct.

>> Mayor leffingwell: Those in favor of the motion, aye. Opposed, nay. Passes on a vote 7-0. Clerk will call the roll. >>.

>> Mayor leffingwell:

>> aye.

>> Mayor pro tem Cole aye.

>> Council member Spelman.

>> Aye.

>> Council member Riley.

>> Aye.

>> Mayor leffingwell: Passes on vote of 7-0.

>> [Indiscernible]

>> Mayor leffingwell: Those are two additional items we will take up. We will take up two and three on concept,

-- consent, those are items to receive into the tax rate and public comment. Entertain motion

-- council member Martinez moves 2 and 3. Is there a second. Second by council member Riley. Those in favor, aye. Opposed, no. That passes on a vote of 7-0.

>> Mayor, I apologize. Part of item 1 was also to set the date and time for the final adoption of the tax rate, which staff has suggested as September 8, 2014, 9:30 a.m. Town Lake assembly room, right here. I wanted to make sure that was part of your original resolution and adoption of the tax rate.

[03:37:38]

>> It was part of my second. Mayor pro tem?

>> Thank you. I apologize.

>> Mayor leffingwell: Ok. So now we will go, I think back to our briefings on departments. I believe parks department is back in line.

>> Thank you Mayor. Sarah Henley with parks and recreation. Good to be here. A plus to being first, I guess.

>> I'm not going to read all of this to you. I think it is self-explanatory. I want to share our mission statement here. It has been the same for several years. The highlight I want to focus on is it promotes quality recreational, cultural experiences for our citizens. Several things we are proud of. Several things, but key areas we want to share with you. We have assumed care and maintenance of the five cemeteries and right now working on the master plan that will help us with the future of cemeteries. The purchase of the gray rock golf course in southwest austin. I can't say the redesign of bathal -- bartholomew and west end pool. Both of the pools have surpassed the numbers -- in two or three months have surpassed the numbers of total of last year, just at the two pools, the numbers of people who attended. Redevelopment of dale kurdo park. The satisfaction rate for parks grounds is significantly higher than the benchmark set by cities of an average. Doesn't mean we're perfect, but we are doing a good job, and are doing better than we were five years ago. We were recognized as one of the top best cities for urban forests and that is not that we're doing everything right there, either. But we are the city working towards helping improve our forest and increasing our tree canopy. And of course, the etc institute community survey, which is done basically by citizens to survey communities and how they feel about overall parks and recreation services. We rank number two. Number one, I believe, was san antonio, if I'm not mistaken. And then below, you'll see our key performance data. We have kept our proposed performance data pretty much the same other than we upped the number of satisfied users with the recreational services. Everything else pretty much stayed the same. We're quite proud of the work we're doing in all of those areas. Our uses of funds from '14 to '15 has increased slightly. It could go from 32.2 million in parks planning, it would go up slightly to 30 million. Support services up just a little bit been about half a million. And the transfers and other areas, that is primarily because they are moving thing -- transfers back into our budget at that one point was overall in the city's budget was with internal services is now directly into our budget. Our highlights this year are 2.5 positions related to the enhancements of auditorium shores. These are fees. These are fully offset through increased program fees. We did receive and are very thankful for the one position for occupational health and safety. As some of you remember, I was before you not too long ago in the audit and finance committee meeting, it talked about our issues related to safety. We have one safety coordinator for our department, and this will help us tremendously in helping to do more internal programs and trainings for the frontline and all of our staff. We are also able to convert three positions on park grounds assistance from temporary to full-time. Offset by revenue. The other \$460,000 that we're receiving are contracts and commodities for various facilities, the new facilities and expansions. In the cip area, our spending plan is \$25.5 million of which gus garcia is into the fourth construction phase. That is 1.25 million. Auditorium shores which should be completed by next year. Is a \$3.5 million renovation. And the work at walker creek district park and the neighborhood park and the work happening there and partnership with the conservancy. Also, we're going to be spending money on much-needed turf replacement at golf courses, primarily jimmy play, where we have seen a decrease in play specially because of our greens, which are eaten up by nemotode. It is a fungus bacteria that eats up our greens. The department, revenue change is primarily 18.5 is 1.1 in grants. Everything from the texas parks and wildlife matching grant funds and some other small grants in the arts programs area. We are seeing -- going to charge a higher nonresident fee which is something discussed in the last budget year and implemented the program that nonresidents will pay the slightly higher fee, so residents have the

opportunity to enroll. Some of the programs are waiting lists, versus some of the nonresidents got in. We corrected that. The other one is a reminder that \$350,000 is a foregone revenue. The discount amount of money that we will use to make sure that youth who have needs and cannot fully pay for a program can get into a program for services and are not turned away. And also, that amount of money is a projected golf, registration fees and other charges. Finally, I want to talk to you a minute about some of the things we're able to do. As I said year over year, the department is never going to be able to obtain the kinds of general funds dollars needed to run a department this size and a city this size. But we have opportunities by partnering with other entities to provide services, and some cases they provide services and we support them. Some of those, you will see here, being able to work with a request for proposal for the seaholm intake facility. We'll have something to you soon with the park in addition to the feasibility study with the county for the expo center. The great relationship with the austin parks foundation and the austin alliance and relationship with republic square park and the friends of wool ridge. Our work on onion creek district park and our work there with the onion creek district and how we can build off that park without taxing the general fund. Our work with the trail foundation continues with the redevelopment of the trail, the roy and ann butler hike and bike trails and subsequent areas around that. We're particularly working on a restroom project that is quite exciting and another outstanding piece of art work. And the peace park conservancy and work there to complete the master plan. Not only do we do that, but exciting partnerships with the city partners, many of which you are aware of, working with health and human services from mon top ulous. Libraries, the partnership with the carver. Police department, pal program, animal services partnering in the future work for satellite adoption sites. I can go on. But other than that, that is it.

[03:46:36]

>> Mayor leffingwell: Ok. Questions? Councilmember martinez.

>> Martinez: Thank you, sarah, I appreciate the data points you've provided in the data with the satisfied customers, if you will, the numbers are going up. I do

-- even the question about whether or not they feel safe in their parks, as well, is going up. I appreciate your work.

>> Thank you.

>> Martinez: One thing that was an issue a few years ago that we haven't talked about recently, that came up when I was on the trail, when I called you, is literally, a massive limb fell off a tree on to the trail, right after I walked underneath it. It almost hit a family of five standing there as well. I wanted to talk to you about tree maintenance and specifically, in that indense, I remember a lot of concern from our citizens about removing tree canopy and being very cautious about it, but that to me was a direct example of why we have these difficult conversations and have to make difficult decisions. Are we still struggling with tree maintenance programs in terms of getting more buy-in for the safety aspect from folks for why we have to do that?

>> Yes. The answer is with 300,000 trees in our inventory, we were able to reduce getting around to our tree canopy, every 91 years to trees every 46 years. That presents a problem. With the drought, which we cannot control, really, it makes it worse. The trees are brittle. Particularly older trees are very brittle. We cannot get around to watering all the trees. Quite frankly, it is almost impossible. We're balancing it

with the goodness of getting the positions we did last year, with hard working cree crews we have to do as many as possible. Many times we are doing a catchup game. And not doing it proactively, but out of reaction. The tree limb that was not on our radar. It was a tree limb that decided to come down.

Unfortunately, those areas where there is a lot of people

-- the good news is people are all over. The trees are becoming brittle without rain. Short of us -- throwing more people at it, will that help us? To an extent? The reality of it is haing more trees and a city considered a tree city, with the conditions we're facing, we're going to have those kinds of problems.

[03:49:33]

>> Martinez: Understand. In your program. Do you have a prioritization schedule of trees that are over trails, over parks facilities where we know people are congregaing.

>> We do have a prioritization program and we have a prioritization program where we will address

-- that is where we get into where some people

-- why didn't you get to this tree that is leaning over this year, versus what are you working on? We are usually working on areas that are priority one and critical in nature. We have trees marked where we're watching. There is nothing there, but we're watching. So I'll also refer to kimberly. But a preventative maintenance program in place. A prioritization program for trees that are questionable. And we have what we call our regular day-to-day maintenance, which quite frankly we do not get to as much because we are dealing with the emergencies.

>> Martinez: Also wanted to thank you for your efforts below the spillway at parton springs. We received issues. I received a phone call from the mom with the daughter who witnessed

-- witnessed something she was upset about. I know we need folks down there. We need to find out what is the best recipe. We need to relate to you all with the dog aspect. What is happening with that?

>> The good news is, years prior to my arrival. It was posted no swimming. People were in the water anyway. It seemed like mixed messages to people. We were getting an increased amount of complaints regarding a dog

-- not necessarily dogs being there, dogs offleash that people didn't feel safe. Increased amount of alcohol consumption and smoking. By working with the police department and ranger and bert and some of you, we worked on a way to have a happy medium. We want friends to bring down their pets and responsible. Keeping them on leash, they can get in the water, seems to be a better mechanism. Enforcing the no smoking has been pleasantly supported. I received another e-mail yesterday morning thanking us for making sure it was more enjoyable for everyone. And then I also received even more e-mails from mostly families, thanks us for enforcing and looking at the hopefully with council's approval the no alcohol consumptions in this area, because it is water, and it is family-friendly. Our goal is to come back to council next month, actually, and it would actually take an ordinance change. Because swimming is technically prohibited. But it would allow you to be in the water and have your pet there on leash. It would strictly prohibit alcohol consumption and of course, it would continue with the no smoking which council has approved. That is where we are, so far. 10-1 thank you versus we don't like it.

[03:52:44]

>> Martinez: Understood. Thank you for your efforts. I wanted to ask a couple of questions about golf. The projected golf rounds, what are we projecting from the purchase of gray rock in the next year's budget? Is it positive impact? Is it revenue neutral? Are we trying to recover our fees.

>> We are trying to recover our fees. I don't have it in front of me. But I will tell you Kevin has done a tremendous job in maintaining memberships there. Matter of fact, it has gone up. It has been hairy for a while. He's getting people back. If you can play and have a membership at one of our courses it helps you to play at other courses. So people can move around. He has worked with the tennis pro there to keep those folks. They were questionable, many of them, some of the people I know were questioning whether they should go somewhere else. They decided to stay. Upped their membership. The idea for this next year, stay where we are, stay the course. We will grow the youth game, which we are trying to do. If we don't grow the game from the young ages we will reach a point where no one will be playing golf. If we grow the game from the younger ages we will see the growth sport in the -- growth spurt in the sport of golf. Like if you have a local celebrity, things go up. The idea is to keep it the same, and grow the game over the next three to five years. He's maintained that. We're in good shape. Revenue would be neutral. The good news with that court is there is not as many issues with the green as we're seeing at Jimmy Clay.

>> Martinez: Under the number of park keepers per thousand, the gold rock didn't impact that? I saw it go down.

>> Actually, it did.

>> Martinez: Park growth is outpacing?

[03:54:48]

>> Well, we added a couple of other acquisitions. When we added Gray Rock, we also added -- we added another piece of property, trying to think, I just saw one. The Rundburg property, and we have one other that is coming forward. So while we -- we're getting better, it is still staying the same because of the land we're adding on. Park acreage is going up, and we're staying consistent.

>> Martinez: Last question is, obviously you saw the John Kelso story about the Butler pitching. I say that with caution because it is iconic and will ruffle feathers. I was surprised to see Mr. Kelso was getting information to write that we were going out with an RFP.

>> The situation with the Butler pitch and putt for 50 years has been in the same agreement. Wonderful operation, wonderful person managing it to

-- it is nothing against them. But we are at a point where it is time to exercise an option to look at our -- the things we can do there. As a staff, we have absolutely no intentions of changing what is happening there, turn it into some major deal. It is time to look at this more competitively. We, out of the money generated at the site, the percentage we get is pitiful. We tried, quite frankly, to work directly with the individual to up that amount. It is to no avail. The best thing we could do as a city. This is a professional opinion and obviously, council has their certainly right to give us the better direction, if you wish, but we believe the right thing to do is look at this and see if there are other interested parties that can manage or oversee the pitch and putt situation and obtain revenue to go back into the park area there. We get

approximately 30-plus thousand dollars a year at this site. This is not unusual. This is not an isolated incident. As you know, for years now, I have been a big proponent of reviewing all of our agreements around butler park and around auditorium shores because these agreements have been in place for 25 and 30 years, or more. And while they may be a great organization and many of them are and do a great job. It is time to at least revise and relook at how it is being offered what kinds of infrastructure improvements have they made over the last 50 years, if any? What kinds of dollars have they put in to look at new trends with it comes to a pitch and putt facility? Same thing with our concessions at barton springs, which we are going to go out and do another search. The same thing we will look at for the boat services

-- not boat, not paddling, but the lone star. Those are the kinds of things that those individuals who currently have the agreement are certainly welcome to bid. And we hope they will. The idea is to be able to bring back to council a recommendation that we believe in 2014-2015 is more reasonable for a city this size and for the needs of our community.

[03:58:33]

>> Martinez: So the rfp will maintain butler pitch and putt as the course, but it may contain latitude to create a concession.

>> Yes.

>> Martinez: Revitalize the clubhouse, if you will?

>> Yes. The infrastructure improvements that are desperately needed.

>> Martinez: Would it contemplate any other use for that open space.

>> Not as far as we're concerned. We heard rumors we will sell it to somebody, do this

-- that is not true. We want a golf operation similar to butler pitch and putt with opportunities for other family-oriented activities or concessions. So it is a destination place and used and used not only by the community but used by visitors. Not that it isn't now. Quite frankly, it is not as highly used as it could be.

>> Martinez: Sure. Last question, going back to gray rock, I forgot to ask. I know we are using the existing employees that were at gray rock when we bought that facility. Obviously, my preference is that our city employees have that opportunity. What is the plan to transition over to the city workforce?

>> We have that six-month period we have to go through. I will say, we had to make a change, I believe in the superintendent working with the owner, that had to happen. But we have retained, so far, and we have not re-upped the tennis pro, but after december, we will be looking at that operation and looking at that kind of situation with employees. Those folks that are there now understand that. They're being evaluated. Kevin is doing a tremendous job of staying on top of that. He will come up with a transition plan, working with the current employees as we move forward.

>> Martinez: Ok. Thank you, sarah. [One moment please for change in captioners]

[04:01:55]

>> Mayor Leffingwell: ... Is that considered to be under barton creek rules, or is it considered to be under lady lake rules, or is there somebody else that can answer?

>> Kimberly neeley, I can't answer that specifically but there is an ordinance that talks specifically that

swimming is not allowed there and it describes it as west of barton creek to lady bird lake but to answer your specific question, I need help from

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>> Mayor Leffingwell: My creative logic is if that's considered to be part of lady bird lake which certainly it is now. It's not flow. It's mainly back flow from lady bird lake, then we have a prohibition on swimming on lady bird lake and so before we go forward with an ordinance

-- I am sure the staff has gone over this but I want to bring it up, too

-- that we are not going to change the lady bird lake ordinance at the same time.

>> I was talking to the lieutenant and about the very thing and we will get back with the law department just to confirm it but we did

-- at the time they felt very strong that there is a difference between the ordinance that is in place for lady bird lake and the reason there is no swimming there with the rebar and the concrete pieces and everything that's in that lake versus this area which is below barton creek but we will confirm that working with the law department.

>> Mayor Leffingwell: That sounds reasonable but as we all know when working with legal documents and ordinances, words matter. So we need to review that. Council member riley.

>> Riley: I want to talk about the olmos sculpture garden in the same area. You know it recently expanded and encompassed the house on the hill and with that expansion there is an additional need for additional funding for operation of the facility. As I understand it, the budget currently includes some \$82,000

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[04:04:02]

>> yes.

>> Which is where we were before?

>> That's correct.

>> Riley: And there have been discussion about a larger number that would be an amount to help cover the expanded area of the facility. Can you address where we are on that?

>> Yes, and I failed to mention this, another great partnership we have we have is with [indiscernible] and nina is here today. And the need was if they were going to take over the additional house and grounds, there is no way they could do the work that they are already currently doing and fundraising to support the gardens and all the things that needed to happen above, so what we asked for was \$64,000 one time money to help make immediate improvements and add an additional \$118,000 in the general fund to go with the \$82,000, which is currently in our budget. We have that in the parks and recreation budget that we will transition over to our friends at oomlaf, if we can get the additional 118, they can operate, maintain and manage those areas there on site. We still work with them as we do but that would give them the opportunity to do their own hiring for grounds maintenance and the other things they want to do because quite frankly, we go in and mow and weed eat and blow and come back if necessary but the magnitude they need if they are going to take the additional area, we felt the \$118,000 to add to the 82,000 was appropriate.

>> Riley: In fact, it is not just the 118 annually, it is also the 65,000 on one time needs. Where are we

with that? 65,000 is basically be able to take care of some of the immediate needs up above the area where the house is and the workshop and that's the money we are also requesting. It is total of 118. 82 is in our budget and then the 65,000 which is one time. 65 is not in the budget or is it?

[04:06:08]

>> We are asking for that. It's money we are asking for.

>> Riley: It is unmet need?

>> Unmet need as well as the 118,000.

>> Riley: What happens if that need is not met?

>> We are not able to make improvements in the area

-- as you know we acquired this plot from the family and we would not be able to do those infrastructure improvements and not having that fun would fall back on our friends at oomlaf to try to help raise more money which they are able too do a great job but quite frankly, this is how I view it, and that is the amount of things they are doing to support this city and the amount of programming and hours they are open and the operation that they have raised funds to do and our \$82,000 doesn't get them that far quite frankly at all. In a partnership where they end up taking over operation maintenance and management of an area for that amount of money and then the one time is a great deal for us as a city and us to work with a partner like that and for me, it is a way for us to continue to do some of these things with our partners but we have to chip in a little bit of money to help them to be able to get that done.

>> Riley: Without the 118, they are not able to operate this facility?

>> No, they are not.

>> Riley: And then with the 65,000, is there a risk of actual degradation of the property?

>> Yes, absolutely. We are at serious risk with some of the degradation. We still have to address some issues with the sloping but even on the top there with the house. That house

-- they are doing a master plan now and did a feasibility study. The houses itself has some serious issues that have to be addressed.

>> Riley: I certainly hope we can find the funding to cover both of those needs.

>> Thank you.

>> Cole: Mayor, I would like to foul up on that.

>> Mayor Leffingwell: I think council member tovo is next.

>> Tovo: She can go ahead.

>> Mayor Leffingwell: Mayor pro tem.

>> Cole: You said that we recently renewed the partnership with them last year?

[04:08:08]

>> A new agreement, we just expanded the agreement so that it would take into effect and include the area above the gardens which was the home and the workshop site that has many of the oomlaf sculptures, drawings and tools are actually there.

>> Cole: We maintain the grounds and they maintain the facility?

>> We do a fairly good job of trying to maintain the grounds but they also chip in. Like they helped work with the austin parks foundation recently to help eradicate the poison ivy by using the goats so they do help us, yes, and it has worked. [Laughter]. It's amazing. It works. They are constantly having to do things.

>> Cole: You are very pleased with the private partnership?

>> Yes, this is a model. This is a model. I know I say that for every one of them. [Laughter] but this is truly the way we have to go. We can't do it any other way and to have great partners like nina and the crew they have and the funds they are raising and what they are doing is amazing. And it is a great deal for us as a city because it saves us hundreds of thousands of dollars in general fund and in capital.

>> Cole: Well, I hope we are able to keep that up, also.

>> Mayor Leffingwell: Council member tovo.

>> Tovo: Thanks. I will add to that. One of the things that some of the umlauf representatives said compared to other cultural facilities, the budget that the city of austin has allocated for that is lower, not comparable that we have allocated for the other cultural facilities?

>> Yes, and the fact is because they have been able to pick up the difference and do the things they are able to do and now they are willing to take on the extra area, but we

-- you know, I just think it's reasonable to have that little extra money for them to be able to operate it and maintain it and manage it.

[04:10:13]

>> Tovo: I would agree. I think we need to honor the commitment we made when we accepted that as part of the parks inventory. I have a couple of questions about a few things that we

-- well, I need to go back to the butler pitch and putt for just a minute. Can you help me understand what

-- you talked about utilizing that at a higher capacity, and I wonder, you know

-- it has been a couple of years at least since I have been there but it looks like it is always pretty busy, there are always cars lining the roads, so I guess how did you arrive at that assessment of that site really being able to absorb access? Or additional capacity in terms of users? I understand the point you are making about revenue, that the city may not be getting the kind of revenue from the site that it would if it negotiated the contract now, but in terms of users, do you have a sense of how many more users could use that site if it were being managed differently?

>> Well, we do get a report. I need to make this

-- they

-- the operator of the facility has done a tremendous job and has always turned in the reports in on time. Very diligent. The things that haven't happened has been capital improvements, upkeep, looking at trends and how you can continue to keep people coming. I happen to go by there probably every day at least once a day because from coming from my office to city hall, and so there are users there, but there are not users there on a regular basis during the day and evening. It is a place there. It is a nice little secret that some families know about so they go. The idea is to increase that opportunity, not necessarily see hundreds of thousands of people there. A lot of the cars you see, quite frankly, are not people parking there for the pitch and putt. These are people parking to go to other things. Now,

surprise. That's part of it. It is limited in parking. The idea is strictly

-- I am not looking at it u because we have been told very clearly by leela, we can't make money as a department. The idea, though, is to look at how we can recoup money that can go back into that area and across the street and the butler park next door to be able to keep it better without taxing the general fund. She was willing to raise the revenue up a little. The problem is, without doing a competitive process, quite frankly, we don't know what we are able to recoup or come out of through a competitive bidding process. We have encouraged the current group that's managing it to reapply, but number wise, I will tell you that we are

-- it's not

-- it's not used as much as it could be used, but it's certainly not sitting there completely empty.

[04:13:03]

>> Tovo: Have the numbers been dropping? And is that something you can share with us with

--

>> we get the report from her every year and we can share with you. No

-- now, when it gets hotter, yes, that's anywhere. We see a decline in the golf courses. It's too hot but it really isant renewing and looking

-- it really is about renewing and looking at and going through a new process to make sure we are giving the great value to the citizens.

>> Tovo: When we talk about the numbers dropping, compared to previous years, assuming there will be a drop off as it gets hotter, are the numbers consistent with previous years? As you know we have an item on next week's council agenda related to this. Are you finding the numbers have dropped and that's increased the need to consider capital improvements there? I mean, are you noticing

--

>> no, you know, no. The answer to that is, I go over there. I see a concrete building of cinder block. I see landscaping that has barely been maintained over the years. I see an operation that is the same operation that was 25 years ago. And I see the revenue that we receive has been the same for 50 years. I see the need to look at and to do our due diligence as staff to just test the waters, to see if there are other opportunities staying in the same theme, not changing it, you know, like what has been rumored, to see if there is a better way to offer services and those that are there are quality. They don't do anything wrong. I want to be clear about that. It's just to test the waters. That's all it is. But I do think sometimes doing a competitive process kind of nudges people to do better.

>> Tovo: Okay. That's helpful, though, it sounds as if the main

-- it is not the kind of discussion we have had with some of the other facilities where the numbers have been dropping and there is a concern that the lack of support for capital infrastructure is actually losing some of their audience. They have continued to have a high

-- a high user base and that hasn't really changed. That's been consistent. What is really driving this need to relook at it is the fact that the revenue

-- the revenue sharing hasn't changed in 25-30 years and there is a need to upgrade the facility.

[04:15:33]

>> No.

>> Tovo: And, again, not to hold on to customer base because we see some diminishing.

>> Can we increase customer base, absolutely, can we see improvements there? Absolutely. Can we see a better situation there? Absolutely. But to say that is not a quality or we are losing people, no. I wouldn't even begin to say that. I think, but this won't be the first one you will see us bringing up because we believe, after 25-30 years, in this case, 50 years, it's time to take a look. It's time to do the right thing and do our due diligence and see if there is an opportunity, not changing the pattern but look on what is best for us in place for us as a city and offering.

>> Tovo: Is there any truth about the rumor about the ferris wheel?

>> No, I heard we would turn it over to c3 or there will be a big ferris wheel or put a restaurant out there. This is park land. We are doing a request for a pitch and putt.

>> Tovo: Thanks for putting that rumor to rest.

>> It was self-interesting.

>> Somebody who asked for a resolution, I was asking something behind the golf situation. [Laughter]

>> Tovo: So I have some questions on this. Were you waiting for me because you wanted to ask about this or about my hands?

>> [Indiscernible - no mic].

>> Morrison: I do have commen the pitch and putt if I can jump in here.

>> Mayor Leffingwell: Go ahead.

>> Morrison: I would like to put a little spin on it and that's we have seen situations like this before, where we have gone in and we've had the folks at the boat house. We had the hostile

-- international hostiling folks, and while I understand an interest in maximizing a return, I think there is another perspective to take, and that is to give some value to the family and the tradition of folks that have run it for 50 years, and to

-- instead of going out and trying to make

-- you know, trying to maximize things within our own organization, figure out what would be good enough and ask the folks out of respect for the work they have done and the tradition and the part of the community that they are, ask them if they can provide that. So it's not going out to the highest bidder. We, as a city, figure out what we need and ask them if they can give that to us.

[04:18:22]

>> And we did. We did sit down and talk about the

-- what we felt like was reasonable and putting improvements back into it as well as upping the revenue. It was not to our desired state to do that, so before we even went down the path for a request for proposals, for qualifications, because we understood the sensitive nature of some family business for 50 years, but quite frankly

-- and I appreciate what you are saying, but if you always do what you always did, you will always get what you always got. And my person is, as a

-- as a director and looking at what might be best for the city, it doesn't mean that this will change. We might very well be right back with this same group, but I just think it's the right thing to do to test the

waters to see if

-- if maybe this will prod them to say, you know, you are right. We will come back. We will reapply
-- we will rebid and come up with a better package. We have actually encouraged here to partner and come back with a better package. We have gone out way out of our way. And no disrespect to the current operator at all.

>> Morrison: I wonder if it would make sense to just ask him one more time. Two things, one, when I spoke with him, I gathered the meeting was friday, council members, they indicated certainly more revenue. Obviously I don't know what the conversation was like. What kind of expectation do we have on capital improvements and how does that compare with if it's not their building? You know, we have gotten into situations like that before, where folks have invested, an organization has invested and then we sort of take it out away from them. So do we ask

-- does the city partner in that capital investment?

>> Well, no, not necessarily. And to give you an example, that's why if you look not our friends who are the rowing groups, susan and the partners at the rowing dock have put all of the capital investment in there, huge investment but the percentage we get for that operation is absolutely unbelievable compared to what we get in a couple of others. The texas rowing and the amount of money that they have put into that facility, none has come from the city of austin and the amount of revenue that we get every year from that is fairly significant. So while we are not

-- I think you are looking at a small cubed box that's never really changed so the size of being able to offer a family a sandwich or come and make a day of it, which I think is a better experience. It's more like you come and you do the pitch and putt and leave, there is nothing there that would allow the family a further experience. So we talked about making capital investments and improving that situation. We talked about upping the revenue. It just wasn't up to what we thought was reasonable, considering how much money they bring in.

[04:21:30]

>> Morrison: It sounds like you have some vision in line of some shift or expansion or enhancements of the services that are provided.

>> Enhancement of the existing services, not something, like I said, some huge carousel or

-- that's just not in the picture. It's to leave this beautiful green space just like it is, having a family area for people to be able to play and learn the game of golf on a noncompetitive atmosphere, but also being able to enjoy something besides just go in, there is just a small building. And it's not really big enough to have any kind of concession whatsoever other than what's there.

>> Morrison: I guess I don't understand the

-- sort of the fundamental need to have a concession for food there. Is that sort of a parks policy or guidance or that you

--

>> no, I think it's just

-- you know, over the years

-- and I was here once before, it always has been the same. It stayed the same. And I guess when you look at matt and susan and the other things, they are offering

-- even austin rowing, they are looking at new things to offer to keep new people coming and going. So we are asking for the same thing, trying something different.

>> Morrison: Another issue that came up was the timing of all of this. What is the timing you expect to do with

-- is the

--

>> it would be a request for proposals basically, and we have not prepared it. We were getting ready to go out and do that, but, again, this does not preclude that existing group.

>> Morrison: I know, but what is the timing you expect for the r.F.P.?

>> We hope to be to have it prepared and out

-- yeah, there is no like next week

-- within the next month or two.

[04:23:32]

>> Morrison: And would they

-- how long do folks have to respond?

>> Well, they have extended their

-- when we do this, we go ahead and give the 190 days to the group that's managing whatever that is, whether it's butler pitch and putt or anything else and we say we will extend you beyond the option that we did not extend, we give the 190 days. That's the process. So it takes about 190 days to conduct the request for proposals, doing the meetings if they have questions, if anyone is a bid

-- wants to submit a bid and has questions, working with a panel around working with purchasing. That's the process. It would be 180 days-190 days.

>> So when you let the r.F.P. Out and what you expect from council is 190 days.

>> That's correct.

>> Morrison: And you don't know when it will be let out?

>> We try to have it out sometime in september. Again, we have to count on our friends in the legal department and our friends in purchasing and we have several things now with the feasibility study and the weltering long situation and we are working a deal with the republic square so we are trying to

--

>> Morrison: What is the end of the contract right now?

>> Their contract option, they had an option. We did not exercise, so we kicked in the 190 day period which makes them legal to be able to operate.

>> Morrison: Right. Okay. But the real 190 days hasn't started yet for the r.F.P.?

>> It did start august 15th, I believe. And then takes 19-days.

>> Morrison: So they will need more time?

>> If we have to give them more time, we will.

>> Morrison: Presumably it will be in front of the council in, say, march?

>> Yes, absolutely.

>> Morrison: Good luck with that.

>> Mayor Leffingwell: I know there is a lot of interest in in particular subject and I am sure others but if

we want to get through this today, we need to confine our extended discussion of particular items to budget related information.

[04:25:46]

>> Very briefly. I want to say two things. One is it seems to me, based on this conversation, I don't know this family and never played on this golf course and I have passed by as many have many times. It seems to me if I don't send it out for a bid. First if you send it out when you get the results back, there is no requirement that we accept any of them.

>> That's correct.

>> And the way you are soliciting not just bids but good ideas of what could be done with this to improve the quality of the experience of the people who use it, and one possible way to do this is say look at all of the good things we are doing, why don't you do these things, too.

>> That's correct.

>> Spelman: And that would be a class of sendings where people would be happy, I believe. Another possible ending that I think would not be as unhappy as we are thinking of it now is to envision what would happen if there were no pitch and putt there and we were to look at as blank slate, if we were to plan this with the rest of auditorium shores, I am perfectly thinking that this master planner will say this land next to palmer auditorium is best for pitch and putt golf course?

>> Exactly.

>> Spelman: If we don't do something for that pitch and putt for those folks, we will make it a situation where we have to remove the golf course entirely and replace it for something else. And here is a minority view, I am not sure that will be a bad thing. I am not inviting you to agree or disagree. You aren't in the position I am so I you don't have to answer that.

>> I don't want to, either.

>> At least one of us thinks that necessarily won't be a bad idea because we have a lot of parks needs out there and although we have a lot of need for golf courses, I am not sure that's the best place in 2014 to put it.

[04:27:49]

>> Mayor Leffingwell: May I say you may very well be right about that. I think time will tell and we have to evaluate the options. I was going to say that I remember

-- I recall playing there quite a lot when I am younger and now I am inspired to go back down there again. [Laughter]. Council member tovo.

>> Tovo: Thanks, I have some other questions but let me pause and say I see a special called meeting at butler park in our future. [Laughter]

>> Mayor Leffingwell: Yeah, at least.

>> Tovo: So you mentioned the

-- providing the opportunity to have a use that isn't replacing ours and I am sure glad we got to this year and we had a chance to talk about it in the audit and finance meeting. I have two questions. We also approved fees that were

-- that adopted rates for in city versus out of city residents and some different deadlines that we are really opening up opportunities for city residents, for some of the programs where there is such a high demand that all of the city residents who want to participate or have their children participate can have that happen?

>> That's correct.

>> And I want to talk about the success of this and this can be a budget question, do you have a sense of how much revenue has been raised from the delta between residential charges and out of city charges? I can submit that as a budget question but the reason is

-- unless

--

>> kimberly mcneilly. Last year we did not have residents and nonresident rates. What we allowed to happen is we allowed residents to register prior to nonresidents, so, for example, two weeks prior, residents were allowed to begin registering and then two weeks after registering

-- after registration began, nonresidents were permitted. This year we do have nonresident rates so we will be able to give you that information but we will need a budget cycle to be able to give you some good information about what the difference was but we don't have that this year.

[04:30:04]

>> Tovo: I realize. I didn't realize the two happened at the same time. We had talked a little bit about targeting the extra or that different income for to put back into used scholarships or

-- is that still the plan?

>> It's not the plan right now but what we do have is the

-- austin energy has on their electric bill the opportunity to donate and we have other entities. For example, sodero health and there is another that is interested in creating a scholarship fund like we have spoke about. So what we would like to do is take the fund

-- everybody

-- there is a discount

-- a sliding scale discount and then if you meet even greater qualifiers, there will be an opportunity to actually apply for a scholarship so that the actual program might become free or even additionally reduced, and so that's how we plan to use the scholarship. We have that program in place already so now it would just be a matter of setting income qualifiers for scholarship programs and helping people understand what the maximum amount of money that we have to give away in scholarships. Right now it's only approximately 40,000 but with talking with these other partners, it could increase. I don't know the amount yet because we are still in discussions.

>> I think doing it through the utility bill makes sense, as I think I probably mentioned to you before, a lot of camps

-- I notice when you go to register, allow you, at the time of registration and payment, to also contribute toward scholarships and that seems to me a very effective way to get additional funds for the scholarship, when you have people who have their credit card out and are registering and providing the information, that seems to be a good place to provide an additional donation. I know we don't have the ability to register online so

--

[04:32:08]

>> it's coming, two weeks away, we are on a pilot.

>> This is the third year in a row that I am telling you it's on its way.

>> Tovo: Yeah.

>> But this time I mean it, right. [Laughter]. I like that idea. Let us look into it.

>> Tovo: And it could work, for manual registration, to ask people, do you want to contribute to scholarships when they are registering, to remind people of that way at the point of sales, so to speak, more likely to donate than they might be on a utility bill. I thought I had another question on that but I will think about it. A couple of years ago through the budget process, we added additional money for the roving leaders program. And I know in the past, you have been able to show very good data from the roving leaders program about youth involvement and especially with regard to its relationship to other not positive youth activities. So I wonder if you have any

-- it's still a fairly new program but I wonder if you have any anecdotal evidence that you might share with us about whether or not it has been successful.

>> The program has been in existence since october of 2014, so it hasn't gone through a full

-- a full year. It took us a certain amount of time to purchase the vehicles and equip them.

>> Sure.

>> So as far as the amp data, we are still in the collection stage

>>

>> Tovo: Okay.

>> But I can tell you we have gone working with our partners in austin police department. We have gone to three areas where we believe

-- or they have told us that have the highest juvenile crime rates. One with huntington meadows. One was in the dove springs area, and the other one, I want to say, was fair way. I can look it up for you. We have been able to, on a consistent basis, have anywhere between 35 and 50 children participate in the program. They are returning this summer, 35 of them committed to us, to do an entire summer long program in conjunction with tcta. They have been doing service learning projects so they are contributing back to the community. They actually helped out at franklin park and repainted and did some community service things there. We are starting to move into

-- instead of just being consumers of the technology or consumers of computers, to become entrepreneurs, where we purchased programs for graphic arts, where they can create their own gift cards or other materials that the material

-- or

-- or other programs through our tcta program. The leaders have been working closely together and where they could actually sell their art where they could display it and have an opportunity for individuals to purchase it. So anecdotally, what I am basically telling you is we are giving lots of opportunities. Statistically, I will need a lot of time to tell you that the graduation rate or drop-out rate or crime rate, I need more time to give you that. But anecdotally, it looks like it's working.

[04:35:36]

>> Tovo: That's terrific. I appreciate you giving that snapshot because it's something that we added the last date of the budget cycle a few days ago and it's great that it's working and you are getting good turnout rates. I was there for opening and the vehicles are nifty so I am glad you have lots of youth out there in the community that are using the program. Thanks for your efforts on that.

>> Spelman: Mayor.

>> Mayor Leffingwell: Council member spelman.

>> Spelman: This budget question has whatsoever to do with pitching, putts, or golf. The only performance measure you show for park ranger program is the citizens that feel safe in their parks. That's a really good measure. I am glad you have that. If citizens don't feel safe in their parks, obviously they won't be in the parks or enjoy them. But have we identified the percentage of people who are safe in the parks. Do we have a sense of things that happen in the parks, and whether the incidents of crimes, disturbances, and things like that are actually going up and down.

>> It's interesting that you answered that question because we just put together a quarterly meeting that our rangers are having with the park police. And we are discussing exactly that. What is the crime or the

-- anyway, what bad behaviors

-- because it's not necessarily a crime.

>> Spelman: No, no.

>> Maybe annoyance or bad behaviors and we are talking about that. Where are they occurring. Is there a presence or is there something that we have done that has stopped those bad behaviors? And we start to have those meetings on quarterly basis and we had the second one in september and it's given us a little bit more time we would be able to come back with better information, but it's certainly something that we are working on, where we just

-- I guess great minds think alike, right?

[04:37:42]

>> Spelman: Well, your mind is great. I am just asking questions. We are having meetings now. Are we are in a motion to count

-- are we in a position to count that?

>> I can get you the data but I can absolutely tell you. We have a database that tells you how many times

-- how many off leash

-- how many times we tell someone to stop smoking, how many times we tell somebody to please put their dog on a leash, how many times we had to remind someone about a park rule, and, of course, the more serious things that the police might tell us, like property theft, things of that nature and I can get you those statistics.

>> Spelman: Have we been collecting the statistics for a while or is it relatively recent?

>> Both of us have been collecting for a while so I can give you probably

-- I can commit to at least a year but I think I can give you as much as two years.

>> Spelman: It seems to me a good performance measure

-- in addition to people feeling safe, which, again, is a good measure

-- is some extent to citizens or the extent to which citizens are safe, or are free from disturbances and rudeness. It seems like you have the data to include that and it could be in addition to what was already collecting. Thanks.

>> Mayor Leffingwell: Council member morrison.

>> Morrison: Two questions. One is you reference the nonresidencies that are in place for programs and or aquatics. And you give thought

-- I don't think that I found nonresident fees in golf or tennis. Is there a reason we wouldn't be consistent in that?

>> Golf is an enterprise fund and it's based upon the market and because they are a little bit different than a general fund run entity, they are setting their fees really based upon the market with a

-- with a large discount, so to answer your question, I think there could be resident or nonresident and have not included them in this round of that and certainly we could do that, and this is run by and large by the independent contractors. By the five tennis contractors we have, we bid those out and then the there are independent contractors that set their fees and you have to approve them but we have not spoken to them about resident, nonresident, because they are in their entity

-- their entity using our space.

[04:40:22]

>> Right. If I could ask two things. One, to give that some thought so that if you think it would make sense to do that and then, secondly, I think it makes more sense to understand that golf needs to look at things within the round of the market, although they are giving a discount, and I wouldn't be surprised if the golf enterprise fund could use the more money. It's not like they are overflowing and turning the money away. So should I submit

-- could we make that a budget question?

>> Sure.

>> Morrison: To ask you to suggest what might be reasonable in terms of setting on non

-- nonresident fees. And then secondly, we think we may have already submitted this as a budget question. You can tell me if I did or maybe I just dreamed it, and that is there is great work going on with the aquatics master plan and there have been lots of input and I know you will be coming back to council pretty soon. We know we need tens of millions of dollars over the next 20 or 30 years, but my real question is for this year's budget and next year's efforts, do we see

-- what level of effort do we see continuing on that and are they appropriate resources on the budget to continue that work?

>> You did not ask that specific question, but we have anticipated that it might be requested so I am not prepared to answer all of those questions today, I had

-- you know, I had the documentation of how much money it will take to take place over a course of years but we are looking at the number of \$71 million to just get our infrastructure so that it can be usable on the next 5-10 years. So we have already anticipated breaking that down over a number of years, in attention, I don't have that information today.

[04:42:26]

>> Morrison: Right.

>> But it could be a question.

>> Morrison: Excellent. And more specifically, for this coming year's budget, do we have the resources to continue the work of the master plan? And that is we still have to

-- as I understand it, we have the assessment done. We have the scenarios done for the future, but there is more work to be done?

>> Correct.

>> And I would say if you are speaking of the human resources able to

-- I think we have some staff members that could help us, but we don't have the financial resources because we are talking about investments to get thing up to par so we still have the same operating budget that we had last year and that means that we still have things that are continuing to challenge us with breakdowns and with rebuilding motors and those sorts of things, so this year we were able to fix many things but we know there is

-- for example, a week at [indiscernible] which we estimate will be a minimum of 200,000-dollar fix so we have to look through our budget to figure out how to make that happen. Those resources are above and beyond what we have for operating.

>> Morrison: Okay. So we

-- we do have some bond funding but just leadership of cip, right?

>> Yes, not much.

>> Morrison: But human resource also continue the effort to get that whole plan in place are there. I am talking about the plan itself.

>> Are you talking about the plan from point a to point b?

>> Morrison: I am talking about when do we get aquatics master plan to put in front of the council to adopt or not and when will the human resources finish that plan? I need to contemplate that a little more than to answer it here because I am thinking of it one way and you might be thinking another way and I don't want to answer

-- I want to give some more details so if I can answer that in a budget question, I would appreciate that.

[04:44:32]

>> Morrison: That sounds great because there is two paths here. One is the planning effort and the other is the implementation efforts.

>> Right. Once you plan it, how do you implement it and is there adequate staffing and resources to do that.

>> Morrison: I am asking, do we have adequate staffing to finish the plan?

>> I believe to finish the plan, yes. To implement the plan, no.

>> Morrison: Clearly no.

>> No.

>> Morrison: Thank you. Thank you.

>> Tovo: Mayor.

>> Mayor Leffingwell: Council member tovo.

>> Tovo: I have very two quick follow-up questions. Just to be really clear, the roving leaders program is funded in this current budget before us?

>> As what we currently have.

>> Tovo: Okay. I forgot to verify that as we were talking. The other program I wanted to be sure that is also funded this this budget is the senior meals program. As I understand it, both programs that we added the money in the budget for last year are continuing this year. That would be dove springs recreation center and the asian american resource center?

>> Yes.

>> Tovo: And so in some conversation with the budget staff, I understand that the senior meals and the asian american resource center are funded at one level and once the kitchen is completed, they will actually be able to double their capacity?

>> That's also my understanding.

>> Yes.

>> Tovo: I wonder if you can address issue of transportation because senior meals started late at the facility in the year and that there is money you can transfer to transportation and that's one of the reasons it's so successful. In fact, the program is at 92% capacity and I think they were estimating it would be at 100% capacity because of the transportation, but the budget we have before us does not include transportation costs. Is that right?

>> No, it does not. So transportation

-- there is a whole bunch of transportation that is happening in the parks and recreation department.

Some of it is grant funded. So we have a congregate meal program at our recreation centers at 7 separate sites that does not include the asian american resource center. That is funded through a grant with very specific

-- I think you are aware of this.

[04:46:48]

>> Tovo: Right.

>> There are very specific details which is why we had to allocate additional funding which is not part of the grant for the asian resource center. And so for our sites

-- transportation

-- on august 14, we had a community engagement process, and one of the key items that came up just through that conversation is transportation challenges and that folks want to take advantage of services, both young and old, but they have difficulty being able to get to where they need to go, either because they don't live on a bus line or cap metro doesn't provide them the opportunity or our services are not far reaching enough. Our vans are aging, you know. You could put them in the same

-- in the same category as perhaps our swimming pools. They are aging and some are lacking air conditioning and we rent vans have fleet which then digs into our resources that we would normally provide for programming and so transportation is, frankly, is a bit of a challenge for us and it's becoming more and more. As our programs become more and more popular and people are getting

-- are getting the word out and we are improving our quality, more and more individuals want to participate but our tentacles to be able to reach them are not
-- are not there, so we have the same number of resources but increased capacity of folks who want to join them
-- join that. So we have that
-- our budget
-- we have done what we can to move and allocate, reallocate funds that we saw, we look at our budget, our base budget itself and say, okay, priority wise, we have moved money around to do the best we can. But at this point, the budget before you, we won't be increasing transportation. We won't have any funds to do that.
>> Tovo: So there is a van and driver allocated right now, at least for some hours a week for that program but with this budget cycle, that person and that service would go away?

[04:48:58]

>> I believe that it will remain the same. We can't increase.
>> Tovo: Okay. But there will continue to be a van and driver available for the asian-american resource center?
>> Let me just
-- I will follow up to just make sure, but as long as the funding is there
-- if this is grant funded, then, again, it's all based on the grant.
>> Tovo: This particular facility is not grant funded. I will submit that as a formal budget question because it sounds a little different than some of the information we thought we had. I thought the only reason there is money right now for the transportation is because the transportation started so late in the year, there was some excess funds that you allocated to hiring a driver and renting or I am not sure how the van
-- whether you are using existing van.
>> We are renting.
>> Tovo: If the funding doesn't increase
--
>> we will find out for you, to make sure we give you the correct information.
>> Tovo: Thank you so much. I want to say thank you very much. It was a real challenge getting that program up and running and I hear it's very
-- up and running and I hear it's very successful and I want to thank you for your work for making that happen.
>> Just as a segue, we did serve children meals
-- you are always asking this
-- we served over 75,000 children meals this summer
-- or since the beginning of the school year, so ...
>> Mayor Leffingwell: Okay. Thank you very much. Austin energy is next.
>> So mayor, while the austin energy staff is coming to the table, I want to mention that the austin energy presentation is not in your bound document of presentations. We did send out a revision to

austin energy's presentation.

>> Mayor Leffingwell: I think we all have that?

>> Yes, today, but if anybody doesn't have it, we have copies and we will walk around and provide them to anyone who needs a copy.

[04:50:59]

>> Mayor Leffingwell: Good morning.

>> Larry weis, the general manager of austin energy. With me is ann little, our chief financial officer for austin energy and I must say, in case you don't know, that ann little is retiring. This is her last budget for the austin energy, and we are all going to miss her. She has done a fantastic job through a few challenging times as you know lately. Was it something we said, ann? [Laughter] don't

-- don't

-- you may incriminate yourself. [Laughter] but I want to make sure I covered that, the last cfo was the city's cfo, elaine, and she's not here so she doesn't have a comment to make. Well, I will move right into our first slide write is our department overview. Okay. The

-- first of all, our retail

-- we are the retail electric provider for the city of austin and surrounding area for 40,000 plus customers. The number is climbing, over 3500-watts including gas, coal, nuclear and renewable including wind, solar, biomass, we operate maintain, 74 substations and 11,500 of distribution line and almost 700 lines of transmission. Some major accomplishments. We have the best reliability performance in the history of the utility, which translates to good operations and not a lot of huge storms. We have had a significant increase in our renewable energy portfolio, positive financial results which allows for reserves funding and an update to our generation plan is underway. 2014, energy star part partner of the year, sustained excellence award recognized by the united states department and the environmental protection agency and we are a national leader for public power and green energy sales. And we are

-- have completed now, and the completion phases of our dark skies street light initiative. Incidentally I saw a very good program about west texas on this and we are a leader on keeping the light down there going up in the air and helping us all seeing the stars better. They are energy efficient, led and dispatchable as well. We can help control those. These accomplishments have come with a lot of

-- a lot of work, particularly renewable area. You know all of the renewable contracts we have approved and moved forward on that, it has been a good year and a good year to come with our new solar additions. An update to the austin energy charges. Our proposed budget include preliminary rate changes based on the april 2014 data, our psa was updated with july 2014 data. You saw that last week. And regulatory charge updated to meet our affordability goal. So in a revenue

-- under revenue highlights what we initially proposed is in the center column of this chart, three columns, and the fy '15 revised proposed rates and charges are on the far right. The customer charge for residential remains the same. The base on electricity charge. Power supply adjustment is going up and to the numbers reflected there and then that's based on the 6.3% is based on the total revenue but just on the psa piece of it, not the total revenue. And the community benefits charges remain unchanged and regulatory charge is going up and as we discussed last week, we are only taking up a portion of what

we were actually incurring as costs in order to make our affordability goal, which is at the very bottom, keeping our overall increase to less than 2%, which we hit that target at 1.9%. Some revenue highlights, we have no rate basin crease in 2015. The normalized weather for sales and customer growth for 1.2%. The power supply adjustment is 42 million-dollar increase. Those are due to variations of natural gas price, mix of renewable energy and portfolio and replacement power for unplanned outages. The green choice and of course the psa is a look forward, so last year's actuals is a look forward to what translates to this year's charges and regulatory increase of \$6.2 million increase, that's to recover increase in cost of transmission grid build out and wholesale transmission is \$12.1 million increase. The community benefits. There is no changes to the rate and \$4.7 million increase, recovers energy efficiency services, street and traffic lighting and customer assistance programs. So those are our expenditures for 2015, revenue changes. Sources of funds. The sources of funds on our base revenue, those are through our base rates and the yellow, far right, is the projection for this coming year, as compared to last year's, and then we have

-- in the amended. And power supply adjust. We have last year's, the amended and the actual. We have the community benefits charge, community benefit regulatory transmission and other slash interests as a source of funds and revenue. This charters our affordability goal. It's

-- as we discussed at our

-- at our council committee in austin energy, I think this is a graphic that we continue to struggle with but we are underneath

-- we are meeting the goal underneath the goal and we

-- we still want to work on a graphic that really represents our true goal long term and so I know as we look at this chart, it is really difficult to see how close you are to the 2% or 1% at the very top. The numbers tell the truth and we are meeting the affordability goal in the projections and putting forward in next year's budget. The use of funds. The nonfuel o & m is the operations of

-- the basic operations of our utility. We have power supply. We have the recoverable funds, and that we have nuclear and coal. Our transfers, our debt service, and our expense refunds and grants that we receive which are very small. These revenues from the source of funds in the previous slide are used to pay for the operation and maintenance, fuel, operation supply, build out, transmission expenses for capital project, principal payments on debt and transfers to the city. Expense funds are to reimbursement the operation and maintenance for the labor supply by 80 employees who work on the capital projects. We have total grants, about \$1.6 million in projects. We are looking at lithium's battery storage and alternative fuels for vehicles in those grants. So some budget highlights, we are continuing our workforce to achieve no new ftes in fiscal year '15 or evaluating maintenance schedules to adjust to no effect or reliability. Decrease in nuclear and coal plant's operating costs, 17 million. Debt service reduction due to restructuring of long-term debt in early 2013 which is saving us \$17 million, and to reduce our cip transfer by the use of line extension fees and prior cash balances of \$16 million. This will be the first year, as you recall, that we will put into effect our new line extension policy. And transfer of economic development is reduced based on the transition plan that the city manager put forward in the total budget as a whole and the 3 million-dollar savings.

[05:00:04]

[One moment, please, for change in captioners]

>> a one-time increase to 1.5 million for completion of a distribution poll inventory, which hasn't been done for a number of years. In our capital programs we have a five-year spending plan of 1.2 billion and our electric service delivery generation improvements and facilities and technology. We have an fy spending plan of 254.1 million. And this includes distribution upgrades including substations, 20.8 million for system reliability improvements and 19.5 million for growth-related projects. In the power production projects we have 20 million for additional generation resources and utility wide facilities and technology of 58.1 million

-- 33.1 million for hardware and software enhancements to building system and other operating requirements. So in our overall fund summary, the revised fy '15

-- proposed fund summary and revised fund summary focus on the revised in the far right column. Our total revenue projected for fy '15 is 1.43.9 billion, and the total expenditure is 1.4 billion, the ending balance of \$244 million. We are projecting next year that we will have a \$44 million transfer to reserves if we meet our targets and our forecast. Of course we're always at the mercy of the weather and what happens, you know, during the course of a year because our cooling energy that we supply for cooling during the summer months, like this year has been very cool so definitely have an effect going forward into the fall should that continue. So that's our fund summary. Some other budget topics that I might touch on are energy efficiency programs and weatherization. This is

-- I won't go through this line by line, but this is a chart

-- and we're certainly prepared for any questions on this, but this is a chart that shows all of our different programs that we operate and where our budgets have been and what the change is, and primarily these are due to new programs or modifications to programs, and a lot of it driven by customer participating. We can't always anticipate the marketing and the amount of customer volume that is in our programs, and so a lot of changes to our area, but energy efficiency

-- energy efficiency area, but very, very busy activities with our consumers and all these fronts. So with that I've gone through all of the slides pretty quickly and we're prepared to answer any questions that you might have.

[05:03:47]

>> Mayor leffingwell: Quick question. Last committee meeting, austin energy committee meeting, you told us that the cost increase or the rate increase would be 1.9%. Correct?

>> Correct.

>> Mayor leffingwell: And it was reported in the media that the cost increase was 2.6%, the following day. So do you have any comment on that or

--

>> well, the power supply adjustment is a separate line item on the bill, and that's going up by that much, but the overall average residential bill is going up by 1.9%, of our total system revenue. So each class of customer will have a different met metric, but the one we set out overall is our overall increase of revenue. So I'll let ann jump in there.

>> Yeah, there are two separate calculations. So the individual bills will differ from the overall affordability goal, because the bills include fixed cost

-- the revenue includes fixed cost and the affordability goal is just a simple calculation of the revenue divided by the kwh. If kwh were higher, then it would be easier for us to meet that affordability goal this year, but since it was lower in may, june and july, that made it much more difficult. So there are two separate calculations. They will not equal the same.

>> Mayor leffingwell: So the 2.6% was based on

-- was a different kind of calculation?

>> That was the average residential bill increase, I think.

>> Mayor leffingwell: I was just curious because in the article there was no mention of 1.9. It just says rate increase of 2.6%. So would you classify that as an oversimplification or

-- or what?

>> Well, the use characteristics of every customer are different, and so the only way that we can really do an overall utility affordability goal is to have it done as the total revenue by the megawatt hours that we sell and do a calculation on that basis. Every customer is going to have a different

-- a different scenario, but the average customer is the one that you're referring to.

[05:05:58]

>> Mayor leffingwell: So some customers are experiencing a bigger increase and some less?

>> Correct.

>> Mayor leffingwell: Is that what you're saying?

>> Correct.

>> Mayor leffingwell: So which customers are experiencing a bigger increase?

>> It would depend on the characteristics of their

-- reside reside ntial.

>> Residential?

>> Well, in residential customers, the ones with lower usage would experience a higher increase. The ones with higher usage would experience an overall lower increase, so we're spreading the increase over a larger number of kwh.

>> Mayor leffingwell: Okay. Well I think

-- I'm not going to dwell on it now because it's an overall policy discussion, but I think this is one thing that needs to be defined a little better about how we compute the 2%, and I don't know, there's lots of ways to go about it. Maybe talk about 2% in each individual tier and 2% overall, but I'm

-- I'm looking for ideas on that.

>> I wanted larry to give a more direct answer to your question in reference to the newspaper and whether or not their characterization was an oversimplification. I think the short answer is yes,.

>> Yes.

>> Okay.

>> Mayor leffingwell: Was that misleading? I mean, because we're sitting down here hearing 1.9, and the general public is reading the paper and saying it's 2.6.

>> Right. Well, you know, it never comes quite out in the paper like we want it to sometimes, but the difficulty is that every customer has different characteristics. Every customer has different characteristics, and if

-- when you have a volumetric customer, a large industrial customer and other customers like this, this power supply adjustment becomes a biller deal when you're running a high volume. To a smaller customer, as ann said, though, the percentage increase, when you focus on percent, then you end up with a different answer than when you focus on even the dollars. And so it is very misleading, it's very difficult to

-- and our commercial customers have entirely different characteristics, and then we have customers that have demand charges. Well, that's very weather-dependent. So customers can have lower demand this year, probably, than other years, so overall their bill may go down because of the weather characteristics. So it's very confusing.

[05:08:25]

>> Mayor leffingwell: Okay.

>> It is difficult, and to come up with one single metric to measure the performance of that is -- is a challenge, and the only way that we know to do it is to do it by total utility revenue, and we are meeting the affordability target as we know it set by your policy for overall affordability of the utility.

>> Mayor leffingwell: But not as the newspaper sees it. Correct?

>> Correct.

>> Mayor leffingwell: Well, obviously as we said during the committee meeting and I'm saying again here today, we need to really flesh that out and get better definition on it so it can't be misinterpreted or, you know, somebody else coming up with a different number from what we're hearing.

>> What we've been trying to focus on internally with my executive staff, we've been trying to focus on getting this utility to be in a moment of stability. You know, we've gone through a lot of changes and everything else, and we we're in a competitive business. We're competitive with the rates around us, and I know that other utilities around us are going to have to also adjust their rates, and so in real dollars over the short-term, when I say short-term, I mean less than five years, I think austin energy is positioned to be very, very affordable as compared to other utilities as I see what's going to happen in the tech market. That's my personal opinion.

>> Mayor leffingwell: At the risk of oversimplifying myself, and I tend to do that because this is complicated business, really complicated business, but with that said, is it generally true that the driver on this is the psa?

>> The driver is on the psa.

>> Mayor leffingwell: And what's driving the psa is the fact that so much expensive renewal energy has been folded into that under the new policy?

>> Short-term that's going to be in effect. Longer term we know the last wind projects we did and the solar project we're putting into our portfolio, those long-term in our forecast will have an improvement to our psa, but what we can't

-- what we have to focus on in the short-term is if we have a plant outage, if we get exposed to purchases from ercot and all of that, those are probabilities that we really can't forecast and we would do our best, but that's what you're talking about. So in the short-term that happens.

[05:10:44]

>> Mayor Ieffingwell: And I would say that's exactly what the affordability limitation was designed to restrict. A folding into the psa, it's sort of hidden and hard to ferret out.

>> Mayor?

>> Mayor Ieffingwell: Council member riley.

>> Riley: I want to follow up on this just a bit. At a conceptual level it seems like having a greater share of renewable energy in the portfolio would tend to have a favorable impact on the power supply adjustment simply because the cost of renewable energy, in particular solar and wind energy, tends to be less and less subject to price fluctuations than, say, with natural gas. Isn't that fair?

>> Well, it is, except that even as we approach 33% of our energy being supplied by by renewables, that's not 33% of our capacity being supplied by renewables. So capacity drives the financial equation of our performance as much as energy does, and if we lose capacity we have to purchase the capacity, and that capacity can be driven by high prices in gas, as it was last winter. It can be driven by other factors. So you have to think about the product we deliver is capacity and energy. Wind and solar have very little attribute to capacity. They might

-- it might seem like they do because on a hot afternoon in the summertime it's a capacity that the solar project brings, but that is not a dispatchable capacity that's there. So the capacity that we have to have in the system is very expensive to carry the load that we need. When we lose base resources, whatever they might be, gas, nuclear coal, when we lose those base resources that's a [inaudible] in our capacity to serve the load. That's a disconnect. We go through an education on this almost weekly, you know, with the generation task forces and with other groups that

-- where we have this discussion. So from an energy basis, yes, good wind contracts, good solar contracts are going to reduce our energy costs, but what are they going to do about our capacity delivery that we need to deliver capacity to the system to serve our customers? And that's the challenge that we have in our industry to do that. The secret so far has been to have dispatchable natural gas combined cycle facilities to work in conjunction with renewables, because what we can do is we can bring those down, kind of like speed control in your car. You can bring it down to a level where it's operating efficiently, and then you can bring it up very quickly to carry that capacity. So that's kind of the way we have to operate our system is between those two.

[05:13:41]

>> Riley: On your fifth slide where you address the revenue changes from fy 2014, your second bullet point relates to the [inaudible] by adjustment, notes that's a \$42 million increase, and the first factor you mention to explain that increase is the variations in natural gas price.

>> Right.

>> Riley: Is that because that's the most significant driver of the increase in the psa?

>> Right. Isn't just austin energy. Gas prices drive the ercot market. So everything

-- so we tend to dwell a little too much on natural gas but the reality of it is that as gas goes drives the market. And so yes.

>> Riley: And when we look back at the solar purchase that we've made, I notice that you

-- you provided a memo on march 7 about the solar purchases agreement that were on the

-- agreements that were on the table at that point, and the numbers were still being considered, but your memo said that whichever

-- whichever one we wound up with, it would be expected to have a very small but favorable impact to austin energy's power supply adjustment over the 18-year term of the agreement.

>> That's correct.

>> Riley: So when we think about what's really driving the increases in the power supply adjustment, the single biggest driver is the variations in natural gas price, and, in fact, the purchases

-- the purchases that we'll be making of renewable energy have actually been having a favorable impact on the power supply adjustment.

>> They do. So we do short-term forecasts

-- we do daily forecasts, weekly, short-term and then we get out to these longer term. So when we're looking at a 20-year wind deal or solar deal, we're forecasting out over the long-term, and those

-- you're correct, those projects have a favorable impact on our overall energy supply numbers. And then back to the other part of it is the capacity and the operating and the fluctuations with fuel. We can have years where our psa would go up and down, and that's

-- that's the world that we operate in.

[05:15:42]

>> Riley: Okay. Thanks.

>> Mayor leffingwell: Council member martinez.

>> Martinez: Thank you, mayor. I want to go back to the comment the mayor made about the statesman's article. I think technically they were quoting from the information you gave us in that your proposed rate changes, when you take in the regulatory charge and the power supply agreement, would have an impact of 2.6% on the average bill, but you're interpreting the affordability goal as total kwh divided by revenue, which only increases revenue 1.9%, therefore you feel like that is the 2% affordability goal that council has imposed. And so I think the statesman is technically correct, they took the information that we provided. I think we just have

-- we literally have to have a conversation as a policy board, where do we apply that affordability goal? Is it on the average customer bill? Is it the average of revenue generated? Is it with or without the power supply agreement and the regulatory charge? That's the conversation that we didn't have when we adopted the 2% affordability goal, and I think that's why we're running into that confusion with, you know, some of the news outlets saying, you know, your austin energy bill is slated to go up 2.6% on average because that's what we provided, but yet not the full context of the 1.9% comes from revenue generated by

-- divided by kilowatt hours produced. Is that correct?

>> That's correct. That's correct. And the other way to look at it too is that what we're really talking about are charges and not rates. We're not changing our rates. Our rates are staying flat. What we're talking about are pass-through charges, and under regulatory requirements by the puc, we're required to pass those charges on, and our charges conform to what other utilities do. The power supply adjustment, our challenge internally is to try to keep the power supply adjustment down as much as possible. That means we have to run our power plants as efficient as possible --ly as possible, no

outages, no interruptions in service, good weather, which means hot to us. That helps a lot. Those are very difficult for us to put into any kind of financial forecast there.

[05:18:07]

>> Mayor leffingwell: So only in austin would 100 degrees be considered cool weather, huh?

>> High heat index. It's like a good day at the fire station is when you have some fires. [Laughter] a good day at the fire station. Regardless, I'm not going to split hairs with you all. We need to have that policy conversation as a council. What I will say is I certainly appreciate you taking our concerns, hearing them, and coming back with a revised rate that obviously meets

-- is below the 2% threshold in terms of revenue generated for your operations, knowing that you have some very strong demands, you know, on the cost driver side. So I appreciate it.

>> Mayor leffingwell: Council member morrison?

>> Morrison: Just briefly one comment on that whole discussion, which I agree we need to have. There has to be an element of realism inserted into it because, as you said, it's driven by the pass-through charges, which you can have a little control over based on when you're actually going to charge

-- like this time you're pushing off the 19 million and lowering the regulatory charge. But if they go up high enough, I mean, theoretically we could have to come back and lower our rates, as you were saying. There's a difference between the rates and the charges, to actually keep under that 2%. And so, you know, it's

-- it's not a simple policy discussion to have at all.

>> It's not. I think you framed it very well, and as we all know when we did rate design together, that you start pushing this lever, this one goes up and that down.

>> Morrison: Absolutely.

>> So it is

-- it is a challenge, and

-- but I think it's really important to have a performance metric. I really do.

>> Morrison: Yes, I agree. I agree. I want to talk a little bit about the billing system, because I noticed a couple of things. One, on

-- one of the slides, slide 37, you mentioned that we're going to be using contract labor and consultants for it projects and billing system enhancements to the tune of 7 million. Would you hire those folks if you could? It's slide no.7. If you could find them

--

[05:20:22]

>> ours are numbered a little bit differently

--

>> I got it. I got it. That's a good subject matter, and I elaborated on it a little bit. You know, when we went through

-- we went through a large vacant

-- austin energy has a lot of positions, and we have a lot of positions that were

-- we would interview people, we would bring them in, we would offer them a job and then they would leave. We had some jobs that were open well over a year because we did that. And we got to the point where on some of these it positions we're not competitive. We don't pay enough money, and as soon as there's a better gig somewhere else, the person was leaving. And it's very unstable for us because we bring people in, like a database administrator, for example, we bring them in and they're working on our systems and everything, and the next thing you know they're gone. It's very disruptive. We found it a lot more complementary to have contractors, that are contract programmers in, and specialists and also companies like lou sid ti and ibm that are helping with our projects. They're always a challenge. I would like to have more of our employees do it, yes, but that's

--

>> morrison: The market is driving that.

>> The market is driving that.

>> Morrison: Okay. And then we see on slide 38, I think, the [inaudible] at highlight, another mention of a billing system, 33 million for hardware and software enhancements to billing system and other operating requirements. We

-- over the

-- since I've been on council we've spent how many millions on that billing system? Probably about 70.

>> Pretty close to 70.

>> Morrison: And now we're talking about another 33?

>> Those are not all for the billing system. Very

-- in fact, most of the 33 million is for other systems, but it does include some enhancements to the billing system.

>> Morrison: Do you know how much the enhancements to the billing system are?

>> I think they're only 1.5, and then we have other systems like the meter data management, underground distribution design systems, the adms

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[05:22:28]

>> morrison: Okay, but --

>> things like that.

>> Morrison: I was just concerned we were going to be investing another 33 million into the billing system.

>> No.

>> Not this year.

>> Not the ccb.

>> Morrison: You'll be gone before it happens. [Laughter]

>> yes. She doesn't care. [Laughter]

>> it's convenient.

>> So ccb is a modular system, and it

-- as you continue to add pieces, so we swallow the big piece that we're operating and now we're continuing to add the other components. I would expect to see every year we will be adding some

components to the ccmb system.

>> Morrison: Okay, but about a million dollars, not tens of millions of dollars?

>> Yes.

>> Morrison: Good, I'm glad to hear that.

>> Until we have to replace it again.

>> Morrison: Some of us might be gone by then, in addition to ann. [Laughter]

>> most of those other systems are part of the billing system so that's why it's always included because they communicate with the billing system, so it's not a direct expense related but it's indirectly related.

>> Morrison: Great. And then in the budget itself, there is a mention about ten million

-- it's on page 452, there's a mention of the bad debt expense to the tune of \$10.6 million due to

-- due to deferred reinstatement of late fees, and also in part due to a change in council policies

regarding account disconnects for nonpayment. It says elsewhere. Can you break that down so we have 10.6 million in non-

-- in bad debt, basically not getting the full fees. Can you break it down between how much we lost because of the billing system and how much the impact of our council policy has?

>> We'd probably have to take that in the form of a budget question and break that down and get back to you.

>> If you could do that I would appreciate it, because I think, you know, if

-- if the council policy is having a \$10 million impact, we need to know about that, but I think it's much smaller.

[05:24:38]

>> It's not the entire amount.

>> Morrison: Okay. Good. And then two more questions. One, the euc

-- maybe I was reading an old recommendation, but the recommendation said we would like austin energy to implement full cost of line extensions by october 1. Are we doing that?

>> Yeah.

>> Morrison: Okay.

>> Well, it will be

-- it will be interesting to see what the revenue is, if it will be partially this time next year, right?

>> It will begin october the 1st or really november the 1st of this year.

>> Morrison: Okay.

>> But a lot of those contractors and developers have already started, so it will be slow. The revenue will be slow coming in in this fiscal year so in future fiscal years it should increase.

>> Morrison: That's good. I think that's a great correction that was made. And lastly as you mentioned, you're not adding any ftes but you are shifting a significant number of ftes?

>> Oh, yeah.

>> And so that's

-- that sounds like you're sort of doing a revamp to put your people where they need to be?

>> It's

-- yes.

>> Morrison: Okay. [Laughter]

>> it's a constant project because the technology and the

-- the technology, the evolution of electric utility industry, the different projects we do, we are continually moving people from one

-- the ftes from one area to another, yeah.

>> Morrison: Right, and just for people that are interested in billing and revenue measurement, ftes is increasing by 21, distribution services decreasing by 52, power delivery support decreasing by 16, transmission increasing by 82. So you can see there's a big

-- well, it sounds like it's big but maybe relative to

-- how many overall employees

-- ftes have you got? 1700.

>> Morrison: 1700, okay. So relatively small. But I guess one question I have is I'm interested in when you're shifting ftes from one place to another, there's also the issue of classification and what level of resource and staff you expect that to be. And so one of the things I'm curious about is are there big shifts in how many are management or not?

[05:26:59]

>> No. No. There's

-- we've

-- we've increased a couple of positions in upper management, executive level, like we have two vice presidents now in our customer care area, one back

-- one I call like the customer accounting, and one more in the front end. And there's been some other positions in the senior management that have been built on succession. Planning, we know we have some retirements coming forward and we've done some like that, but predominantly most of the positions are either in mid management and lower, first line supervisors, that type of thing, electric craft, which is in jeation

-- electric craft, which is in generation, and those areas. We have some growth there. Some of those areas can be categorized in one of those be misleading as to where they are, but overall we're continuing to work as a team to manage our workforce, and make sure that we're not

-- we're not adding a lot of desk jobs. Put it to you that way.

>> Morrison: Thank you.

>> Mayor Jefferingwell: Council member Tovo.

>> Tovo: A couple quick questions. To follow up on council member Morrison's request

-- budget request, I would like to see how that compares to, say, the last five years in terms of bad debt. The question about council really breaking down that bad debt line and understanding how much of it has happened in the year since we've had a policy, because that council policy was really just adopted last

-- the spring of 2013. So my guess is that quite a bit of it preexisted that council policy. And then I would assume that in some cases that council policy, which allowed for more flexibility

-- allowed some customer who were not paying back their debt at all to begin paying back some of it.

We had a few customers who had been disconnected from utility services for a year because they

couldn't come up with the full balance, which is what would be required of them in a month, and they were

-- you know, we made it possible for them to begin to pay back some of that debt by having a more flexible payment arrangement. So anyway, I hope you can

-- I hope you can really dig down and provide those details

-- level of details for us, including a historical perspective of what

-- what this bad debt number looks like in comparison to previous budget years.

[05:29:26]

>> So it's really the same question, and I think if we handle it as a budget question we can

--

>> tovo: Yes, I'm just adding a little bit of detail and asking for historical perspective as well, not just understanding what this current number looks like, or breaks down, but how it compares to bad debt lines in your budget going back, say, five years.

>> And that will also have to include a little bit more than just the bad debt because the deferred payment plans are not included in the bad debt at this point in time. So we'll try to develop an analysis that will show you the overall impact.

>> Tovo: Okay. Thanks. In looking back through some of our records, during the period of time where we were doing the rate

-- the rate approval, we had adopted a measure

-- I'm looking over on my screen to make sure I get it right

-- we had adopted a measure regarding a consumer advocate, and one of the statements that was made

-- in fact, I think it was part of council member spelman's motion, was to include the cost for that in the 2015 budget. And so I wonder if you could tell us whether that is

-- whether the cost of that consumer advocate is included within the budget before us.

>> I'm not

-- I don't recall

-- I know we have a

-- an administrative hearing process right now, and that is funded by austin energy, and I think

-- I think that my answer would have to go back and take a look at that.

>> Tovo: Okay. Sure. And I'll submit a question including a motion. It was

-- it was to include

-- yeah, as we review our rates, agree in advance we're going to hire a consumer advocate, consider the policy of hiring an impartial hearing examiner and include those costs within the 2015 budget.

>> And those are included as

-- they would be in the form of a consultant or a contract and not full-time. So those are included because we do expect to have a cost of service prepared in the fiscal year of 2015.

[05:31:34]

>> So those -- so the cost of the consumer advocate would be covered under your consultant costs that

are in this budget?

>> Yes.

>> Tovo: And

-- okay. But those are

-- those are increased over the kind of consultant costs you had last time around to account for that

-- sort of that new person on the team?

>> Well, I hope they're not as large as they were last time. The budget is much less than it was for the lacerate review.

>> Tovo: Okay.

>> We are scheduled to do a cost of service analysis next budget cycle.

>> But I want to be clear the consumer advocate will be one of the people that you hire to advise.

>> Yes.

>> Tovo: Great. And then I wanted to ask about what looks like a decrease in the

-- a decrease in energy efficiency budget. That

--

>> I think you're talking about probably the slide that is on the screen right now, and those are only the incentive funds, and there is a decrease there, but we're restructuring those programs in order to try to maximize the savings to meet our dsm goals of 800 megawatts by 2020. Some of those programs have not been restructured or reviewed in several years, and technology has really changed the way those programs work. So we're looking at restructuring those. We're investing more in marketing, so this is just the incentives. The overall energy efficiency and solar budget actually increased \$2 million, when you compare 2014 to 2015.

>> I'm going to have to take another look at the budget questions because one of the community members who went through the budget suggested that the budget was actually increasing by about 2.7, in terms of the incentives. So I need to

-- you're showing a decrease of .7 million. So I need to

--

[05:33:36]

>> and this is just a part

-- this is just a part of the energy efficiency in solar budget. It's just the incentive through the rebate portion.

>> Tovo: I'll submit some follow-up questions. Thank you.

>> Okay.

>> Mayor leffingwell: Okay. Thank you. And austin resource recovery is next. Hopefully we can get you in before noon.

>> Austin resource recovery. Mic, austin resource recovery, I'm bob getter, director of austin resource recovery and I bring with me jessica edward my finance manager and a brief powerpoint and ready for your questions.

>> Spelman: Council member riley? Nobody else is here so

-- oh, I'm sorry. You want questions? You got to go first. It's an opportunity here just for a second.

>> I hate to say this.

>> Spelman: What I'm going to say is stop hesitating and go.

>> All right. [Laughter] as a department overview, our mission statement is to provide excellent customer service that promotes rates reduction, increase resource recovery and promote the city's sustainability efforts so that our zero waste goals may be achieved. Emphasis on customer service and emphasis on achieving our zero waste goals. Our key activities include for this past year, we are maintaining a 40% diversion rate for our calculations, and we have finalized our plan for phase 2 of the universal recycling ordinance, and that has been adopted by city council. And we have successfully managed the additional workload caused by two significant storm events. Those two storm events were the february ice storm and the october onion creek event, both aggregate totals about \$1.2 million on our budget. Some of our key performance measures that I'd like you to note is that trash per household per month has been decreasing, steadily decreasing. Our yard trimmings calculations vary from year to year, and they're very dependent upon the weather and the drought and the watering schedule. And our recycling, we have very slow and somewhat stagnant calculations on pounds per household per month of our single-family households, yielding about a 40% diversion rate for the last couple of years. I will note a little bit further into the powerpoint a little bit about our activities to address that 50% diversion, but a few points right now, our council zero waste resolution is 75 by 20

-- and 20% by 2040 and milestones set it 75% by 2020 and five-year increments there above that. We've been levelized at about 40% diversion for about the last two and a half years, and we might miss our 2015 goal of 50%. And that's

-- that's a significant issue that we're working on. The primary cost for missing that 50% goal is the lack of effective use of the recycling boot cart, and we are currently collecting 4800 tons per month of recyclables. Our target goal for this year was 6,000 tons. If you translate that into numbers that's the 40% versus 50%. That's exactly

-- if we were collecting the tonnage that we desire in our blue carts, we would be up to the 50% mark. That is our weak point. And we're addressing this issue currently with the recycle right campaign and give us five more pounds campaign. The give us five pounds would bring us actually up to that mark, if every resident recycled five mauer mauer

-- five mauer pounds of recyclables we would reach our goals. Moving forward, some of our source of funds, the residential fee, the commercial fee, clean community fee, recycling sales and other fees. Our residential fees are the curbside collection base rate as well as our trash rate, and as well as our residential dumpster fees with our multi-family units. Our commercial fees, curbside collection and central business district, our clean community fee is split between residential and commercial. Both the residential fee and the clean community fee is recommended to council for an increase in this budget proposal. Regarding the recycling sales, we are dropping and eliminating our crystal ball and working on past history projections into the future, try as accurate as possible. It is a down cycling in our revenue world. Revenue is 3.8 million and processing expense of 5.1 million projected for next year for net expense of 1.3 million. That is still lower cost than land filling, but it is a net expense due to the marketplace. Our use of funds include collection services. That's our curbside collection services, of trash, yard trimmings, brush, bulky collection, recycling as well as our clean austin program. Litter abatement, whether control, dead animals, street sweeping, boulevard sweeping. Our operation support includes cart maintenance, purchasing safety, accounting, quality assurance routing, et cetera.

Our waste diversion category of expenditures includes hhw program, the resource recovery sites on todd lane, the zero waste program efforts, our recycling reuse to redevelopment program and our business outreach program. Our support services includes the basic internal support of staff, hr, purchasing, budget, it, public information, facilities, management, and so forth, and 6, our transfers include the support of the 311 call center, utility billing center, bad debt expense, ctm expense and gl debt service. Our budget highlights for this budget proposal for fiscal year '15, no increase in ftes requested. Continued activities for the austin resource recovery master plan, we're a recipient of an epa grant for our brownfield program of \$400,000 and that will be implemented in the next year. We have an allocated bad debt expense of an increase of \$1.1 million, and that is a result of some activities on the collection at ae and it impacts several different utilities, including arr. We also have a continued development of more route efficiencies. We calculate in the last year 78,000 reduced route miles based on our calculations. So as we come forward with a rate request and a rate adjustment, we are also working on expenditure reductions, primarily in the route. Our budget highlights include the transfer to gl debt service, a reduction in department requirements for mitigate the size of the rate increase. What that means is cost reductions, cost efficiency, trying

-- trying to mitigate the rate increase so that it's more affordable to our customers. Implementing the second phase of the uro, and extensive public outreach on single-stream recycling that I mentioned earlier. The cost efficiencies and cost reductions are primarily in our operations and in our administrative sections. The 2015 spending plan for cip includes capital equipment, vehicles and carts, 4.2 million. The rosewood site and the harold court east regional service center improvement projects are not expenditures of arr but we manage the environmental remediation fund within our cip, and the austin remanufacturing hub, our reuse of the fm 812 lill space. Included

-- landfill space. Included in the capital equipment is 11 vehicles as well as carts. Service carts. Our revenue highlights, clean community fee. We are proposing a \$4 million increase, which equates to 7 5 cents per household per month. This proposed rate increase is also coupled with some customer growth income, and there is no proposed fee increase for the clean community fee on code site. As you may recall we split the fund a couple years ago between clean community and code, so you'll see two lines on the utility bill. Residential revenue. We are proposing an increase of \$5.1 million in and that includes the rate increase plus the forecast to customer growth, equivalent to about \$1.85 increase in the base rate that we're proposing for our customers on the curbside services. On commercial revenue, associated with the base rate increase as well as customer growth of .8 million and recycling revenues of minus 1.8 million as mentioned in the previous slide due to market conditions. We work on an annual basis through our cost of service analysis, and parts of that cost of service analysis is aligning the services between the two major fee systems, the clean community fee and the curbside fee, and our curbside customers service 187,000. Our clean community is a broader base of 358,000 customers. We adjust our fees based upon the impact on the types of services provided and our cost of service adjustment among those two major fees, and we're in the middle of a four-year period of realigning those fees, so that they're more accurate, that each fee structure accurately reflects the expenses within that category of services. And finally regarding the revenue highlights, we're constantly working on cost savings and efficiencies to make our rates more affordable to our customers, and to make the programs more sustainable over time. On this slide it shows our balance, an overview of our fund summary. You'll note in past years we had what I called a structural imbalance, and I mentioned that in previous budget

sessions in previous years. A structural imbalance between revenues and expenditures of about \$9 million. Expenditures over revenues. We carried that expense through a carry

-- an excessive carry

-- a large carry and balance. We no longer have that large carry and balance so this is the year to reconcile the revenues with the expenditures, and this was predicted in last year's budget discussions.

And so we are proposing a base rate increase as well as a clean community increase. For the typical residential cart customer of 64 gallons, that would be raising the

-- adjusting the rates from 1975 to 21.60 per month and raising the residential clean community fee from 6.75 to 7.40, based on our cost of service analysis. Our other budget topics include that we are proposing an ending balance that does not meet our reserve policy, although we do believe that we will meet our reserve policy by 2017. We are mitigating our ending balance by reducing it below reserve policy to make our rates as affordable as possible. It would be a rate impact to try to meet that reserve policy standard. We are

-- although we are continually implementing our master plan, we're deferring a couple of programs for one year. It's about a one-year deferment, and that is organics food waste collection roll-out. There is an economic impact that I feel we cannot afford in the current rates for this year, so I'm proposing to roll that back one year, as well as a delayed roll-out of the recycling weekly service. Weekly service was projected for 2016, and I'm proposing to roll that back to 2017, due to the cost impact and the additional vehicles that are required to be purchased. We are concentrating most of our master plan activities on the recycling of the spectrum of services, and that is because we're underutilizing our recycling carts. I mentioned that earlier, and basically 72% of our residents roll out their blue carts, and that

-- and if we're to be the green city that we aspire to be, we should have 85% set out rate of our recycling carts. Also, our residents are utilizing the blue carts less than full capacity. We believe that we're missing a lot of paper fiber, and we're missing a lot of plastics, as you can see them in the trash flow rather than in the blue carts. If we have an effective capture rate of 90% of the material generated at the household that is recyclable placed into the blue cart and if we have an 85% set-out rate that would be the goal.

That would be the tonnage that we desire. I do have economic impacts noted on those delayed programs, but we're looking in the next year on how to reduce the economic impacts as we roll out the organics program as well as the weekly recycling program. And that concludes the powerpoint. I'll take any questions you might have. Questi questi ons? Council member morrison.

[05:49:17]

>> Morrison: Thank you. Thanks, bob, to you and your team. Just a couple of quick questions. On slide 83, can you talk about the brownfield grant? What will that be used for? I think you said about 400,000?

>> Yes. It's two grants from epa, 200,000 each. One is for petroleum cleanup sites and the other is for other environmental hazards. The use of the funds is testing and coordination with the proper owners to clear the sites. Most of the time when we test a suspected brownfield site, about 75% of the time the land gets cleared and then can be redeveloped. About 25% of the time it needs further environmental remeef yaition, and

-- remediation, and some of these funds can be used to some limited extent for environmental

remediation, although most likely we would have to apply for additional funds for any sites that require extensive work. The goal of both programs, one on petroleum-related soil contamination, the other on other environmental hazards, is basically to work with our infill sites throughout the city, identify them, clear them from any stigma of thoughts and rumors and assumptions of environmental contamination and allow for future growth in those sites.

>> Morrison: That's great. And so it's

-- for use on private property, we work with private property owners?

>> It can be on city property as well as private property. There are different rules epa imposes based on private versus public prmpet. Property

-- property.

>> Is this an annual grant we get or something new?

>> It's an ward package offered by epa annually, but this is a three-year grant, and we have a little bit of time. Part of it is community assessment and community input into the program, and it's meant to be a three-year cycle.

[05:51:20]

>> Morrison: And this is just the first year of it?

>> That's correct.

>> Morrison: Okay, so you're going to be doing outreach?

>> Yes.

>> Morrison: So there subtract any specific piece of

-- isn't any specific piece of property you have identified right now.

>> Not at this time. The grant funds a community identification process.

>> Morrison: Interesting, interesting, and I imagine that would be

-- sounds like you're working with pdr

--

>> yes.

>>

-- And all to try to identify maybe some priority areas.

>> We're also working with office of real estate to identify city property that might benefit from this program.

>> Morrison: Terrific. And then also on that slide you mention that you had reduced route miles by 78,000.

>> Yes.

>> Morrison: Which sounds like a lot. Could you tell us, do you off the top of your head know how many total route miles there?

>> That I don't know. I have the impression it's about a 6% reduction, but I do not have the total numbers.

>> Morrison: All right. But it's around there. So that's not insignificant.

>> That's correct. And the route savings is a direct carbon footprint reduction as well as fuel savings. That's the major impact is fuel savings. I would also note potential vehicle maintenance savings, the

more miles we drive, the more maintenance there is. So the reduction helps on maintenance as well as fuel.

>> Morrison: I imagine it reduces labor costs, because if you're driving fewer miles

--

>> it may impact the overtime. I need to study that a little more. We have not reduced our staffing but we may have reduced our overtime based reduced miles.

>> Morrison: That's great. How do you figure out how to reduce the miles?

>> Our routing staff has brought into a new

-- bought into a new software routing package and becoming far more expert on how to direct our drivers. We also anticipate further route reductions when we have a north and a south deployment site, two service centers. That will reduce our mileage as well too. So our routing staff looks at dead end miles, basically miles traveling without a load and trying to reduce those miles. It's hard to reduce miles in the route itself, but outside the route, the travel distances, that's what we're working on.

[05:53:35]

>> Morrison: And then I imagine you have a lot of software tools to help you do that?

>> Yes.

>> Morrison: It sounds like an interesting problem. And then lastly, swak made a formal recommendation. They wanted us to make sure we were adequately addressing enforcement of the uro, and I think we had some discussion maybe over the past year about

--

>> yes.

>> Morrison:

-- Compliance and noncompliance rates. Can you speak to that a little bit and what we're doing about that?

>> Yes. And I do recall our last discussion about the spreadsheet and the percentage out of compliance as well too. We've had a lot of staff discussions internally. The short answer is that this budget supplies enough staff for the current ordinance and the current rules to be implemented, and we have

-- I'm looking at properties for this coming fiscal year, 3,144 properties coming on line, this current fiscal year about 2,000 properties coming on-line, being affected by the ordinance. When I hear

-- I recently met with environmental groups in the last two months. I've met with zwac twice on this topic and what I hear is an expectation of a more proactive enforcement, more than what we're currently doing. Our current procedures based on the rules that were adopted through zwac and through council is more of a complaint-driven process, and that's not meeting the expectations that I'm hearing on the table. So what I'm doing is a modified pathway. We are currently resourced for the complaint-driven process, but our staff is now charged to try to touch each and every property and notify them of the requirements of the ordinance and be a little more proactive in handing the cases over to code compliance. It is not a program that is fully proactive as requested by zwac commission. But it is a modified path using existing resources. I anticipate studying and working on this situation and coming up with recommendations in January that may be a more proactive implementation that may have some resource implications and some staffing recommendations, and I need a little time, I need

about six months and I'll have that report by January.

[05:56:07]

>> Morrison: Okay, so if we were to ask you right now what would it take to actually do that proactive, you would say, I'm studying that?

>> Yeah, for a particular reason I'm saying that, because I'm not certain of the expectations. I think I need to meet with the stakeholders and find out what are the expectations, how aggressive is the anticipation of the enforcement, and there may be different models with different staffing levels, depending on how aggressive we get.

>> Morrison: Well, do we

-- I guess one question I would have is do we have goals in, say, the master plan or the rules or whatever of what level of compliance we expect?

>> Yeah, the current rules in section 8 of the rules, it requires a one-year implementation strategy from ARR beforehand. It can be

-- beforehand. It can be handed to code compliance before that year is up if we find somebody not acting in good faith, but it generally assumes a one-year implementation at the ARR level before referral to code, and it requires the three notices, three written notices from ARR to each property owner, one in advance of the implementation date, one around the implementation date and one following the implementation date. Generally advising them of the requirements for public education, placement of recycling containers and all the requirements of the URO. What is a struggle for us is actually physically visiting every site. That's the staffing resources.

>> Morrison: It sounds like we need to decide on what percent compliance we want to achieve after one year, after two years, after three years, and figure out a program to do that, and if we can agree on that goal, then that could drive some of those things. So maybe

-- is that part of your discussion you're planning?

>> Yeah, I believe that's what we need to discuss in the next six months.

>> Morrison: Because some people might come at it with 100% compliance at the end of one year, and you're saying that might not be fiscally possible.

[05:58:15]

>> In a complicated -- I agree, and a complication is that our source of information is voluntarily submitted recycling plan by each affected property each February. So

-- like the spreadsheet that you have seen, that doesn't get updated more than once a year, and so our information flow is very limited.

>> Morrison: Okay. But the bottom line is you're working on it, you'll be coming to terms with what the real goal is and figure out what it will be.

>> Yes.

>> Morrison: And so just to recap my

-- can we submit that as a budget question, as what is the total number of miles?

>> Yeah.

>> Morrison: Route miles. Thank you.

>> Mayor leffingwell: Let me just say I hope we don't get to the point where we're going through people's trash cans to make sure

-- I don't want to be a part of the council that approves that decision.

>> I remember that discussion a year ago. [Laughter]

>> mayor leffingwell: And the other thing is I really want to commend you, I think it's a good idea to defer going to once a week on recycling. I've never had any problem. I've got a huge thing, and frankly I don't want to roll it down the hill more than twice a week, and back up. I look forward to that. But the big point is, the savings, the cost of that is huge. I mean, it looks to me like you're increasing your collection services by about 40%.

>> Yes.

>> Mayor leffingwell: And we deliberately went through this when we instituted the single-point recycling, all the savings were going to automated trucks, going to twice a week, effectively reducing your costs by a factor of 4. And I think that's

-- that was a big selling point on the recycling program. I'd hate to lose that.

>> Riley: I think you meet once every two weeks, not twice a week.

>> I meant once every two weeks. Thank you for the clarification. I certainly don't want to do it twice a week. Council member tovo?

[06:00:18]

[One moment, please, for change in captioners.]

>> ... This is a pilot program. We ran it for a limited amount of time. We traveled through about 10% of our customer base with the recycle right campaign. We left a green light sticker or a red light or a yellow light sticker, depending upon what was observed in the recycling carts. On removing the lids and seeing what is there, not removing traffic encroachment and leaving fines but leaving friendly advice.

>> Green was doing well?

>> Yes.

>> Tovo: Yellow was?

>> Caution, some contamination and red, a lot going wrong there. [Laughter]

>> Tovo: It seems like if you are getting increased trash or nonrecyclables in the recycling bin, it would be a relatively nonthreatening way for people to notice part of the rules.

>> Part it is to reduce the residual trash and then to increase recyclables that go into the blue cart. It is a quandary for us because to see what is happening, we have to lift the lid, but yet we are his about to get into patrolling what is put into the cart and recreating fines.

[06:02:31]

>> Tovo: Okay. You said it's a pilot project. Is it done?

>> It is completed. We are contemplating restarting that program. We are analyzing whether it had long-term effects. It had short-term effects, we measured that. We are now looking at the pilot areas and seeing if there was any improved recycling accounts and we are evaluating the program right now.

>> Tovo: Great. And my other question is about recycling at our pool facilities. I probably should have asked this, too. But this summer we received concerns from constituents were not able to find recycling at Bartholomew and Deep Eddie pools and it looks like we may not be offering that at the facility and part of the concern is that individuals that were using the recycling were not doing so appropriately and it was the staff's responsibility to sort it but it would seem to me we would be need to providing -- I strongly urge that whatever measures we put in place, we recycle and usual the citizens to recycle at our facilities and all of them, I have noticed, they have some recycling but not bins and whatnot to make sure people aren't throwing their bottles and their trash. So can you address the situation at the pools and what we need to do to stop that?

>> I think I need to research that. Our chapter 18 of the master plan notes implementation of recycling of all city facilities and the Uro also affects that. Our economic policy is each department pays their own way. That arr does not assume the expense of trash and recycling of every department because we couldn't charge our basic customers that service, but we are able to create a collective service and charge back to the customers and we have a multidepartment building service for recycling under contract right now, including this here now and this contract and to see if we can bring the pools under the envelope of that umbrella of that contract.

[06:04:50]

>> Tovo: Can you treat that as a budget question and provide some response to that form?

>> Yes.

>> Tovo: Thank you.

>> Mayor Leffingwell: Council member Riley.

>> Riley: Bob, you mentioned the establishment of northern deployment center which would allow further reductions in vehicle miles. What is the time frame for that?

>> I am hoping to move in by 2017. A lot of internal processes right now. We are working on a land plan. Our concept would be deployment center as well as consolidation of our admin building, our north household waste services site and c and g fueling site, too, and we are at least 12 months out from construction but we hope to move in in 2017.

>> Riley: That would allow significant further reductions?

>> Yes, very much so.

>> Riley: Great. Thanks.

>> Mayor Leffingwell: Council member Martinez.

>> Martinez: So, Bob, you know, I wanted to ask a couple of questions about our waste diversion goals. It seems like we are running into a couple of issues here where

-- that might be hindering our goals. One was the issue that council member Tovo came up with, about whether or not each department is actually employing the ability to divert waste. But we had another incident

-- as you know, Austin is probably the mecca of food trailers in our

-- in our country, and we don't allow recycling at food trailers and we sponsored an item, put it forward, asked for some recommendations. Can you tell us why we have a policy like that in place? Is that against state code?

>> No, there is a health department rule that all mobile food vendors must keep every physical element of their business mobile, and mounted to the unit. We have approached the health department. We are working through

-- there is two actions that need to take place. Right now is in the interim, those mobile food courts and vendors can recycle. We have created a temporary relaxation of the rules with the support of the health department. The ultimate answer is that food courts, not the mobile food vendors, but the actual stationary mobile food vendors, if you will, need a designation within land use development code, and greg is working on that pathway. The actual handout of physical services on the ground requires that land use policy change, and we are heading down that path. Greg is working very aggressively on that. The health department code changes, we are working with the health department to allow for mobile food vendors to actually physically put receptacles on the ground to serve their customers. You

-- receptacle mounted to the trailer is fairly inaccessible, too high and inaccessible to the customer, and so those two adaptations we are working on. The universal recycling ordinance does require recycling and composting at those mobile food vendors. It is a matter of trying to adapt existing rules to the universal recycling requirements.

[06:08:08]

>> Martinez: Sure. So when we embark upon this new campaign to try to get folks to increase their recycling, is there one or two products that most folks are missing that, you know, we can target in terms of messaging and letting them know, this is something that is recyclable that we are seeing, a high number folks who are not recycling this product?

>> On one end, the more scientific end, we are doing waste composition study on the waste loads and those will be available in december to directly change the way we communicate to the public. This is what is going into a landfill and it shouldn't be, it should be in the blue cart. So that waste composition study is underway right now. More direct observations on my part, seeing what is going to the landfill, it's paper fiber and plastics. If you are in the household, are you collecting strictly from the kitchen? Are you collecting from other rooms in the house? That's the missing part. It's very convenient to put a recycling container in the garage or the kitchen and miss other parts, so we are missing the junk mail, the newspaper, office paper, school papers, things like that. We are also missing the paper toll

-- the paper rolls

-- the toilet paper. We are missing that. Shampoo bottles. Any type of windex bottles or any type of cleaner bottles that are empty, things like that are what we are missing in the blue cart.

>> Martinez: And I remember

-- I don't know if it was last budget cycle or two budget cycles ago

-- I was one of them so I will only speak to me questioning you for asking for about a half a million dollars to do kind of a public outreach campaign.

>> Yeah.

>> Martinez: And we, I think at that time and during that budget, the council precluded you from adding that program. What is your funding source this year? What is the budget for the program?

>> Yeah, we are not increasing from this fiscal year to next fiscal year. We are not increasing our public education and advertising and outreach dollars. We are refocusing them. We are trying to repurpose

them and part of it is there are many multiple messages that we desire to communicate to our residents and we need to center them down to two or three messages and better utilize the funds we have available.

[06:10:28]

>> Martinez: Great. Thank you, bob.

>> Tovo: Mayor.

>> Mayor Leffingwell: Okay. We are

-- would you be willing to come back, I think we are already for

-- all right. Super quick question. Go ahead.

>> Tovo: It was very interesting about the top things that aren't being recycled. Do you have one or two top things that aren't being recycled that shouldn't be?

>> Yes.

>> Or garden.

>> Tovo: Pizza boxes.

>> Bottom of pizza boxes with grease and garden hoses. It is a multimaterial item that are contaminant.

>> Mayor Leffingwell: Not supposed to put those?

>> Not supposed to put those in the blue cart.

>> Mayor Leffingwell: Okay. Do you have a quick one?

>> Spelman: It's quick, not super quick, but quick.

>> Mayor Leffingwell: All right.

>> Spelman: The broad brush of where you are right now is you lost a bunch of money last year or this year. You are raising rates to cover a small additional increase in expenses due primarily to the city wide department and department wide cost drivers. You are not adding new programs and you are deferring master plan activities because that would require an increase in revenues that's just too great for the customers to bare. Is that about right?

>> That's correct. That's a good summary.

>> Spelman: Okay. The master plan activities

-- I think everybody here supports you being able to do them at some point, but they are going to cost 20-\$30 million to do, at least the way they are laid out here.

>> Yes.

>> Spelman: And I am concerned that you are going to be in a similar position, not so bad next year as this year, but you may not be able to make much head way on the master plan activities next year. I wonder how you are proposing to deal with that?

>> What we are doing on study phase, particularly the organics collection, we are looking towards a very specific study of how we are delivering the service in the 14,000 homes in the pilot area, looking for better capture rates, looking for cost efficiencies, looking at truck styles. I believe the type of truck we are using is working against us, and so there is a different truck style that we are looking into. And by January

-- January is a key month, where we start planning for fiscal year '16. By January, we hope to have our study completed and recommendations on how to roll this program out more effectively city wide at a

lower cost per household than the current pilot demonstrates.

[06:12:46]

>> Spelman: It seems to me in there

-- to sounds like exactly what you ought to be doing, that the weekly recycling is an experiment in a way. There is good reason if people had to recycle every week, they would be paying more attention to it and we would get increase in tonnage that you are hoping to get to, what 8,000 tons every week, we would get there if we had to do it every week probably but it is a small hypothesis to test and you could test it in small amount of neighborhoods much more cheaply than it does city wide. Does that make sense?

>> It does. But what I am looking at is what areas of the city or what households are effectively using the blue cart where they are exceeding the capacity of the two-week service and we are adding an extra blue cart at no extra charge.

>> Spelman: Okay.

>> Now, would additional carts every two weeks be the answer versus weekly service? Kind of looking at cost analysis. There is also a burden on the resident to have another cart to store.

>> Spelman: Up and down the mayor's hill, for example? [Laughter].

>> I

-- I think we are looking at various different answers to that. My ultimate cost savings answer is to move trash collection to every other week and we are not ready to do that.

>> Spelman: There would be ramifications if you tried to do that, I understand. One thing I liked about your department is you are willing to experiment things, actually formal way with randomization of neighborhoods and you gather results and draw conclusions from it. It seems like your master plan is probably an opportunity for an experiment more than it is something we are going to be able to roll out city wide at any time real soon. That's where you are thinking about it?

>> Yes, I like pilot programs. I like learning from pilot programs. We have a couple of pilot programs we have engaged in the last couple of years that were failures that we are learning from, as well as successes.

>> Spelman: You never learn from your successes, which is too damn bad. Thanks, bob.

[06:14:48]

[Laughter]

>> Mayor Leffingwell: Okay. Thank you. Without objection, we are in recess until 1:00 o'clock. 1:00 o'clock. [Lunch recess]. Sac. ; Sac. F,,, z back. F. Zwac. ; Zack, test test test test test test test test test test

[07:05:39]

>> Mayor Leffingwell: We're out of recess. Before we begin with the transportation department, I want to ask the three departments at the bottom, support service, communication and technology management police service, I understand they have about 30 employees hanging around the building today, and I want to just suggest that we could consider if you have any questions for any of these

departments, submit them in writing and we could go ahead and let those folks go. The last three. No, no, under other. The last three under other. Beginning with support services.

>> Mayor, I've got lots of questions for support services, but we can submit them all in writing. We don't need to do this orally.

>> Mayor Leffingwell: Good. If you have a few questions you can submit them in writing and go ahead with the transportation department.

>> Good afternoon, I'm Robert Spiller, director of transportation. Welcome back from lunch. I want to go through my presentation quickly so you have plenty of time to ask questions and we can move on. Of course, hopefully you all are aware of our mission to deliver safe, reliable and sustainable transportation system, to enhance our department in economic strength of Austin. The transportation portfolio of course I share with the public works department, whereas public works focuses on maintenance and upkeep of our physical attributes of the system. The transportation department is focused more on the forward thinking strategic, multimodal operations minded regional and so forth and so it's a good split between our two departments and a partnership that has worked well for now six years. A little bit about the department overview. I'll spend a second here. Some major projects that, of course, I know you all are aware we've been working on is the I-35 corridor project and Project Connect, regional rail system and more importantly the urban trail projects that are now part of the bond proposal that you are sending to the voters for consideration. We also have been working on transit signal prioritization. We have a very successful first operation of the Metro Rapid along Guadalupe and Lavaca if you are downtown with the bus only lanes, but more importantly as they leave that route downtown on either end it is synced up. The second line is coming on board, I believe Route 802, is coming on board and it will run down the Lamar and Burnet corridors. So again, continuing our partnership with other agencies. In terms of our key performance indicators, I want to point out what might look like a couple of anomalies. The number of school zone indicators that received preventive maintenance, in F.Y. 13 it looks like we've done

-- the reality here is in 12 and 13 our communication technology with all of our school zones became obsolete literally in one year and so we had to physically go out and put in new communication devices in all of our school zone indicators and so now we have

-- and in doing so we were able to do a full preventive maintenance on the full system. We're back to our normal where we're doing 90 per year, but what's more important is that new communication system allows us to communicate directly from our transportation management system to those school zones so we no longer have to go out to the school zones to reset times and so forth. We can do it remotely and digitally from our transportation management center. When we have a problem at those school zones, we are also actually able to detect it and make changes from our transportation management center directly. That's the one item that I wanted to point out to you on this slide. The other item, though, that I would point out as I always do is the percent of residents satisfied or very satisfied with our traffic flow. Our goal is to continue to match the national average on satisfaction, and as you know Austin is more congested than many cities its size so we typically run behind that aspiration to meet the national average, but in the last couple of years we've been doing deeper thought study into that last goal, and one of the things we find out is the national average does not make a distinction between size and metropolitan area aggregating into the national average. When we compare ourselves against metropolitan areas our size, those over 500,000, we're actually much closer

to the national average than the actual score would lead you to believe. The other thing is that we continuously ask our citizens about, well, what streets are you most concerned about when we talk about flow. And in the last two years, it's been enlightening to find out the streets they've been most concerned about are the major freeways, i-35 and mopac and 183 as well as the major arterials that tend to have construction in the last year. But it reinforces while we're partnering with agencies such as the Texas Department of Transportation and the Central Texas Regional Mobility Authority to see if we can accelerate improvements on our major freeway systems because that's what's on the mind of our citizens when they are frustrated about traffic congestion is the major impacts they face due to incidents on i-35 or wherever. Again, just trying to be transparent in what we're measuring here as we think about what we need to do as we go forward. In terms of sources of income, you will see that this year it would appear that there is a jump in the proposed revenue or income to the transportation department, but I'll remind you that this year is the first year where we're starting to split out the revenues between public works and transportation and set transportation up in a new fund called the mobility fund. The reason again for that is to increase transparency, but as we do that there were certainly some functions the public works department did for the transportation department that we need to now take over. So some of these differences you are going to be seeing in the next several slides are really due to accounting, the separating of the two funds, not a huge increase in our revenues and therefore expenses. And so specifically the transportation user fee, you see that dramatic jump from 8.8 to 12.3. Well, that increase in that split of the transportation user fee also comes with some added responsibilities that we're now doing separately from public works as we go into the new year. So it's really not a huge increase when you look at the overall. In terms of the uses of the funds, you will see again traffic management all the way through where it's expanding our use of those departments and stretching what we're doing with those departments, and the one item here, the last one transfers and others again seems dramatically exaggerated, but that's because of the accounting separation of the two departments. One of the things that you will see there is some of the transfers that we were distributing outside of our department for city services having been paid by public works, we're now paying it and so it's showing up on our balance sheet. And then likewise from our parking fund those transfers for departmentwide services are now coming into our department. So again, that still shows up as transfers in this overall use of the fund. In terms of budget highlights, we are increasing by a net increase of 13 positions the number of FTEs WITHIN Transportation. We have been very diligent over the last six years to stretch the resources of our department to make sure they are maximum mally effective, but this last year we ran into a point where we flat out needed some more people focused on traffic issues and the signal ATMS program. What we've done is instead of asking for new FTEs, we've repurposed some existing FTEs that were in Public Works department, moving them over to transportation and repurposing those. Those include, by the way, the bicycle program, which is moving full time into transportation. Again you'll remember when we originally set up the bicycle program, they were in the beginning stages of rollout of a system plan and so they were more akin to what the public works department does. Now we're moving into a new plan that hopefully we'll be bringing to you by the end of the year that starts to look at more program and encouragements as well as ongoing infrastructure and so that service begins to fit better with transportation. So that's why we're moving it over. Another five of those 15 net are coming over to transportation to serve in the support services area and so that's the department accounting that had been being done by public works is moving over

to transportation. I will note that the separation does not require a net increase in the two DEPARTMENTS TOTAL FTEs. We've kept that solid so it's really work that was previously being done by public works is now just moving over to our department. And so with that comes FTEs. MANY OF THOSE FTEs WERE Vacant or if they were full the employee came over. And then we've added six for engineering and street banner programs, and those REALLY ARE THE NEW FTEs That are being totally repurposed from public works to meet new and expanded requirements within transportation. At the same time we were doing that, there were a couple positions that we shifted back the other way or eliminated for public works. And so it's really 17 positions, but -- or 15 positions but net 13, I was saying that 15, I meant net 13. So 15 positions are affected but it's really a net increase of 13 overall. Parking management fund, there's four new positions. Again, our model has been as we need new positions for enforcement or whatever, we hire temps and come back and ask for permanent positions to be filled. With regards to parking management fund, I've got a list of a number of investments. As you will remember, we maintain that the parking management function is part of the larger transportation function within the city and so that fund makes investments in the city's strategic mobility efforts so there's an ongoing regional mobility investment, downtown way finding investment that we'll be rolling out this year, expanded sidewalk cleaning in the downtown, and then also we're establishing a repair and replacement for the meters. Go figure, they are about six years old now so it's time to start building up a savings account so when we need to replace parts or the meters themselves we can start replacing those as we need. It's a self-funding effort. Also in the university district you'll remember we created the university parking benefit district. There's a plan to make about \$165,000 investment in the moneys that are jointly managed by us in the uno district, the uno makes recommendation to the city on how to spend those and jointly we make those investments either in sidewalks or facilities that benefit the west campus university area where these parking charges are collected. In terms of the five-year spending plan, we are still spending down the f.Y.12 bond. We've mostly completed the 10 bond, but the f.Y.12 bond there's about \$33.5 million through f.Y. 18 planned in terms of expenditures. Those include ongoing quarter mobility improvements in the i-35 arterial congestion crash mitigation. Totaling a little over 16.5 million, those are investments already in progress that lag into the next year so it's nothing new, but it's ongoing investments through contracts that we have active right now. In terms of the mobility fund, as I mentioned, the total transportation user fee increase for both public works and transportation department is proposed at 45 cents per single family and public works will also be speaking about this. For a single-family home that adds to up \$8.25. That's their total fee, not the new amount, \$8.25. 27 certificates of that is for public works and transportation is 18 cents. Both of those numbers are based on demonstrated needs and program needs. The next line that says 1.1 million from rate increase is an error. We misprinted it. I'm sorry. The total increase from the 45 cents is about \$1.6 million. 6 million of that is to transportation, 1.1 million approximately is to public works, although 1.1 and .6 add up to 1.7, this actually rounding error and just so you know that's where it is. Increased share of

[07:19:50]

[inaudible] from public works, again, we

-- when we worked to split the two funds we came up with a percentage that would go to each fund on

a regular basis. 75% to public works, 25% to add based on the needs, and then from here on out each department will separately justify their need and the fund will grow based on that, no longer a standard split, if you will. So the .6 million also increased from right-of-way fees, street banner program and special event fees, again, these are fees that the transportation department uniquely charges to go towards those programs and the support of the overall engineering it backs up each of those programs as well. I would like to take a second and talk about the street banner program. A new series of banners on bridges, our goal is deploy that as part of the pedestrian environment and give the pedestrian and our local community a exciting place to walk and drive along streets. And so you will continue to see that program expand. We've been trying some new things just sort of as pilots to see how they work, but the new street banner program is part of the current budget going forward. Parking management fund, there is \$400,000 increase in revenue from the range of different sources you see there, taxi cabs, licenses, valets and car sharing. Those are the street light banners, yes. So mobility fund summary, again this is one of those pages affected by the new split. We have no new numbers for 13 and 14. There's no way to generate those numbers, but starting in 15 you will see those numbers go forward. The one number at the BOTTOM, THE FTEs IS Correct because we have that number from previous years, but I have no way to project what 13 and 14 were. From here on out you'll start to see our annual years projected. The parking management fund, you will see how that program has grown over the years. We're going to be using up some of the fund balance making transfers back to transportation to help fund those additional positions instead of asking for additional tough funding, we're funding those out of parking investments. Mostly because they are in the traffic engineering group which supports the parking decisions that helps this fund be successful. We continue to grow our parking footprint, parking management footprint. It's very dynamic and we continue to get good support in the community. That concludes my presentation. If you have questions, go ahead.

[07:22:38]

>> Mayor Leffingwell: Any questions? I'll ask you one, that's a street banner.

>> What I meant by street banners, I meant the light pole or the street pole banners. Right now as you drive across south first, will you see that we have the performing arts center advertising their season or not advertising but communicating their season to the crowds. We work with nonprofits as well as conventioners

--

>> Mayor Leffingwell: So they are just signs.

>> They are welcome banners, yes.

>> Mayor Leffingwell: All right. That's good. Councilmember riley.

>> Riley: I was looking in the budget detail trying to find information about pedestrian hybrid beacons. Am I just overlooking that?

>> You might not have

-- I may not have included details specifically about that line item. They are part of our

-- they are not a line item, they are part of our overall signal program.

>> Riley: Under transportation engineering there is a performance measure for a number of studies completed. But I don't see anything about the number of signs actually

-- number of beacons deployed. What would that be under?

>> Well, I don't believe we

-- I don't believe we track that separately from our signals. It's just part of our conglomerated signal approach. Again, we found this to be very successful, councilmember riley. They do seem to improve safety dramatically. We now have standards both at the state level warrant as well as the municipal level about where we try to apply them and where we try not to. One of our major contributors as to where we want to apply them is where we have bus routes or bus stops on either side of an arterial that have for whatever reason spread apart away from the signal and so we'll often do those. We're looking at a number of right now of on the metro rapid line. So we base those on

[07:24:41]

[inaudible] and we have a list based on our financial capacity and really scheduling capacities.

>> Riley: And so

--

>> we don't track as a goal.

>> Riley: Do we have a sense of

-- in past years it seems like we have reached a point fairly early in the fiscal year whether the funding for pedestrian hybrid beacons exhaust. Can you give us a sense how the funding picture looks for the coming fiscal year?

>> Sure. Our funding used to be limited. As part of the proposed 2014 bond proposal there is a i-35 traffic management system that does have moneys for systemwide technologies as well as along i-35 so it's sort of a conglomerated ability to build some additional signals and put additional data technologies or additional technologies that can collect data into the various corridors, and so that gives us some ability to continue with our capital investment going forth. We are also working to add moneys directly from our operations into our signal program. We've put 250,000 into our operating plan for this next year to build signals and/or

-- and again, we can

-- I consider them beacons as a different type of signal so we can move forward with that. We are starting to address that to be able to have more ongoing annual funds for those type of construction. So we also partner with capital metro and other agencies to put those devices in. Our biggest challenge, again, is when bus stops on the east side of an arterial start to separate so another technique is see if we can move them back closer to the arrest tear I can't so people can using existing signal

-- arterial.

[07:26:53]

>> Riley: The need for crossings along the brt line, I can see an interest in beacons along south lamar with the launch of the 803 in a month or just a week or two.

>> Yes.

>> Riley: I think I hear you saying that we will have additional funding for the beacons

--

>> we have limited funding left, capital funding. However, that's a needs based issue, a safety based issue and so we can re-juggle operating funds to address the safety needs when we need to and ultimately if we need to come back to council for capital investment, that's our other option to pursue funds. But we will have a better picture for that about midyear depending on how many beacons and/or signals we need to build between now and about midyear. And so we're monitoring that. We continue to make funds available through our parking c.I.P. Or our transport c.I.P. And so forth. I expect depending what happens obviously with the funding proposal that's going to voters as well as our operations this year to have a better understanding of that about november, december time frame.

>> Riley: So if the need arises within the next couple of month, we would have to try to identify funding at that point.

>> I have resources for the next probably four or five months and then after that then we would have to decide how we were going to move forward.

>> Riley: Okay. Great. I just want to come back to one other question we've been in touch on related to the bike head coordinator.

>> Yes.

>> Riley: I understand last time we communicated about that you were going to be looking to start interviews in early august and to make a hire and have a person in place before the end of this fiscal year. Are we still on track?

[07:28:58]

>> Yes, we've done initial interviews, phone interviews. We've narrowed down to four, four candidates, and we're scheduling those

-- the final round of interviews within the next two, three weeks. Some of those folks are from out of town, I will tell you, and so we're looking at technologies to have either skype interviews or whatever.

>> Riley: Great. Great. Thanks.

>> Mayor Leffingwell: Councilmember Spelman.

>> Spelman: I want to first congratulate you on your performance measures. It's a real nice mix between things that you do and results that you get. It would be a good model for other departments to follow to develop a lot of stuff along those lines. Two questions. First you alluded to national average among big cities. I wonder if you could tell us what that was.

>> Well, it is not a statistic that the data survey folks regularly report. They like to stay with the national average. We pushed them to get a average and last year it was about 27%. And so again we're still below that. We understand that, but we also understand we have some unique traffic constraints here in austin that will always be a struggle. And that would make sense because you would think that large cities, the satisfaction is going to be a little less because large cities have bigger problems than nebraska or other cities.

>> Spelman: I've got an estimated number for 13, 14 that came out of the study? That's from the study.

>> Yes, I'm sorry.

>> Spelman: On page 286, currently at least I guess what we got earlier this year that 29% of residents are satisfied or very satisfied with traffic flow. That would put us just about even steven with the national average for big cities. Is that accurate? Do I understand it correctly?

[07:31:10]

>> So the way my understanding that survey goes is we don't actually know the results until the following year, like march. That's still the goal printed there.

>> Spelman: So the 29 is aspirational, 23 is the last number we received.

>> Correct.

>> Spelman: We're a little behind but close.

>> Again, when you take out the smaller urban cities because traffic congestion is always a perception of local community, we find that we end up a little bit closer to the large cities.

>> Spelman: If we could get etc to revise the question, preface other than i-35, how satisfied are you, the number would go way up.

>> One of the interesting things when we've done followup surveys, one of the questions is not only ask that same question and get an almost identical number, when you answer that question what street were you thinking about, it is very volunteer year to year. The first year it was all the big freeways and two of the arterials that had been under construction. This last year it was still the big freeways. A lot of it is private construction on either side of the road that causes congestion as well. But it's important I think to always ask that next question, when you answered that what were you thinking about because I think that helps inform where we should be winning the program.

>> Spelman: If I were answering, if you asked that question

--

>> the original question is on major streets and I think most people think of major streets as mopac, i-35, 183, ben white.

>> Spelman: They are certainly major. The other question is I'm looking on your list of mobility improvements section. Corridor mobility improvements and you have a list and I realize it's not a list of all the mobility improvements you are talking about, but one thing some of your staff members and my staff have been talking about is improvements on brodie lane south of slaughter. In particular as I understand it there's a plan to take two or three uncontrolled intersections, put roundabouts in them to allow people to make left turns which they can't do right now. Allow people on one side of the street to take their kids to school on the other side of the street. Is this something we're talking about doing this year?

[07:33:46]

>> Councilmember, we did an initial investigation of that and we provided that information to txdot and it was hoped they would include that in your analysis for 45 southwest. As you know, there's a report back to council due shortly. We have commented that that should be part of the environmental process and that they should fully analyze that and other alternatives along brodie as part of their overall [inaudible]

>> Spelman: Is this our street, brodie lane south of slaughter or the state's street?

>> You know, it's not the state. Part of it belongs to the the can, part belongs to the city.

-- The county, part belongs to the city.

>> Spelman: The intersection gary has been talking about, one of those is the county's, one is ours?

>> Well, there's more than two so

-- yeah, it's a mixed intersection. Many of them are in the city perspective. One of the challenges is as you contemplate those, even though you might be able to stay within the right-of-way, those have their own environmental impact so, you know, I guess the position I think that should be recommended is that those environmental impacts should be weighed against any other alternatives being considered before a decision is made.

>> Spelman: Okay. Let me ask a question good. Good information. Are we going to do that this year?

>> No. I didn't have the money nor have developed it far enough to pursue it.

>> Spelman: If you had the money to do you would have the time to do or this takes too long to do the environmental

--

>> no, we could start that process. I don't know how long it would take because we don't have a project identified. I know that each

-- these are not simple constructions because you are in a busy location, constrained location. But if it's council's desire for us to renew our efforts in those areas, I'm happy to do that.

[07:35:53]

>> Spelman: Okay. I won't ask you for how much it's going to cost.

>> I don't know the answer.

>> Spelman: I didn't figure you would, but we'll put it in the written questions so you have time to think about it. But it seems to me this is important enough to me that I want to raise the issue and probably important enough for people on both sides of brodie lane since most of us still don't want southwest 45 to be built at all, and if it does get built it's going to be years off before it's actually ready for people to come on it. It's going to be a while before those people get any kind of relief at all. Thank you, sir.

>> Mayor Leffingwell: Councilmember morrison.

>> Morrison: Thank you, and I want to thank you for answering my budget questions. I know you had a set of them but I feel like I got the answers now.

>> Seemed like you had to ask me several times.

>> Morrison: That's fine. I do have a couple of things I wanted to ask about.

>> Sure.

>> Morrison: As you mentioned, you are taking six vacant positions in public works and moving them over. Did you say they are going to be dedicated to traffic engineering in what would they be doing?

>> I'm sorry, I just need to make sure. Sorry about that. Four go to traffic engineering to replace positions that I moved this year into the signals atms because I had immediate present need there. And so this replaces those. Two positions, one is to backfill my need for a banner program full-time person. I've been using an individual that I moved over from the office of sustainability and I would like to make that a permanent ongoing position because they've done a very good job and there's a lot of excitement from the daa and other organizations about the banner program. And then one position, I forget exactly where they are deployed, but they are deployed within the transportation department right-of-way to support activities there.

[07:38:06]

>> Morrison: Okay.

>> Those six positions are not tough oriented. They are being paid for out of existing revenue or funds that I have. They came over without budget is my point.

>> Morrison: Because it sounds like a big jump, but I can understand that if you are backfilling and certainly to have more folks in traffic working on traffic solutions makes sense. I do have the question so we have now two full-time people on the banner program?

>> No, we have one person. A loan person to me. I would like to make it a permanent position.

>> Morrison: Do folks pay for the use of those banners?

>> Yes, they do so ultimately they could be sustainable although we're getting it there right now.

>> Morrison: I notice also there's an additional

-- I don't think it's included in these, an additional marketing communication consultant to assist in publishing the annual report and editing other significant literary products. I like the use of that language. So do you have

-- how do you do that kind of marketing at this point?

>> As it turns out, that person that was also loan, she's multi talented so our annual report she assisted us in publishing that. It really does take a different skill set than we've had before.

>> Morrison: You know, I got an annual report that one of our departments sent out and I have to say I was sort of amaed at how much money and effort must have gone into it. That's more of a general question. It had like a wooden cover and all of that.

>> That was not us.

>> Morrison: I think that's something to try to avoid and I'm sure I'll speak with the city manager about that just as a general thing. Later. I guess

-- to me to have a full-time person dedicated to doing an annual report, I guess maybe I just don't get the import of an annual report that we really need somebody for that.

[07:40:18]

>> That was just one piece of what she does, and you know, what we found is it really does take a different skill set to write a many a report so the rest of the year she is helping with the banner program and you were asking how many people dedicated and the idea is about one and a half persons which we really do need. And then she helps with a variety of programs. She's working on our great

-- complete streets program right now and that's been very effective. With regards to the annual plan, you know, we publish that online and a printed copy and we've gotten a lot of feedback about our printed copy because it's been very useful to various agencies understanding what strategic transportation as opposed to maintenance of our infrastructure is about. So it's also been used as a very positive support tool and for our own employees because we also thank each innerve one of our employees. I think it's an about morale booster for them to tell their family and friends this is what I'm a part of and I think it's really important because not all those folks necessarily have access to the internet where one would think that would be a great alternative.

>> Morrison: So when I read marketing person, it's not just about going out and putting a positive spin on our traffic.

>> No. No. This particular person is invaluable to our program. And it's one of those positions, you know, when you are trying to define what a person does or the character of a person, you have to -- characterize a person you have to pick a title and doesn't always tell the full story. This is one of those.

>> Morrison: I get that. I think I saw that 3% of your funds come from the general fund. What is that about?

>> So that's actually a reimbursement for when fees are waived by council for special events, for instance. And then also there's a small bit of our work that cannot be paid by our traditional transportation fund or other resources. And so long-range planning that is not tied to a specific project, for instance coordination in the way of the npo or the cog, we traditionally believe needed to be paid or air quality needs to be paid by the general fund. So that fluctuates every year depending on how many fees were or were not waived in the previous year. So you'll notice of all my groups that had a funding increase, you'll notice advance planning did not have a funding increase. In fact, what really happened was their funding increased due to city drivers, you know, normal raises was off set by council's restraint in

-- or constraint in not waiving fees this last year so it was off setting so it looks like they were flat. In reality the employees are being taken care of but there an offsetting savings.

[07:43:22]

>> Morrison: And they have to come from the general fund. They can't come from

--

>> that's correct. We assume that came directly from

-- because we can't charge other people. We have no way to

-- we have no way to make that self-sustaining otherwise.

>> Morrison: Okay. Let's see, and I have one other question. Some of the language was a little confusing to me. It mentions on page 280, it mentions that parking management fund includes the addition of two officers due to the increase in number of parking spaces, but then a couple paragraphs above it says the parking management fund is projected to remain relatively flat because of limited expansion. So

-- so under parking management the benefit district has to do with contractual sharing that's set up, but if we see an area that needs to be managed, if that's an appropriate management tool we do do that. Of course always talk to the neighborhood.

[07:46:49]

>> Morrison: I was going to say sometimes that might be a surprise. Last question, can you remind us where we are in the valet fees changes? We had some discussion about that and just

-- you all did a lot of work on it and we adopted a schedule of

-- and I can't remember how many years until it was full recovery.

>> You have me stumped on that. I'll have to get back on that.

>> Morrison: Stumped the director.

>> I'm sorry, that was not something I prepared to answer.

>> Morrison: That would be great because I think we must be into the second year probably and I can't remember how many years. So if we could make that a budget question where are we in that.

>> Yes, absolutely. Sorry about that.

>> Morrison: Thank you.

>> Mayor Leffingwell: Councilmember tovo.

>> Tovo: I want to ask a few followup questions about the meters. For example, I learned after our spirited discussion about the butler [indiscernible] I learned therer meters up and down the street and I was surprised, I don't remember seeing those in the past. Are those relatively new and is that the kind of -- that's the kind of decision that you are saying staff makes, it's not benefiting any particular neighborhood.

>> Yes. So that was an area where it is not a benefit district, that it was a management decision. We were having significant congestion caused by construction workers parking there along the park and walking across the pfluger bridge into their jobs. And so after we

-- and complaints from parkgoers that they couldn't find parking in the vicinity. We also had a challenge with at least one rental company that was parking their rental cars on street overnight. And so by putting in meters that corrected that and made parking available for folks headed to the park or area restaurants and so forth. And so that has been very successful. Also in the

-- across lamar, I forget the neighborhood, around the restaurants there off of barton springs road, we also applied parking meters at the same time that the parks department applied parking meters inside there, we partnered with the parks department to do those and that has cleared up a lot of the parking challenges in that neighborhood as well. Toomy road. Thank you. It's been about a year, I believe. About a year.

[07:49:21]

>> Tovo: Is the last time I was in that particular parking lot by butler shores, there were some people who hadn't visited in a while and they weren't pleased they had to

-- they had the parking meters to visit their public park.

>> I understand.

>> Tovo: In that particular case, tell me when those

-- from those meters, the revenue goes into the parking management fund.

>> Uh-huh.

>> Tovo: Where it then becomes useful for what? Can you remind me what that gets used for? I think you highlighted it earlier. I'm sorry I didn't follow you.

>> I gave you a list where we're making specific c.I.P. Investments this year. There's a \$500,000

--

>> Tovo: This is 96.

>> This is 96, yes, ma'am. At the bottom there. Parking management fund investments. So not only does that fund pay for all of its employees, it also makes investments in the mobility, regional mobility, so that helps pay for regional traffic engineering and transit development projects as well so that we can reduce the need for parking. Ongoing downtown way finding projects, a large part of our revenue comes

from downtown so one of our goals is to get pedestrian level wayfinding so they can find their way to parking and reduce congestion on the streets. Public works spends extra money on downtown cleaning of the sidewalks. They have new equipment they use to vacuum clean the sidewalks.

>> Tovo: Can I ask a quick question. I appreciate

--

>> that's where the list is.

>> Tovo: I appreciate it. Is there any

-- has there ever been any discussion when you put in meters next to a park site as is the case on toomy and I've forgotten that street of using that money in the same way you do

-- setting up a similar system to the parking benefit districts where the money from the

-- those meters would actually go to the parks amenity adjacent, immediately adjacent?

[07:51:25]

>> Well, not directly. Of course, you know, parks has also been seeking our help in managing their parking assets and we've been partnering with them. So as they manage parking assets in close proximity, for instance, along the toomy road area, we need to manage the on street so that we just don't move the demand that would be from one place to the other so that it comes into a total management area. And again, we routinely make investments that can certainly benefit parks in terms of way finding and extra cleaning but not directly. We've not use parking funds from city streets to invest in the parking aspect. I will tell you along butler shores area, it is hard to tell which parking spaces are park spaces and which are city right-of-way spaces. And in fact right there near the fountain area, those are actually parking spaces in what used to be and still is the right-of-way in some places. And so there is parking from the city street being used for the parks access as well.

>> Tovo: Okay, so there's

-- there's no direct transfer of funds and would that be a policy?

>> I think it would be a policy action, but also there could be some challenges in terms of is that, you know, appropriate or whatever. But you would need to talk to city legal about that.

>> Tovo: And then the meters within butler shores.

>> Yes.

>> Tovo: That money

--

>> that money goes to the parks. We have an arrangement with parks where we only take out, you know, absolutely what's necessary for the meters.

>> Tovo: The management.

>> Yes. And then turn those revenues over to them. We have separate accounts, very similar to the way we set up the parking underneath i-35. The money that we collect there goes directly back to that fund and that's at parks' discretion how to use according to the rules of the policy.

[07:53:26]

>> Tovo: What is this \$22,000 that's noted for butler shores. Is that the cost of the meters? Page 281 it

talks about revenue changes projected to increase including \$22,000 from butler shores.

>> So we have to show the revenue because we're collecting it, but we turn that over

--

>> Tovo: I see. And then is there anywhere in your budget detail where I could get a sense of really some of the questions that councilmember morrison was talking about? What I would like to see is how much this

-- what the staffing costs are compared to the meter revenue.

>> Yes, I can provide that.

>> Tovo: Does it

-- do the numbers [inaudible] out.

>> Yes, I can show that to you.

>> Tovo: That's not on the chart.

>> I can provide that to you. I will note that the revenue generated by parking enforcement due to tickets does not come on our department, it comes through the courts through the general fund and so -- it's one of those functions that has to be paid for to make the meters work correctly, but the revenue goes to the general fund.

>> Tovo: So is that a way of saying there is additional revenue that won't be captured by your chart because it's the penalties that go somewhere else?

>> Yes.

>> Tovo: And then I think my last question, well, no, I think I need to better understand the parking benefits district versus just meters. If there's a situation

-- if there's a situation where you are considering meters within an area that is

-- that could benefit from a parking benefit district, how do you decide to go one route versus another?

>> My staff always make it a point to talk to the community and find out if there's an interest and it also depends on the size of the installation, and so if it is small installation, it may not lend itself to a parking benefit district and so I believe along the golf course that was being discussed there was no clear champion for parking benefit district in that area. And so that was

--

[07:55:42]

>> Tovo: They may not have known it was coming. I guess

--

>> there has to be an adjacent set of property owners directly affected in order to participate given our rule. We need some of the

--

>> Tovo: We need

--

>> sort of a menu of projects that are likely to receive that funding and if there's not a menu of projects, it's hard to dedicate a piece of funding stream back. Street infrastructure, has to be street infrastructure, I'm sorry.

>> Tovo: But it could be sidewalks or something and I'm thinking because it's on the western side of the

railroad tracks, that would have been the zilker neighborhood association so it's not the kind of thing where you went to the neighborhood association, they were not interested in a parking benefit district and that's why you didn't pursue that course or were they

-- I guess I'm wondering what would be the incentive for a neighborhood to say, sure, you collect the revenue versus providing it for sidewalks in our neighborhood.

>> So I'm not sure if we went to the zilker neighborhood association, we may have went to the businesses and properties surrounding that but I can get you more information. We try to tap the folks immediately adjacent to the decision.

>> Tovo: Okay. And then

-- and then this is my last question. So there are concerns among certain neighborhoods that there are major changes coming with regard to the residential parking permit program and I wanted you to address that and hopefully assure those folks that is a program that's going to continue in the manner it has so far.

>> Uh-huh. We have no plans to change the current residential system or fee structure. You will remember last year we changed from a flat fee for four permits to a charge per permit and that was last year. I would argue made a lot of sense, but for some people they save money, for some people it costs a little more, but in the end I think it actually works better. And that's the last change and right now there are no intentions to change that system. We continue to work with individual neighborhoods to try to find solutions to parking challenges within those areas, but we do not have a plan to change the overall parking.

[07:58:10]

>> Tovo: So that will continue to be a program that's available to neighborhoods that want to

--

>> absolutely.

>> Tovo: Thanks so much.

>> Mayor Leffingwell: So I

-- maybe you can just provide this information later, but I want to ask a question about street restriping.

>> Yes.

>> Mayor Leffingwell: We usually hear about it after the fact, after the road is restriped, but I've always labored under the impression that our policy was to not reduce lane miles, not reduce the capacity that any particular road segment has before we reduce the

-- is that still a policy in place?

>> Mayor, as you know, this council passed a policy this year, a complete streets policy and so that is a policy that we have been trying to adhere to for a number of years, but it became the stated policy of this council. We try to look at the total mobility of a corridor so you are correct, we try not to reduce the capacity. One of our challenges is people tend to look at the number of lanes as capacity.

>> Mayor Leffingwell: I understand that. That's why I phrased it the way I did. Capacity.

>> Our goal is to maximize the capacity of every roadway. In some cases the capacity of a roadway can be improved by going from four lanes to three lanes because often, especially where there's lots of left turns that is correct inner lane of a four-lane road is not being used effectively so that's often what

folks here of is called a road diet and we do employ that in a number of places where we find lanes that are not being fully used, we sometimes implement a different striping capacity. But our goal is to maintain the capacity of the roadways.

>> Mayor Leffingwell: The goal is maintain the capacity and that's something you really don't deviate from.

>> We do our best to meet it every time.

[08:00:11]

[One moment, please, for change in captioners]

>> there are places where we're reducing from four to three because it helps the traffic flow better. That allows us to have left turns at a number of places where it's currently prohibited where we have demand and they can't turn. There is also a legacy piece of 38 that is three lanes but it's not what we typically think of as three lanes, it was three lanes westbound and one eastbound. When we -- two eastbound, a and one westbound, when we traced that back the only thing we came up with was we had too much pavement and had to do something with it so they put an extra lane in one direction. So there we're going to two lanes because that third lane is not needed. But I do not believe we're going from four lanes to two lanes.

>> Mayor leffingwell: Okay. Well, I just think it would be helpful to us

--

>> yes.

>> Mayor leffingwell:

-- As we talk to people around the city, if we had that information.

>> Yes.

>> Mayor leffingwell:

-- available to us.

>> Yes, absolutely.

[08:02:14]

>> Mayor leffingwell: Council member riley.

>> Riley: Just a quick follow-up on the parking management fund set up on page 96. The first bullet is ongoing reasonable mobility at half a million dollars. Can you help me understand the connection between the regional mobility project that money is going to and the parking that's generating those funds?

>> So the ongoing regional mobility actually is our code work for signal timing projects. Gloosh snag timing.

>> Right.

>> Riley: Any particular geographic area or regional in.

>> No, sir, I'm sorry, peak and off peak. Trying to do with our new technology, the advanced management transportation center, you know, our signal system, I know this is debatable, does what it can during the peak period. What we have not traditionally had is multiple plans for off-peak timing

optimization, and so what this \$500,000 will do is systemically start investing in engineering time to develop those off-peak signal timing plans so that they can be automatically updated into the system and so that at those shoulder areas in the commuting period, we can change the signal timing where, for instance, as traffic patterns change, the noon hour, the traffic pattern may be more prevalent east-west than north-south, where is the peak on a particular street might be more north-south than east-west. So this allows us to be more responsive. So that's what those funds are going to.

>> Riley: Thank you,.

>> Yes, sir.

>> Mayor leffingwell: Thank you.

>> Thank you, mayor.

>> Mayor leffingwell: I believe the water utility is next.

[08:04:16]

>> Mayor, I just would mention before david starts on this presentation, we added one slide to the presentation and distributed that at the beginning of the meeting. It should be numbered 110a. It provides some additional information than slide 110 does, not different but just additional information.

>> Mayor leffingwell: Got it.

>> Mayor, council members, I'm david anders, assistant director for austin water. Unfortunately greg McCzarous or director is unable to attend today due to a family medical emergency he had, so I will hopefully try to provide as high-quality of a presentation and responses as he would.

>> Mayor leffingwell: We expect no less.

>> No pressure. [Laughter]

>> mayor leffingwell: Only I have no doubt that your briefing will be briefer be greg's. [Laughter]

>> maybe so. Maybe so. Okay, the department overview, our mission at austin water utility is to provide safe and reliable, high-quality and affordable water services to our customers, and this year we had a direct emphasis on our affordable water services and trying to maintain the lowest rate increase that we could get. We'll talk a little bit more about that. Some of the major accomplishments, we continue to have awards for water conservation, treatment plant performance, and this year earlier in the spring we had a very successful task force with the water planning

-- water resource planning task force as well as the joint committee that helped shape our budget going forward and is really helpful. Some of the key performance data, we continue to have very high-quality water and wastewater services, as well as our total pumpage per capita per day that the council set 140 gallons per capita per day goal a few years ago. In 2013 we were at right about 136. This year's estimate is about 126 gallons per day, and then going into next year as well under stage 2 we'd be at about 125, 126. So a significant improvement from a conservation perspective. Then one other performance measure I wanted to mention is we continue to be very proactive in our priority 1 leaks and water leak repairs, where we're getting 90% of our water leaks responded to and a crew out there within three hours, so we're real proud of that in our conservation efforts. As far as our sources and funds, the department of revenue for 2015 is only to be increased by only about \$1.6 million. This is even with the rate increases that are proposed in our budget for next year. Our revenues are just barely increasing. We're keeping that sort of level. Can see our water and wastewater services provide for over 90% of our

revenue. We have about a \$6 million increase in our water services and about a \$7 million decrease in our wastewater services for 2015. Moving on to the uses of funds, this is something that we worked on very hard with the joint committee in looking at budget reductions throughout our program areas. The 2015 budget, as you see there, is 514.6 million. This is about \$24.6 million less than the current budget in 2014. When you add an additional over \$5 million of expense refunds, the utility has cut its budget from 2014 by over

-- or right at \$30 million. We'll provide a little bit more information on that. The other thing that has been reduced significantly, over 14.6 million, is our transfers and other requirements, where we worked very hard with the budget office to look at other transfers that we provide to the general fund and eliminate those that we felt we could do that. So that has also helped our

-- reduce our budget and rate increases as we move forward. Just some budget highlights that we have. We're assuming that we will continue stage 2 water restrictions for all of 2015. Obviously that could change with winter rainfall, those kinds of things, but we have assumed in our budgets and revenue projections that stage 2

-- projections that stage 2 would be in place throughout the year. I mentioned we have a 29.5 million or a 5.5% reduction in our total requirements from 2014 to 2015. This is significant program requirement decreases as well as expense refunds, some from the general fund as well as our own processes. I mentioned the joint committee and the water resource planning task force efforts and recommendations. The proposed budgets and rates are based on the joint committee recommendations, and we've also included funding for the beginning of the integrated water resource planning in 2015. Looking at our cip highlights and our five-year cip spending plan much around 840 -- of around \$840 million. In 2015 we plan on spending about 182 million. 61 of that for existing treatment plant improvements and renovations, rehabilitations, an additional almost \$27 million just on water and wastewater system rehabilitation. Our main focus over the next several years will obviously be more on the rehabilitation and renovation of our existing system assets. Some revenue highlights. We are proposing system-wide rate increases for 2015. Water is at 13.5%. Wastewater at 2.3%, reclaimed is at 13.9%, and maintaining that plan to reach 40% of potable rates in 2019. One of the joint committee's recommendations was to consider drought rates for stage 3 and stage 4, so our proposed budget includes drought rates for stage 3 and stage 4, can see that stage 3 surcharge, there would be a volume-based surcharge for all customers would be \$1 per thousand gallons, in stage 3. In stage 4 it's \$4 per thousand gallons. These surcharges are to recover the lost revenue that we would receive out of these stages, we're trying to break even with our revenue from these stages. This is something that this would be charged to all customer classes. Our water and wastewater commission did have some discussion about whether our cap customers would be charged for both stage 3 and stage 4 or just stage 3 or would remain in stage 3 rates under drought rates for all of that. So that's something to consider as well. As far as average customer bill impacts, this shows our bill impact for 2014 rates under 8,000 gallons of water, and one of the things that has happened over the last year or two in the drought is our water usage for our average customer has dropped significantly. It was just over 8,000 several years ago. It's dropped down to even less than 7,000 where it's approximately right at about

[08:12:21]

[inaudible] gallons, and so this bill impact shows the impact from last year's 8,000-gallon average that we showed the council to a 7,000 average showing today, it's a \$2.62 variance for water and wastewater or 3% variance. But this also provides the extra slide that you were provided by the budget office, and this is something that we had some discussion with our water and wastewater commission and they recommended us to show the council sort of the right hand box of this particular slide. , And it shows a comparison of a 7,000-gallon water customer in 2014 and a 7,000-gallon wastewater

-- I mean, water customer in 2015. So it just shows a little bit different perspective, if you were using 7,000 last year and you used 7,000 this year, you would see a \$9.79 impact in your rates, and a 12.1% variance, that's a little bit more consistent with the system-wide rates. One of the things that this shows as well is the impact that a reduction and continued conservation by our customers can have to offset the rate increase that we are proposing. So if a customer doesn't conserve or continues to use sort of the average consumption, they will have a much bigger impact than if a customer can continue to save even a thousand gallons, then you can see an offset, some of the rate increase that is being proposed for next year.

>> Mayor Ieffingwell: Could I interject? I've got to say I agree with the committee that raised this issue, I mean, because if it's going to be apples to apples in your 110a, the section on the right is really what it is. It's really a 12.1% increase, because you sell water by the gallon, right?

[08:14:28]

>> That is correct.

>> Mayor Ieffingwell: And so selling the same amount of water in 2015 costs you

-- buying the same amount of water, 2015, costs you 12% more. So I think

-- and I know you didn't intend it this way, but I think if you read your original 110, that's misleading, I think. The old 110. Yeah.

>> Yeah, and both

-- on this particular slide 110a, both are shown to sort of compare where the original of 262 and 3%, which was something that we actually provided way back into the forecast time frame. We wanted to be able to show that to compare with the forecast.

>> Mayor Ieffingwell: That's not the same thing

-- I thought the same thing then. I just didn't bring it up.

>> I understand. Here's our combined austin water fund. You can see our beginning balance, total revenue, total requirements for 2014-2015. I did want to mention that the utility is proposing a reduction of 10 full-time positions for next year. It's a savings of about \$1.2 million, and that is part of our budget reductions going forward. Some other budget topics I wanted to mention are drought response. Obviously the drought has lessened a little bit this summer but it's still very critical. You can see that our lakes are only at about 38% full, continuing mandatory water restrictions throughout 2015 and continuing to enhance water conservation and working with lcra on our water management plan to come up with even better means by which to manage the lower colorado river. I wanted to mention that we are annexing two mud's this year as well. The lost creek area, strategic partnership agreement for many years that we would annex them in 2014 as well as the river place mud, and so we are taking

on new facilities, I believe two treatment plants as well as 11 [inaudible] stations without any ADDITIONAL FTEs AND TAKING On those costs of those annexations. I mentioned the joint committee recommendations. They challenged the utility to come up with at least \$25 million in budget reductions and we were able to do that and exceed that and the drought rates for stage 3 and stage 4, as I mentioned, but just looking a little bit forward I wanted to mention a couple other items that they had recommended for future years, and that is a transition to 25% fixed revenue over two years starting in 2016. We're currently at 20% fixed revenue, so we would tend to transition that at probably two 1/2 percent per year. We'll look at that in our budget next year, and then also transitioning our block 2 volume rate, which is currently below cost of service to be equal to cost of service over two years starting in 2016. That's another one of their recommendations. And then the water resource planning task force recommendations continue to, you know, protect and optimize the water from the Colorado river through continued enhanced conservation, focus on local opportunities for reuse and rainwater capture and infiltration, and then I mentioned initiate the integrated water resource plan. We have \$500,000 in 2015 appropriated for that particular purpose. With that, for more information you can see these names, and with that I'll just open to any questions you all may have.

[08:18:34]

>> Mayor Jeffingwell: Council member Tovo.

>> Tovo: I have a couple. I wanted to ask have you provided us with some

-- with a chart that would show us the average customer

-- that would show us the customer bill impacts on users of different

-- at different levels? I guess what I'd like to see is how

-- how the increase is impacting kind of the higher-use customers and what percentage increase they'll be receiving as compared to the other.

>> We have not provided specific intervals and we'll be glad to do that in any type of budget question.

But just generally from a cost perspective, a dollar perspective, obviously lower volume users will be impacted by this rate increase at a much less dollar impact than the higher-use customers, as the higher use

-- as you use more you're going to have to pay more in your bill than

-- than the lower use customers. But from a percent perspective it can be slightly different between water and wastewater and between lower volume or higher volume, and we can provide

--

>> Tovo: Yeah, I'd like to see that, thanks. So in essence our average customer is going to be, under this plan, receiving a 12% increase?

>> Yes.

>> Tovo: Have there

-- is it

-- I know certain

-- one suggestion that's been made is that there be kind of a base

-- a base rate with a certain amount of water contained with it as we do with the electric rates, and then have it escalate beyond there. Is that something that the financial water task force looked at? Having a

certain amount considered within a base rate to capture most of
-- or, you know, a fair number of customers and then have the rates increase as they do for the higher rates
-- for the higher users?

[08:20:39]

>> We haven't really typically looked at that. Many years ago we did include sort of a base volume in the minimum charge, and that was something that back in the '90s was something that the tceq at that time basically said that that wasn't normal cost of service practice. But instead of doing that what we did is we tried to include on the very first block of usage that it's significantly below the cost of service and below \$2. So we're trying to make that as affordable for the very low-volume users as we can.

>> Tovo: But it's likely they'll still be seeing a 12% increase?

>> Yes, on about average on that, yes.

>> Tovo: That's a lot. I mean, that's a lot for all of those who are seeing that increase. Okay. Well, I look forward to seeing that more specific breakdown, and I guess I would also like to see commercial users on there too, how the rate increase is going to impact commercial users across the scale, in terms of percentage.

>> Okay.

>> Tovo: Thanks. And was that presented to the financial group?

>> Yeah

--

>> tovo: Did they look at that level of detail?

>> In the function we do provide detail to them on residential as well as commercial and our other multi-family classes, yes.

>> So they got to see how it would

-- what the percent increase would be for each block of customers?

>> Yes, they did.

>> Tovo: Okay. Thank you.

>> Mayor Ieffingwell: So this is all

-- all customers, right? All residential customers is what you're showing us here on this chart?

>> Yes, it's the average residential customer.

>> Mayor Ieffingwell: I know it's probably going to be impossible, but it makes a big difference if it's single-family

-- in other words, somebody with a yard versus somebody who lives in an apartment, it's going to be seemingly pretty big, and that says a couple of things. I would say that from my own personal experience, going by the rules that we have in place today, that the residential customer is probably going to have at least double what you have on here, at least 15 to 20,000 gallons per month, something like that. But we don't have any way of breaking that out to see how that particular customer is affected. Right?

[08:23:09]

>> We definitely provide bill impacts on our average customer, and that uses around 7,000 gallons of water. Now

--

>> mayor leffingwell: Yeah, but you're averaging in people who live in apartments or condos, right?

>> No, no

--

>> mayor leffingwell: Oh, you're not?

>> No, these are just residential single-family customers. The apartments are in a multi-family class that are charged to that unit, not individual units but to that complex as a whole.

>> Mayor leffingwell: I thought that a while back we had started that transition to individual metering.

>> No, it's very problematic to individual water meter for each individual apartment. They can provide

-- there are provisions in state law that provide for that ability to do that, but the developers of multi-family units typically do not

--

>> mayor leffingwell: Well, state law

-- state law requires that they be plumbed

--

>> yes.

>> Mayor leffingwell:

-- for that. But the water conservation task force that I served on that I chaired back in 2006-'7 recommended, and I thought it was accepted, that we transition to individual meters for apartment houses, for apartments. But that has not been undertaken?

>> No, that has not.

>> Mayor leffingwell: That might be useful too, to have some indication of which of those recommendations have been implemented and which have not been implemented too, from that task force back then.

>> I believe almost all of the recommendations from the 2007 conservation task force

-- the major ones have been implemented, except that one. The problem with multi-family individual meters is they typically plumb those inside the residentia at the water heater and the apartment complexes might read that, but obviously the city meter readers do not go into there

-- it would be problematic for them to go into each apartment or even get those reads and provide those.

[08:25:22]

>> Mayor leffingwell: Well, that's unfortunate because obviously that was the intent of the state law, was so that you could

-- you could bill apartments individually for their water, and if you can't read them you can't do that. So talking about

-- have you implemented the require for denniss to have water-free rinsing stations yet? That was one of them.

>> Say that again.

>> Mayor leffingwell: Well, I just remember that was one of the recommendations, that we do to these new water saver rinsing stations for dentists.

>> I know that's been some discussion but I'm not sure if

--

>> mayor leffingwell: You're still mulling that one over, huh? [Laughter] , you know, car washes, that was the thing, having the transition to appliances. That was supposed to be done over a number of years. The soil depths, residential 6 inches, commercial 8 inches for new construction, that kind of thing. So it would be

-- I would be curious

-- you know, because the city actually got a conservationist of the year award by the american waterworks association for that program, and so it would be interesting to see how much of it we've actually done. If we have to give that award back maybe or something like that.

>> We could definitely provide an update to those recommendations to council.

>> Mayor leffingwell: Okay. All right.

>> Mayor?

>> Mayor leffingwell: Council member martinez.

>> Martinez: Thanks, mayor. David, I wanted to ask about a couple programs folks have approached us with. We realize that you're running into some revenue issues this year because of the continued drought and conservation working so well. But I just wanted to ask about the river watch program and the colorado river alliance. I know that both of those were recommended to not fund because of the ongoing financial conditions. But I wondered if you could explain to us, what exactly are we losing in terms of value for the service that they're providing?

[08:27:34]

>> Okay. First, the colorado river alliance I believe was \$40,000, and that was cut in the 2013 budget, not in the 2015 budget. What that was was a mobile classroom that was a partnership with

-- I can't remember the exact corporation, but they went around and did education on some of the colorado river and some of those kinds of things. We didn't feel like, I believe, that it was as effective or the value of that and the response needed after a number of years of using it, it became very effective. And so we eliminated that in our 2013 budget. In our current proposed 2015 budget we are proposing to cut a portion of the colorado river youth river watch where those youth will go out and actually do testing of the colorado river in different areas and do lab work and those kinds of things. I believe we were funding that at about \$180,000 or so, and we've cut about 70,000 of that, if I'm not mistaken.

>> [Inaudible]

>> yeah, it was

-- it was 185,000, and it would go to about 109,000 in 2015. The colorado river watch nonprofit director came to our joint committee recommendation

-- joint committee meetings and spoke to the joint committee, and the joint committee considered his thoughts on some of that and recommended, as well as we recommended as well, that we would cut some of that funding, not fully eliminate it but continue to have that partnership with them but at a

reduced level.

[08:29:34]

>> Martinez: And so if the budget is adopted as recommended and the \$80,000 is cut from the river watch program, does that connotate a cut in service that they're providing to us in terms of monitoring water quality levels in area streams and lakes?

>> I would expect there would be some cut in services, unless they were able to make up that funding from other sources, or there would be fewer youth that could participate in that program.

>> Martinez: Thank you.

>> Mayor Ieffingwell: Council member spelman.

>> Spelman: Thank you, mayor. My primary concern

-- we're all concerned about the utility and the tremendous losses that you've been taking in revenue, and I very much appreciate

-- all of us very much appreciate the work that all of you have been doing to try and cuss costs to the extent possible. My primary concern is that we have cut costs enough and raised prices enough that you're going to be afloat for the next year, and of course the primary uncertainty is what the weather is going to do and therefore how are we as customers, consumers going to be responding to the changes in the weather and changes in the prices. That \$30 million cut in cost that you've made or you're proposing to make over the next year, is this a sustainable cut if

-- if it starts raining again and we start to get more revenues will you want to build more costs back in?

>> You know, I think over time, you know, there might be some of those costs that we would want to reevaluate and bring back in, things that we feel like we could

-- that we have prioritized for reductions this time, but, you know, I think, you know, we have to ensure that our financial picture going forward continues to improve, so we would be

-- you know, I would expect over those next couple of years continuing to look at our budgets, prioritizing where we need it as well. But some of those costs, you know, are very sustainable some, you know, we would have to continue to prioritize as we move forward.

[08:31:41]

>> Spelman: I can imagine, for example, that you could defer maintenance for a year on lines, for example. You could defer it for a year, maybe two years but you defer it for very long and all of a sudden you have much higher costs downstream. Sounds like some of that 30% is things things like that where it can be deferred for a year or two but at some point we'll need the money back because we need to do those things.

>> I think that's true. You know, some of the things that we cut were sort of like contractual services, where we might have some tv

-- line cleaning of our wastewater lines and some maintenance on our water facilities. So where we were actually supplementing our work from a staff perspective with those contracts, we're sort of pulling back on those indicates and continuing to use staff services to provide those. We just might not get as much done but we're not fully cutting off maintenance on those things. We're still doing it with

staff. We've also looked at some

-- in reprioritizing some of our staff work, trying to free up certain processes to where we can have the opportunity to move some staff around to focus on those areas that were being funded through contracts and actually do that with staff. So we're trying to manage it the best we can going forward.

>> If I could

-- dave, I guess I want you to recollect, and you as well, some of our earlier conversations, certainly your sustainability questions, some yes and some no, but certainly the conversation that was had and going through preparing their budget was even more fundamental because it recognized that there was a structural issue that exists today in a way that it did not before, and in that context we recognize the change in behavior of people in regard to water utilization. And therefore whatever the floor was in terms of utilization and as that relates to revenue generation, the belief is that that's different now, and I think that that was recognized by the committee relative to some of the recommendations that they made. So certainly what we did this time to put this budget recommendation together for the council, some of those things are sustainable, but ultimately at the end of the day the conversation in regard to the structural challenge relative to their business model, and, you know, vom metric is really -- volumetric is the thing that's changed, we have more work to do and we need council's support in policy guidance at the he said of the day to make sure we're making the right decisions.

[08:34:25]

>> Spelman: I think there's a lot of uncertainty as to what needs to be done there, because even though people have backed off a lot on their water usage, because it's unpatriotic to water your lawn given the state of lake travis, when it starts raining and lake travis fills up again people will most certainly use more water but whether they return to previous levels of water usage is anybody's guess.

>> Well, and that's the question. And ingot conservative

-- even on the conservative side I would say their behavior will not go back to what it was before.

>> Spelman: That's my best guess too but it's not dead certain what's going to happen.

>> Mayor leffingwell: Well, I would just

-- if you don't mind could I add to this conversation? Because I agree with the city manager. I think it is a structural problem. I don't think it has that much to do with whether it's wet or dry. I mean, it certainly has something to do with it, but, you know, prior to 2011 when in that year the lcra sent 450,000 acre-feet downstream, three years' worth of the city of austin's use. They're not doing that anymore, by the way, and the lakes have pretty well

-- still in drought but have pretty well stabilized, drifting but they haven't gone down much since that outflow was stopped. But the point I was going to make is that prior to that event, some of the worst -- worst years for the water utility were wet years. Because in wet years people don't need to water and they don't. So

-- so what's really needed is some kind of structural change in the way the water utility bills, you know, that really reflects the true cost and the true cost is not really how much water people use, it's the cost of providing the infrastructure to get that water to their house. And so

-- because that cost is the same whether somebody uses 10 gallons or 100,000 gallons. That cost is the same. So that's what we have to look at, make that structural change to make it not so

-- the water utility's revenue not so dependent on whether
-- on climatic factor, such as whether it's wet or dry.

[08:36:44]

>> Spelman: We have to find a sensible balance of charging on a cost of use basis which implies a high fixed cost, if customers were able to bear the high fixed cost and benefit most from volumetric charging. It's a hard circle to square.

>> Mayor Jefferingwell: Nobody ever said it would be easy, but I'm just saying to put the water utility on a good business footing, that's what you have to work towards, and I agree that being a city owned utility you're going to have to consider factors like that.

>> Spelman: Council member Martinez, it's on exactly this issue but I've got some more questions.

>> Martinez: It is, and I agree with both of you. I think we need to have a pretty intense conversation about how to structure a base rate, and then charge per gallon above that base rate, and that base rate is what you're talking about. What does it cost to do business. But I'll also say we need to do that for wastewater

-- for grey water reuse, because what we're seeing now is having to raise those rates, you know, 33% annually just to try to recover some more fees. We're not charging the base rate of the infrastructure that it took to put in place to start selling that reused water. So I think it needs to happen on both sides. And going back to the apartment conversation, mayor, I actually have intimate knowledge of how this things runs because I did this as a firefighter. So the bill passed to allow apartment complex to individually meter apartments. What it did was it allowed the apartment owners to gain more revenue and tie their water metered rates to their lease. So if you didn't pay your water bill you would be in violation of your lease agreement and therefore could receive a termination notice. We could as a council ask those apartment owners

-- we could set regulations to require them to turn over, you know, those metered numbers so that we could set a base rate for apartment renters that possibly could be different from residential owners, but I just think there needs to be a detailed conversation and some policies that could forward out of the council so that we can restructure the water utility.

[08:39:01]

>> Spelman: Sounds like it may require a change in our legislative agenda too.

>> Martinez: It's possible.

>> Mayor Jefferingwell: Well, the legislature already requires that the plumbing be there in anticipation of individual apartment metering. So all they would have to do, and that was a recommendation of the task force here in the city of Austin, is that they go to individual metering for new apartments.

>> Spelman: For new apartments. Yeah.

>> Morrison: Could I just add to this point before you go on to your other question, if I may? You know, I think that the work that you all have been doing really has been moving to trying to address this issue of what do we do? We don't want

-- it can't be a volume

-- we can't depend on volumetric sales, and I congratulate you for moving in that direction with the joint
-- with the task
-- the joint committee, and I did want to point out, so we're talking about the water utility having our customers pay for the service, not for the volume, basically. And I wanted to
-- if you could put that slide up again, the new one that you add, the average customer bill impacts, that's exactly what we're seeing. We're seeing
-- basically the water
-- let's just look at the water going from last year, somebody would be paying \$45, and it doesn't matter that they're buying less, we still need the average person to be paying about \$45, and that's exactly what that rate increase is what you're recommending. So we're already looking at, you know, the impact of that, and I'm not sure if this number was said before, but if you look at what is the difference between 9 and 46 that's a 22% increase. So people are paying 22% more for
-- for the same amount of water. But anyway, we're already seeing the effects of exactly that, and I think it's even more important. It's about extreme weather. Mayor, you're saying, you know, we might be seeing rainy days, but lots of times we see when we get extreme rain it doesn't even help our lakes. So
-- anyway, it's just
-- it's going to be a big challenge for the coming years going forward.

[08:41:10]

>> Mayor leffingwell: Well, but sometimes it does. I mean, it's been remarked that the halloween flood, if those storms had been 12 miles to the northwest, the lakes would have been full.

>> Morrison: Right.

>> Mayor leffingwell: And that's what happened back in 1957. They filled up virtually overnight from lower than they are today. And the other point, I always try to make this point because I know a lot of people

-- the newcomers don't get it, but when the lcra system was built with seven lakes, they decided to make four of them

-- five of them recreational so that they would be at constant level and people could do water sports and have their house on the lake, and they would make two of them to be storage and flood control lakes, and that was travis buchanan, so those lakes were always meant to go up and down. They were meant to store water in case of droughts and they were metropolitan meant to capture water in case of floods. You don't want them to be full because then you control a flood.

-- They can't control a flood. You want them two-thirds full all the time. That's the way it was intended. Travis and buchanan were not built to be recreational lakes and overnight people have come to expect them to be, built their houses and so forth, so that's a big root of the problem right there.

>> Spelman: May I continue, mayor

-- if anyone wants to pursue this further

--

>> mayor leffingwell: I don't.

>> Spelman: Not changing the subject, plow forward on this. [Laughter] okay. So where I was before, you're going to have to probably ratchet back up, take back some of that 30% reduction in cost in

ensuing years, and we're going to need to build in in ensuing budgets a little bit more revenue so you can catch up a little bit, how much exactly something is going to be working over the next year or two.

>> As far as the 30 I don't think we've looked at it of which would have to be added back in in future years. I would think it would probably be somewhere

-- you know, a good half of that \$30 million is hopefully permanent reductions in some of our transfers going forward. So, you know, that's part of that, but then I would expect, you know, 10 to \$15 million of the remaining \$50 million would be something we would have to add back in slowly over time, depending on how we have reacted to doing that with our own staff, those kinds of things. We

-- you know, earlier in this year we provided a forecast that still did assume some additional staffing level in the future. So those kinds of things would

-- would come back. What we see after this particular rate increase, we do see a much more

-- hopefully much more stable condition moving forward.

[08:44:05]

>> Spelman: We hope it's -- I hope it's stable.

>> Things can change, but that's definitely our hope.

>> Spelman: Given that, you're talking about an estimate of water usage which, again, you're just taking, I think, total gallons pumped, dividing it by the population served and you started with 136 in '13, an estimate of 126 gallons per day per capita for '14, and you're estimating going forward 125. What's the basis for that and how much fuzziness is about there about what you expect.

>> Obviously our population continues to increase next year and we're factoring that in. In our current fiscal year we're projecting about 39 to 39 1/2 billion gallons of water sold. We do anticipate the annexation of riverplace, which is currently not a customer of austin water, so their usage of between 2 and 300 million gallons will be additive to our consumption in 2014, and then of course population growth and new customers, that we are projecting right at 40 billion gallons of water for next year, in 2015. So it's a very flat projection going forward. As you look out into the future, it stays right around 40 to 41 billion gallons, extremely flat for the five years.

>> Spelman: One of the

-- I don't know if we've had this conversation, but the next round of the conversation, when prices go up, people tend to back off on the use of whatever it is

-- expenses, especially in a volumetric sense. If our cost

-- if people's volumetric cost of water are going up something like 22%, you could reasonably expect maybe a third, maybe a seventh of that amount reduction in the actual water use. Is that something you're taking into account in estimating this 125 gallons per day?

[08:46:10]

>> We definitely have taken that into account. In future years it's been a little bit clearer cut than it is in 2015. You know, this year, as I've mentioned in the past, our 2012 consumption under stage 2 was at one level, and then in 2013 was lower by a couple billion, and then 2014 is going to be lower by another couple billion. And so it's extremely difficult for us to estimate the exact consumption. So while we have

some of that price elasticity, as you are talking about, embedded in some of our projections, we have also looked at just where we are and where is it going to be and try to project that as close as possible. So it's a little bit more vague this particular year than in prior years.

>> Spelman: And some of that reduction has been due to increases in price, but some of that has been due to recognizing there's not as much water and the effects of stage 2?

>> Exactly. And I believe as we've been in stage 2 for three years now, this next month, that people's habits have changed and people are more conscientious, they've dialed down their irrigation systems to what they really need and they're complying with our compansion efforts and we're seeing that reduction. We hope that that 40 billion is about the floor that we're going to be at.

>> Spelman: As the manager was suggesting, some people have gotten rid of the st. Augustine and planted salvia.

>> Zoysia.

>> Zoysia, fine. I'm okay with zoysia. [Laughter] do you have any estimates as to when we're going into stage 3? Whether we're going to stage 3. Maybe we don't need to.

>> The lcra makes a six-month projection every month and as of august they updated their sort of lake level projection, and they are seeing that under even the lowest drought rate conditions, that we would not reach 600,000 acre-feet by january of 2015. So it would be sometime after january of 2015.

[08:48:26]

>> Spelman: Okay.

>> We'll see another update in a couple of months. The no release of agricultural water this summer again has saved the lake levels significantly. The rain that we had in may did help quite a bit, so we have seen a more stabilization. I believe they're also factoring in a percentage possibility of el nino, which would provide a little bit more rain during the winter months, and so they're projecting not sooner than january.

>> Spelman: The latest estimate from noaa was a 70% chance of a mild el nino.

>> I've heard 65% recently from lcra. So right around in that

--

>> your data is better than mine. So there's a chance this will lighten up and we might even at some point in the foreseeable future, like in the next couple years, lift stage 2 and start watering lawns again.

>> I hope we never reach stage 3 or stage 4 and never have to enact the drought rates that we have.

>> Spelman: Here's my question. Suppose the worst-case scenario from your point of view is what I'm concerned about. You've already raised rates. People have already lowered their water consumption. If we were to go to stage 3, it's hot, if it stays hot for a little bit longer than usual, it doesn't rain, what have you, if you add it up we go from 40 billion to say 38 billion, that 2 billion per year reduction continues. How much trouble are you going to be in?

>> Well, in our drought rate projections we've assumed that our current 40 billion gallons that we would project would go down by about 6 billion gallons under stage 3 water restrictions. That's significant reduction. That 6 billion gallons results in about a \$34 million impact in our rates, and which that \$1 drought rate would recover that \$34 million. So, you know, obviously if you put in a dollar drought rate and it doesn't go down to 36 and it only goes down to

-- excuse me, 34 billion gallons, it only goes down to 36, then we'll collect more revenue under those stages. If it goes down to, you know, 30, then obviously we wouldn't collect enough. And
-- in those kind of situations. But we feel like we have as good an estimate as we can given something that we've never experienced before here.

[08:51:01]

>> Spelman: Your estimate is that that dollar would be sufficient to carry the full thing if we went to stage 3.

>> Yes, if we went down to 34 billion, then a dollar at 34 billion will collect \$34 million, which would be what we would estimate that revenue loss to be.

>> Spelman: Okay. I feel better. Thank you.

>> Mayor Ieffingwell: Council member morrison.

>> Morrison: And really just to follow up on that, in the realm of better late than never, one of the things that you're doing is building a reserve fund.

>> Yes.

>> Morrison: Revenue stability fund, which really is a structural change to help

-- I doubt that you're expecting it to cover 34 million. That's why

-- that's why you're looking at drought rates. And we have folks paying into this fund a little bit at a time right now. Could you talk a little bit about

-- and the reason I wanted to

-- I'm interested in the status of the fund, how big it is, how big we think it needs to get, and what are our policies that we are

-- if you can remind us

-- adopted to decide when to spend that. And part of the reason I want to be reminded is because in our austin energy committee we're talking about exactly what those policies should be.

>> Okay. We did create a reserve fund in february of 2013. The current balance at this time is just under \$10 million. So by the end of this fiscal year we'll have about 10 1/2 million dollars in that reserve fund.

The policy is to build 120 days of o&m expenses in that reserve by 2018. At that time we would expect it to be about \$50 million in total cash. The policies that we implemented based upon the 2012 joint committee recommendations was that those funds could only be used by a

-- because of a revenue shortfall in the water utility, water only, that exceeded 10% revenue shortfall. So we'd have to have at least a 10% reduction in revenues before we could use that. We also set forth that we would only use 50% of the fund in any one year, which would allow us basically a two-year fund level that would be provided for an extended revenue shortfall for whatever reason. It definitely was not intended to handle stage 3 and stage 4, and that's why we created the drought rates to do that. But it is something that, you know, will be very helpful for just the normal revenue fluctuations as we move forward. You know, obviously a 10% water revenue shortfall right now would be over \$27 million, which is about half of that fund. So we could make up that revenue in any one year for that.

[08:54:09]

>> Morrison: Okay, great. And right now

-- so we have a fixed charge or

-- excuse me, a volumetric charge, right, added right now to cover

-- to help build that.

>> That is correct. It is currently 15 cents per thousand gallons. It's projected to go to 19 cents in 2015.

>> Morrison: And then continue to go up until 2018 when it's fully funded?

>> It will go up to about 22, I believe the next year. We have tried to transition it over that five-year period. I think the highest rate would be about 24, 25 cents, and once it is achieved at the full 120 days, then we expect it to go down to about 4 or 5 cents to where it would just be able to maintain that 120 days going forward.

>> Morrison: Right. Okay. And so that's just a reminder to anybody that's going to be here in 2018 that we will see that reduction then, because that's

-- you know, that's always one of the fears, when people add

-- when we add a fee that is meant to build something and should go away, that it never goes away, and we want to make sure that goes away.

>> And one of the other provisions of that reserve fund too is if we do use those funds, that we put that replenishment back in a five-year transition. So it wouldn't be as hard for our customers to be able to transition to that. It wouldn't happen all in one year.

>> Morrison: Right. And it's interesting because in austin energy, you know, we have, what, six different reserve funds. This is just

-- we only have one.

>> This is only one reserve.

>> Morrison: So it's a much different model, but it's being done in a very methodical way.

>> Yes.

>> Morrison: Thanks.

>> Mayor Jefferingwell: Thank you. I just want

-- I just want to say in closing that I'm going to reiterate, I think, that in the long run, certainly not in year but in the long run what has to be done is a more realistic customer charge to reflect the costs, the fixed costs that are involved, regardless of how much water is used, and we don't pay anything for water. You know, the water is basically free anyway, at least for the foreseeable future. But what we don't have is a system that reflects the true cost of the infrastructure required to provide the service. And frankly, austin energy needs to do the same thing. Thank you. Next is public works. Sending in all the subs today, huh?

[08:56:53]

[Laughter]

>> good afternoon, mayor and council. I'm james snow, assistant director of public works and I'm joined today with our financial services division manager, karen magio. We wanted to thank you for the opportunity to present an overview of the proposed budget for public works for 2015. As you've noted our director is not in attendance today. He's at the apwa conference in toronto. He wishes to express his gratitude to the council for their continued support. The mission of the public works department is to

provide an integrated approach to the development, design, construction, maintenance of the city's infrastructure system to support exceptional quality of life and environmentally sustainable manner. As far as our mission or major accomplishments in fy '14, the department quietly went about our business in maintaining the streets and sidewalks. As you all know, the lady bird lake boardwalk was completed this year and now has become an austin icon. Our capital delivery team in collaboration with the library department made significant progress on the new central library. And finally, public works takes great pride in our role in the city's response to the halloween flood recovery effort. The next slide is provided to remind you of our funding sources, and it is intended to be used as a reference. It also indicates our model that tracks sources through outputs, and which is expressed in the metrics as you'll see on the next two slides. The next two slides show the top 24 performance measures. Of the 24, only two are slightly off target for the current year. We anticipate to be slightly below our targets in the linear feet of sidewalk repair and curb and gutter repairs performed by in-house crews. The reason for the variance is that the in-house crews and resources that were scheduled to complete the work were diverted to assist in the hollywood

-- I keep on saying hollywood flood, I'm sorry, but halloween flood. The next slide, as you can see, all the measures on the slide are on target for fy '14. But I would like to note that the overall percentage of the city's network in fair and excellent condition is back up to approximately 80%, consistent with the department's goals and to maintain the percentage between 80 and 85% yearly. On this slide I'd like to take a note and

-- about an error on the slide as far as it should read "department revenue." I apologize for the error. The main funding variances for fy '14 are attributed to the separation of the transportation user fee into the public works transportation fund, and also the austin transportation mobility fund as rob spillar mentioned earlier today, and to a drop in the capital projects management fund revenue due to the transfer of the sidewalk program and staff and resources to the transportation fund. That was part of our realignment this year as far as programs.

[08:59:54]

[One moment, please, for change in captioners.]

>> public works is requesting a small increase in the trappings user fee this year, primarily to cover the raise for city employees of 3.5% and slight increase in the city's support costs. This amounts to about 27 cents per month per single family home. The 250,000-dollar transfer of the child safety fund is necessary to hire additional crossing guards as requested locations but also covers the increase in the raise for the full-time staff. We have two goals to the transportation fund that we should be able to achieve in fy 15, for balances resources and uses. Reserve is necessary to provide for emergencies such as replacement of the river ridge until reversals can be realized. The sources and uses are balanced for the cpmf and fy 15, and ending balance is adequate to address any unforeseen conditions. I got one slide head, I apologize. The sources and uses are also balanced for the child safety fund. This fund is almost entirely salaries so a large balance is not required as far as any unforeseen conditions.

[09:02:49]

>> That concludes my brief volunteer review of my overview of public budget.

>> Mayor Leffingwell: Thank you. First, I want to congratulate you on keeping an amazingly low profile over the entire time I've been on the council and mayor, as I haven't met you before. And second, I want to congratulate you on delivering an excellent brief report. Any other questions? Council member morrison.

>> Morrison: I think that the unmet needs had mentioned an increase desired for the crosswalk. Where do we stand on that now? Is that still

-- are we

-- I think it sounded like the goal was to be able to satisfy all the requests, and are we able to do that, or how far along are we? How low are we on that?

>> I know what we've included in our proposed budget is a general fund transfer to the child safety fund of \$250,000, which is needed to keep the fund balanced. We were projecting a negative ending balance without that influx of funds. I would need to look to James in regards to any other requirements the fund may have in regards to potentially any additional crossing guards that are needed, but the 250,000 was to keep it whole, given the existing service levels and staffing.

>> Morrison: I think I saw a suggestion of \$700,000.

>> Well, the initial suggestion, 250,000, covers some of that concern, and that was to maintain the current staffing levels that we need. The other two components that we're requesting, the 700,000-dollar, one is to convert our seven superintendents, supervisors, excuse me, for crossing guards, which are seasonal p.m. Part-time employees, to 30-hour full-time employees, giving them benefits and allowing to extend their school year. Usually they work ten and a half months out of the year. This way they'd be on 12 months and give us a little more support instead of a quick ramp up in August to get ready for the school year. The other was dealing with the concern that council was talking about, living wages. We had a significant increase last year. That was the first increase in approximately 7-10 years for the crossing guards. We're trying to, obviously, compensate them for their time. Volunteering is important but it's also to be able to compensate for the great service they do for our school children.

[09:05:25]

>> So what is the status on those last two things

-- so he with this budget, we're not able to move the supervisors to employees.

>> Currently that's not mind extra in the budget.

>> And we're not able to bring everybody up to \$11 an hour.

>> Yes, ma'am. Like I said, last year we did a significant jump where I believe the crossing guard average -- obviously some of them have been here longer, so they make a little more, is about \$10.30 an hour, and supervisors would be \$10.70 an hour, and that's an average. But based on the staffing needs we need to man the crosswalks, that's a more significant need to cover than those two other ones.

>> So are we able to satisfy all the requests that we have, that we feel need to be satisfied?

>> As far as

-- as far as coverage, yes, ma'am.

>> Yeah. Okay. Thank you.

>> Mayor Leffingwell: Any other questions?

>> Mayor, I wish I'd known about that living wage when I was a crossing guard at becker elementary. Council member martinez.

>> Martinez: Go, I could make so many comments. I won't, though. On page 303 in volume 1, I wondered you know, I know that our other performance measures so that we're doing a fair job at keeping our roads in best condition as we can, but when I look at the 2014-15 proposed, we're proposing almost

-- it looks like about 40 percent of our roads to be in fair, poor, and very poor conditions. Am I reading this wrong?

>> I'm looking at the chart. Based on the specific metric, we had a significant increase this year and got back to close to the 80%. I'd have to look back at that and give you exact answers, and talked our arborations group.

>> Do we actually have a heat match, if you will, that would show where

-- is it disproportionate to a portion of our city that's older?

[09:07:30]

>> Yes. Realistically, with the street preventative maintenance program, where we look at the asset management approach, yes, it's usually in the older parts of the city where a lot of the work is done. If you look at our capital program, a lot of the work is concentrated in those areas, where if you compare to, let's say, the northwest part where we've had a lot of infrastructure put in, it's very low maintenance. So it's just a balance. It's also where the infrastructure is. But we do

-- last year, what we did was we completed

-- every two years we do a complete assessment of the streets. Now, what's difficult in austin, as far as regarding the streets, is that it's not just flat, just put it down because it's the way the geology is here, as far as one part of the city, you have cavernous line as to any, the oh, you have sand pits, so sometimes its changes rapidly. Also, because of the drought conditions, has a great deal of effect on pavement. So each year, like I said, every two years, we do an assessment of the complete streets, and then we try to, through our asset management program, address 10% of the inventory.

>> And that assessment, do we actually travel all of the miles or is it an estimate.

>> No, it's an estimate. We hire a crew that comes out and they do an assessment of the streets. They drive the streets and do a pavement assessment, then puts its into our pavement assessment tool that we have, to validate some of the conditions. Because like I said, if we just took a linear regression approach, like maybe the accountants would do, as far as it's worth this, and over five percent each year, because of the things going on that could possibly affect it, factors, we need to do that review. Like I said, we usually complete every two or three years, we do the whole system. We do half one year, half the other, then update it.

>> Last year you did half the system?

>> Yes. And we used a new contractor. Their approach is a little different. We had a little dip last year that caught us unexpectedly because of the way the assessment was done.

>> Do you think you could provide us with that assessment?

>> Yes. If you form a budget question, sir, I'll get operations to provide that.

[09:09:33]

>> Martinez: Sure. We're happy to put it in a budget question.

>> The other couple of graphs that I notice that stood out a little bit were percentage of projects that passed one year warranty inspection without significant construction deficiencies. And it seems to have dropped significantly to 80%. Is it attributed to any specific project, or is that

-- are we trending?

>> Oh, I'm sorry.

>> It's page 308, volume 1.

>> It was explained to me that it was the amount of the projects have decreased, so that percentage jumped because one project makes a significant percentage jump compared to a larger volume.

>> Okay. And likewise, the percentage of engineering services projects substantially completed on schedule, that has the same effect because of the low number of projects?

>> Yes, partly that and also that we'd seen an unrealistic rate there that we're looking at back, saying that realistically, the work wasn't flowing. It wasn't a decrease in service levels, just decrease in volume.

>> Decrease in workload because of growth, development, things of that nature?

>> Yes.

>> Okay. Great. Thank you.

>> Mayor Leffingwell: Okay. Thank you very much. Watershed protection.

>> Good afternoon. I'm victoria lee, director of watershed protection delaware and I'm here to provide you an overview of our fiscal year '15ed proposed budget. The watershed protection department's missions are to protect lives

-- the watershed protection department's mission is to protect lives, property, and environment of our community, by reducing the impact of flooding, erosion, and water pollutions. We use the number of structures, roadways, with increased hazard protection as one of our key measures for flood protection. This measure is highly dependent on the nature and complexity of the projects we are working on. Also, the numbers here for fiscal year '13 through '15 reflects that we have been wrapping up projects funded by the '06 bond program. This measure does not include property buy outs. We track buyouts separately. For any any '15, we have funding to buy out 140 properties and expect to close on 115 of those in the same fiscal year. The linear feet storm drain infrastructure installed or replaced a measure for our maintenance effort. Our pipe construction crews perform pot repairs of current systems, in response to citizen requests and finding from our inspection team. The majority of these work assignments are small pipe patches, or installation of pipe features, in new infrastructure. So usually we have to mobilize, excavate insensitive area, make a repair, then make a patch, or we're likely to be changing the performance measure for this effort to percent of work orders completed. We're on track with our other performance measures, but gallons of pollutants recovered demand driven performance measure. It is the result of business inspections and spill response. We always hope for a number less than we project. This past year has been a hugely successful year for the department. We've accomplished many important goals and made significant progress towards our mission in fiscal year '13, council adopted, updated watershed protection ordinance. This ordinance made over 220 large and small changes and is the first major overhaul since 1986. The ordinance is the culmination of two years of work, with over 30 public meetings, with a diverse group, representing neighborhoods, business,

developers, engineers, environmentalists, local and regional agencies, and academia, by improving the protection of creeks and floodplains citywide, the ordinance also builds a solid foundation of protected and connected green infrastructure. We have been very engaged with the onion creek neighborhood during and after the floods of october 2013. In addition to the 223 properties we had purchased prior to the floods. We quickly population and identified funding to purchase 116 homes, substantially damaged by the halloween flood. And in june, council approved the issuance of significant of

[09:15:20]

--the certificate of obligation to allow the city to purchase an additional 140 properties at risk in a 25-year floodplain. Staff again has done tremendous outreach to the community. Also, this fiscal year, the u.S. Fish and wildlife service issued a permit to allow for continued operation and maintenance of barton springs for the next 20 years. This means the service supports and approved watershed protection department's plans to let people enjoy the pool while protecting the habitat of the endangered salamanders. This slide shows our sources of funds. Drainage utility fee provides 98% of the department's revenue. We received a small amount of other income from development reviews application fees and interest. In our departmental expenditures reflect modest increases to continue our current level of service. Out of the proposed 83 million, we will transfer 24.6 million to our cip program. 7.6 million increase from last year's 75.4 million is primarily for base cost drivers. We have worked very diligently to keep our expenditure increases in check. The waller creek tunnel is expected to be flood-ready by end of this calendar year. The fiscal year '15 budget includes a 400,000 increase to analyze the tunnel maintenance activities. In keeping with our long-term strategy to increase cash funding of our capital program, our transfer to cip increased two million next year. In addition, we have included one new position to address lake austin watershed management issues. This position will help facilitate a team of interdepartmental staff working on lake austin issues and maintain communication with the lcra and others other external stakeholder groups, tracking implementation of the lake austin task force recommendations, and report back to council. We continue with our robust capital program in fiscal year '15. This includes funding of the buyouts at onion creek and conservative 4.6 million in planned spending for waller creek tunnel inlet construction. This facility will capture flood water during storm events and will recirculate storm water and introduce lake water into the creek during the dry weather. Other spending highlights are for bread and butter type of projects, such as storm water treatment, storm drain projects, flood control improvements, and stream restoration projects. So we have about 100 projects big and small, and one of the more significant example is the shoal creek restoration projects from 15th street to 28th street. We're proposing a 60 cents, this is 6.5 percent increase to our base building unit to generate an additional 5.8 million. The residential drainage charge will be \$9.80 per month for most residential customers. The department receives a small amount of revenue from drainage related development revenues, interest income, and a few other miscellaneous fees. We are projecting a 300,000 increase from these revenue resources. This slide summarizes the details of the drainage utility fund. The proposed budget includes a fee increase of 60 cents per month, as well as use of our ending balance to fund 7.6 million increase in expenditures. Under the council direction, we have used or identified funds, altogether, approximately 106 million for all the houses. In the lower onion creek area, within the 20-year floodplain. It is estimated \$78 million would be needed for the remaining

240 properties at risk in the lower onion creek area, and 72 houses in a 25-year williamson creek area. And there are approximately 140 properties that are substantially damaged, and fema does not allow these properties to rebuild, unless there are plans to eliminate the flood hazards. On august 1st, budget office sent council a memo outlining these funding options. Basically, we can redirect cash from our cip projects or use funds through drainage fee or general fund. So this concludes my presentation, and thank you very much for your time.

[09:21:24]

>> Mayor Leffingwell: Comments? Thank you.

>> I have a comment.

>> Mayor Leffingwell: Oh, one quick question, and I know you're not going to have this right now, but I'd be interested in seeing if you have the information available, maps of all of the properties within the city of austin that are in the hundred-year floodplain at some point, before we do budget

-- do you have that info?

>> Yes, we do.

>> Mayor Leffingwell: Council member morrison.

>> Morrison: Thank you. I wanted to start by saying when I was looking at your slides ahead of time, I noticed the one on major accomplishments, on page 131. Those are really impressive accomplishments, and I thought that if we were to of a department of the year award, I would be nominating you guys because if you look at these three accomplishments, the watershed protection ordinance is hugely significant in terms of having additional protections, not just citywide, but with a special focus on the east side that didn't have those protections before. So a huge step for environmental justice. Obviously, the work that you've done with the folks in onion creek in dire need, that is very meaningful, and the fact we have 20 more years where we can still maintain the heart and soul of the city of austin by being able to share the habitat of barton springs, that's significant, too. So congratulations to you guys. It's really been a terrific year for you. And I just thought we should take a moment to recognize that.

>> Thank you.

>> Morrison: So I wanted to also

-- another thing that jumped out at me in your

-- in the message from the director, on page 334, I just want to read a line that I think is not

-- it's a line I agree with, I just think we need to think about it in larger terms, and it's the fourth paragraph, starts out: The city cannot afford to allow development that perpetuates problems of the past. This includes not allowing development to continue in flood hazard zones or areas where the storm drain infrastructure cannot support the current or proposed demand. And I wanted to highlight that, and that's one of the things we wrestle with, say through neighborhood planning, that goes one of the issues that's on the table right now with the south lamar

-- excuse me

-- the south austin maybe plan. People are concerned about adopting infill and incentivizing infill when we have not had the ability to do an analysis of the capacity of the infrastructure to absorb that including storm drains. And I don't know how we're going to work through that. We're suffering and we're having to look at how to mitigate the problems that arose just north of there in the south lamar

neighborhood. I know you all are working with us on that. So it just seems like we're sort of -- we need to get these issues aligned. Yes, we want to embrace infill in the right places but we've got to be doing it in a way we're not going to have to be coming back and correcting all the mistakes. I appreciate you for pointing that out, and I think that's a challenge that sooner rather than later, we really need to figure out. And, sue, I don't know if you have any solutions for us yet, but, you know, it's really a coming together of a lot of the departments that are underneath you. So, let's see, I wanted to also

-- let's see, I'll just go to, I think, page 349, two specific questions on some of the performance measures. The average number of barton springs salamanders in eliza springs, last year it was -- the numbers jump around a bit. 2012-13 was 338, estimated next year 75, amended is 500, now our target for next year is 350. You're welcome to get back to me if you don't have the answer off the top of my head, but I was wondering why that jumped around.

[09:25:36]

>> Yeah. I'll get back with you.

>> Morrison: Okay. Great. And then on page 351, there's one more, and that is the graph there, the number of drainage features added to gif database by staff, it's going from one or two thousand up to, you're looking at ten thousand next year, and I wondered also, sounds like there's some program in place that you're going to be adopting

--

>> we are trying to complete our database, so we're putting together a lot of the features we collected from our research of plans, site plans, and also from our tv inspections and those into the database.

>> Morrison: I see. So you expect those to be done next year.

>> Right.

>> Morrison: And what exactly are the drainage features? Even from site plans your integrating

--

>> different pipes, you know, storm sewers, where they are. Yeah. Yeah, the features would include the depth

-- the depth, the width, length, specific. Yeah, we're also adding staff resource.

>> Morrison: Okay. All right. Thank you.

>> Mayor Leffingwell: Okay. Thank you very much.

>> Thank you.

>> Mayor Leffingwell: Aviation department.

>> Mayor and counselor I'm jim smith with the aviation department and with me is yolanda tovar to present the budget. In terms of our mission statement, the mission of the airport is to provide our community connectivity to the global air transportation network and do it in a way that hopefully we do it with an austin style service experience. In terms of some of the accomplishments, growth is the overriding issue that the airport is dealing with and trying to cope with right now. Last year we finished as the third fastest growing airport in the country, and this year we're either one or two. So the growth is significantly higher than you're seeing on a national basis. Last year we topped 10 million for the first time, and this year we'll probably hit about 10 and a half. Three months this year that have exceeded

our highest month ever in terms of traffic, and in July we just exceeded one million passengers for the month. So the growth continues. We have 13 carriers going to 43 non-stop destinations. That 13 is higher than the typical airport of our size, and the result is that competition helps meet, gait or moderate the fares that get charged in our community. In terms of some of the performance data, we obviously track our

-- which one is it? I'm trying to keep you in the dark. We track our customers' service response through a series of surveys, and we always try and keep that in focus. The two main things we try and focus on for our service experience is cleanliness of the airport, as well as the courtesy and helpfulness of the staff at the airport. In terms of lost time injuries, we have a large focus on safety. There's a lot of activities going on at the airport and we're very proud that we've had one lost time injury for the last two years to keep the employees safe. In terms of our airline costs per plane patterns we are mid packed, there's 33 airports classified by FAA as medium airports, and our cost of operation for the airlines in Austin is right in the middle of the pack. You've got airports like Sacramento and Pittsburgh that are about \$18 per passenger, you've also got Nashville and couple of other places down around four or five, but eight dollars is in the middle, which is a good place to be. Our non-iron revenue continues to grow as the number of passengers coming through the airport continues to grow. In terms of our sources of funds and departmental revenue, we expect to increase the amount of revenue that we bring in this year by \$12 million. You can see from the chart that that increase will flow across all of our categories of bringing in revenue. So the proposed revenue for next year is almost \$116 million. In terms of uses of the fund, in terms of departmental expenditures, on an operating basis, we are going up 6 and a half million dollars, revenue is going up 12, while operating expenses six and a half, so we're growing revenues faster than we're growing our operating expenses. We have a larger transfer planned for going to the capital fund this year to assist with our large capital program for some of the expansion projects that we have going. In terms of budget highlights, we're proposing to add 17 new FTEs TO THE DEPARTMENT TO Pretty much catch up with all of the growth that has been occurring over the last seven years. Our compound annual growth rate in passengers has exceeded five percent, but our FTE growth has been about 1.2%. And as a result over the last seven years, we've kind of fallen behind. We need to add staff in some critical areas in order to support the continued operation. And the rest of this page just highlights the specifics of the various positions that we're adding. In terms of the CIP highlights, our spending plan for the coming year calls for spending about \$81 million. The main projects, you're all familiar with. We have a Conrack, rental car facility under construct. The East Infill project which is going extremely well, along with the seven gate expansion, as well as expanding the apron for planes to park overnight. Taxi pay is under construction as well, so there's a lot of construction activity going on at the airport, all intended to prepare us for the next stage of the volume of passengers that we'll have to be handling. And under revenue highlights, as we mentioned earlier, we're expecting \$116 million in revenue to come in this year, which is an increase of 12 and a half. And we're projecting a 5% increase in passenger growth again, and that will follow two years of almost six percent growth. And to put that in perspective, the typical U.S. Airport is growing at less than one percent. So our growth rates are significantly higher than everybody else is experiencing. Finally, in terms of the fund summary and the overview, you can see under transfer to capital fund that we are planning to transferring \$26.3 million at the end of the year to the capital fund. That's our net after all expenses have been paid and the revenue comes in, so that's pretty much in the range of where we've been for the last couple years, so we think

our financial position is very stable. And that concludes the brief overview. I'll be happy to answer any questions you may have. Questions? Council member morrison.

[09:34:07]

>> Morrison: Thanks, jim. Lots going on at the airport, no doubt about it. I just have one question. In the fees, so that's in volume 2 on page 634, I wonder

-- one of the things I like to keep an eye on is the parking rates because that comes

-- those parking fees generally come out of the pockets of the people that live here, and it looks like there's some restructuring going on, and I wasn't quite able to capture what

-- what the plan is because we have some new fees, something called hourly parking that wasn't there before, covered daily parking.

>> There's a number of parking products that we plan on adding. For example, last year we added the family-friending valet service that we didn't have before. That's been successful to the point where we have to expand it. We have another parking product coming on board, when conrack, the rental car facility is finished, the third floor of the upper garage gets returned to us. That will be available for parking. We're crating creating a new parking for that.

>> Morrison: Which one is that? Is that the hourly parking? Or that still counts as the garage?

>> Actually, before I give you a wrong answer, I will get back to you on the specifics of

-- I can put together a chart that lines up which parking product we're talking about with what type of a rate we're proposing and get that to you.

>> Morrison: Okay. That would be great, and also if you could address the valet parking, because I see you said

-- I've seen the family valet advertised, but I only see in here for this year an executive val, "not a family-friendly valet fee, so is that something that's just been added?

>> Again, it would

-- a lot of these are tied to what we're going to do on the third floor of the garage.

>> Morrison: Okay.

>> And what portion of the third floor we're allocating to which type of product I don't have off the top of my head. I will have to get that to you.

[09:36:11]

>> Morrison: Okay. Great. If you could just give me some explanation, I'd appreciate it. Thank you.

>> Mayor Leffingwell: So out of curiosity, what is taxi way alpha serve?

>> It's going to allow for parallel taxi ways to be off the east run way.

>> Mayor Leffingwell: Off the east run way, or off the new run way.

>> Yeah. There's only

-- that's only a partial on one side, and this is going to allow us to complete that.

>> Mayor Leffingwell: So it's a parallel taxi way for the full length?

>> Yes.

>> Mayor Leffingwell: Is that what you mean?

>> Yes.

>> Mayor Leffingwell: And it's currently not full length now?

>> That's correct.

>> Mayor Leffingwell: I would say that's pretty high priority

--

>> yes.

>> Mayor Leffingwell:

-- Thing to have. All right. Thank you very much. Convention center.

>> Good afternoon, mayor and count I'm mark tester, the director of the austin convention center department. To my left is our austin citizens city manager, anthony snipes. This is carlos estefan, and our chief emotional manager, then julie joseph, who is our budget annualist. I'm very proud today to present our budget, and first I'd like to thank the support that we get, both from the mayor, council, from city manager, from our assistant city manager, and your tremendous support of the visitor industry. We're part of a very successful industry here in austin, and it wouldn't be possible without your support. Mayor, I finally remember and recall you making that speech, I think right after you got into office, regarding the need for more hotels in austin to fill our convention center, and, makers you've done a great job in that. We are a

-- we are the fastest growing community in the country, and I'd like to thank you for that.

[09:38:17]

>> Mayor Leffingwell: Yeah. Thank you, and it was actually more specific, it was the need for a thousand-room hotel.

>> And that is coming on line, and when you think about where we were at that time and where we are now, it is

-- it's pretty humbling and mind boggling. We were acknowledging about

-- on the size of conventions about 950 peak rooms, and they used about 42 percent of our exhibit space. This calendar year, we used 1350 peak rooms, and about 60%, so you can see where we've grown. And next year, with the jw marriott coming on in february, we've actually got three additional bookings that we would not have gotten already, or because of them, and we're averaging right now about 1600 peak rooms. So we're just continuing

-- continuing to grow. It's really caused three big things that have sort of occurred with us at the convention center. First is, our facility is really getting used, and the demand is so much higher that we really need to continue to invest back into the facility. Secondly, we really need to make room for more. We actually have two outdoor facility

-- outdoor venues that we want to create around the convention center. And thirdly, and more important, we're in the middle our long range 20-year plan, and we were in one of our sessions, and the question was to the group, and there was a lot of meeting planners involved in our industry, and the question was, the austin convention center is. And very shockingly, the answer was, small and getting smaller every day. We actually have to think about our next step and coming out of that long range plan, very well likely what will be a commitment for expansion, or justification for it. The mission statement of our department is to provide excellent facilities and services so our customers can have great

experiences. We've had a lot of accomplishments this year. We enjoyed the austin convention visitors bureau, who is official sales and marketing for us, to put their visitor center in our parking garage at fourth and red river, that has really helped pedestrian flow and also has made a great resource for the guests at the convention center. We are a lead eb gold rated certified convention center and we recycled 69% of all our waste this past year. At palmer events center, we continue to upgrade the product. This year we upgraded our wi-fi so we can handle a higher level of clientele there, or immediate their demands. We do have a number of key performance datas that we look at, again, customer service being part of our mission is very important to us. We have a proposed rating of 4.6 however 5 for next calendar

-- for next fiscal year. Because we are self-sustaining, our convection center combined unreserved ending balance is also very important to us, and we like to keep that right around the 20-million-dollar mark, which we'll be right there for '15. In addition, the hotel occupancy tax collections, which is our major funding source, at 60%, we're proposing a 4% increase from calendar year

-- or from fy '14 ending, that is four all four buckets you see, all four unique buckets, which would be the convention center, 4.5, the venue, the acvb, and then the culture ar

-- cultural arts. We look forward to making sure we meet the mark with our customers and we have a goal of 9 5 out of every ten customers say they would return to our facilities. Sources of funds, again, hotel occupancy tax is the majority funding of us

-- of ours. 49.6 figure represents 60%. Of that, 34.2 is the 4.5, and then 15.3 is the 2.0 venue. And of course the venue is the

-- is for the expansion of the convention center. It also has money going back to the waller creek and has very limited uses for that

-- for that fund. We also get car rental tax, which is utilized for

-- out of the fund which is used for palmer, and for the creation of butler, butler park. Also, 23.7 million, or 28%, is the revenues that are created by our facilities. And you'll notice that we've been having modest increases. And that is primarily due to an increase in our parking revenue from the demand, and also increased demand in our facilities. As for use of the funds, we have an fy '15 proposed budget of 101 million. 37 of

-- 37.6 of that, or 37% is the operations of our two facilities, two event facilities, palmer and the convention center. We are doing a big transfer this year for us to our cip, 8.5 of the 29 million will be utilized in '15 planning. 11 of it is actually from the venue, which again can only be used for the expansion side of the convention center projects, or for future debt retirement. And then we also have debt of 21.3 million, in funds. Again, budget highlights, again, these are the cip is coming from three sources, one of that being 11 million from the venue, from the convention center expansion venue. 4.5 from the palmer venue, which will go back into that facility, and the remaining is from the 4.5 convention center. We did eliminate one position, the assistant do and are actually going to have one less fte in '15 than we did in '14. Cip highlights, I kind of touched on that. We do have 8.5 million in plans for this year, and one thing, it is very challenging in a facility that is as highly occupied as ours, to find time to get these projects done. We do a lot right around the holidays, but we have to plan very, very close to make sure that we can meet our customer service needs, but also get projects done. The southside facility is now over 20 years old. We've got a lot of elevators and escalators that we're going to be redoing this year. I did mention two outdoor event areas. We're going to be redesigning the area

on cesar chavez outside the building, improving pedestrian flow, as well as making an outdoor event area there. In addition, we're going to be renovating the castleman bull house right behind the convention center, making an indoor-outdoor area adjacent to waller creek. We're very, very excited about that. And we have another 3.3 million projects, including acoustical, i.T. Improvements, as well as some additional sidewalk works. Revenue highlights, you can see that we've done very well. The increases primarily come from hotel occupancy tax. Again, our goal is to have a healthy hotel community. One of the advantages that we really do have as we compete in the global marketplace is our bureau and our convention center are on the same mission, and that is to have a healthy hotel community, maximizing occupancy and average rate. We've done very well at that, you can see in the past year, we had a 6.3-million-dollar increase of 14-6%. Again, our facilities have continued to do well. We had a three million dollars increase, and again the biggest percentage of that was in parking, and rental car has also continued to see incremental increases. Our fund summary, the key number there is our ending balance. We do need to make sure that we have the funds there for the volatile times. In the recession, the same time when mayor made that speech, we were losing a million dollars a quarter in hotel occupancy tax collections, so as fast as they'd come in, it can go out, and we want to make sure that we've got a strong ending balance. And you'll notice that we do have one less fte this fiscal year. We're in the middle of our long range master plan. You approved us to hire a consultant group actually led by gensler, one of the best really convention center expansion and long range plan consulting groups really in the country. We've been meeting with them. We've had a number of different meetings. The plan will take about six months, so about the end of the year. Really, they're taking a look at the market from soup to nuts, from beginning to end, talking to a lot of the stakeholders, finding out the dreams we have for our city, and then making recommendations. We're very likely -- they're going to come back that we should be strongly considering expansion at some point in the near future. And with recommendations on how we may go about paying for it. And with that, I'll open up to -- to any questions.

[09:48:31]

>> Mayor Leffingwell: Any questions? Council member riley? Nope? Expansion plans, is there significant room for expansion explanation on site, or if not, where -- for expansion on site, or if not where would you go?

>> We've been talking about that. We've been talking about the likelihood of southeast or west, right now, or somewhere, or somewhere else, or not, and just adding to the present -- present building.

>> We do need some more additional meeting space there at some point there. But I guess we'll need to be --

>> Mayor Leffingwell: Yeah, that was my basic question, is the room on the current site, to make the kind of expansion --

>> there's not. There's not. Our 246,000 square feet of exhibit space is a big advantage, inflexible

use, so that, we can build up on it.

>> Mayor Leffingwell: So I know

-- I don't want to get too deep into the weeds on this one, but any expansion off site would be augmented by the current site, I assume that would be the plan. You wouldn't be talking about

--

>> no.

>> Mayor Leffingwell: Yeah.

>> Correct.

>> Mayor Leffingwell: Okay. Good enough. Thank you very much. Council member tovo?

>> Tovo: So apologies if I missed your explanation, but can you remind us what the venue fund occupancy tax allocation is?

>> It's two cents. It's a special venue that goes to the expansion side of the convention center, and then to the waller creek tunnel project. We've paid about a million

-- million dollars a year to that project, which is written into the venue

-- the venue fund.

>> Tovo: So he that answers I think my second question about the waller creek reference you made during your presentation, but I'm afraid I don't understand either one of those things. Where is the allocation coming from? From the hotel?

[09:50:37]

>> I can tell you, it's a special assessment, two cents, that has a predetermined amount of time. Basically when the debt is gone in 2029, and within the

-- I guess the outline of the venue, there's a waterfall where the funds go, and part of that goes to the creation of

-- or for the waller creek tunnel project. The rest goes to the debt on the expansion side of the convention center, and that

-- that's it.

>> Tovo: Who determined that allocation? That was set by council policy?

>> It would be by voters, I think.

>> Tovo: Ah. Okay. So this is part of the funds where the venue

-- the venue is

--

>> yes. Yes. And the two

-- the four and the two

-- the two is

-- the four is sub

-- the four is subserveient to

--

>> Tovo: I don't understand what you mean by 4 and 2, but I understand where it originates. It's not an arbitrary allocation, this was set in place by the voters

--

>> correct. Correct.

>> Tovo:

-- Support of the bonds that define the venue, which is another issue. So then

-- and this is a very small question, but I know a few years ago we had a discussion

-- I believe you had a contract on our consent agenda for the approval of water bottles throughout the convention center. And in the question and answer process, I think the discussion circled around the fact that the water fountains throughout the convention center are non-functioning? Am I remembering that correctly?

>> There really isn't enough, we're talking about the ozarka water coolers that you get a little recyclable cup with. Yes, that's correct. We also rent those amenity to customers as well.

[09:52:44]

>> The last time I was there, seems like the water fountain wasn't working. Are any of your water fountains working?

>> Yes.

>> Tovo: Okay. So you don't use the ozarka water bottle insist lieu of the fountains, you use both throughout?

>> Correct.

>> Tovo: As you're doing the renovation, has it been part of the discussion whether or not to add more water fountains, to use those instead of the ozarka installation?

>> We haven't, but we certainly could look at that.

>> Tovo: I'm asking because, you know, at the time we were discussing how that complies with some of the city

--

>> and we also do water stations and a variety of other things. Of course we have a very large, robust catering business, and oftentimes water is part of their service.

>> Tovo: Sure. Okay. Thanks.

>> Mayor Leffingwell: Okay. Thank you very much. Good success stoies. Code department?

>> Good afternoon, mayor, members of council, I'm carl smart, director of austin code department, and very proud to announce our new name, as we're unveiling it during the budget process here. We simplified it from code compliance department to just austin code, the austin code department. And we're trying to emphasize that we are still compliance, but we're also enforcement. Code compliance and code enforcement, a balance, if you will, between the two with austin code. Our mission is still to provide quality, education, and enforcement of codes and ordinances in order to maintain and increase the livability of this city, so we are working hard to do that, putting the emphasis on customer service at the same time that we're doing code enforcement. You can see some of our major accomplishments. We took a major role in the response to the october flood last year, and we found that our inspectors are well qualified and well positioned to help with

-- conduct damage assessments, and also get into recovery efforts. So we took a major role there and worked in collaboration with a number of other departments, and working together, we were able to do a good, reasonable, and effective response. We've established, at the direction of council, the repeat

offender program and multifamily inspection programs, and we're continuing to push those programs out, and we think they're going to be

-- going to be very impactful to the city of austin. Additionally, we've been increasing the number of cases, legal cases that we bring forth to judicial bodies, primarily municipal court, as well as looking to bring more cases to district court. You see some of our key performance indicators there, the number of days that we respond. We're still trying to improve that, make sure that we're responding in a timely manner once we get the complaints in, then get an inspector on the site, making a visit, identifying what the problem is so that we can help make sure that the problem is taken care of. We're doing a lot of community, commercial, licensed trade events, making sure that we get the information out. More education, more information. The more we do of that, the more people will comply without having to have the enforcement piece, and so we want to educate our citizens so that they can remain in compliance without having to go through code enforcement processes. We're still getting a high number of cases. We're getting a lot of calls. We're primarily still complaint-driven. We are a complaint-driven department, and we get a lot of calls through 311. And we're encouraging people to call. You might have seen

-- you may have seen our commercial recently, call 311, and you can do that anonymously. So we encourage citizens to call when there's a problem in the neighborhood, and we'll have an inspector to respond and see if that problem is really a violation, and then notify the owner so they can take care of that problem. So we're really working on that. The number of

-- the last performance data, the number of days from the beginning of a case to the time that we receive non-judicial compliance, that number is up a little bit higher than we want it to be, and so one of our goals this coming year is to bring that number back down so that hopefully, we can increase the compliance in a non-judicial manner, or make sure those cases are transferred to a judicial body. Our next slide is the sources of fund. You know, austin code is primarily funded by the clean community fee, as you've heard already from austin resource recovery. We share that fund. And so 95

-- almost 90% of our funds are coming from clean community.

[09:58:39]

-- Wastewater fee, we've received some funds there. It lowered by 300,000 this year. We've got building safety, short terms and other fees making up funds. Use of funds, primarily inspections and following up on those inspections, so about 37% of our funds are used in that way. Other expenditures included licenses and registration, as you'll see, operational support, support service, and transfers and other requirements. Our budget highlights, we're not ASKING FOR AN INCREASE IN FTEs This year, but there is some increases that are occurring as a result of our transfers and other requirements. 1.3 million for customer care, building system, our bad debt expense did go up this year, as it has for some other departments. And amanda integration, we move that into our

-- it's into our budget highlights of \$500,000. We're establishing a program, as we've mentioned earlier in the five-year forecast, for enforcement of the universal recycling ordinance, so \$.2 million to start that program, as well as continuing to expand the multifamily and repeat offender programs. Our revenue highlights, the clean community fee is increasing, again not because we're asking for increase on the portion of the clean community fee, but because of the population growth, and that's estimated at an

amount of \$.6 million. Other reference, there's a debt decrease, and that's primarily due to the decrease from the waste hauler licensing program, there's a \$300,000 reduction projected for fy '15, on of set to a certain degree by increase in short-term rental fees. We expect those revenues to go up, as well as we expect an increase in the reference from penalties. The austin code fund, of course our expenditure budget appears to be higher than our revenues. Our expenditures are \$18.4 million, while our set revenue is 16.6 coming in from our funds, but we are looking to carry over from this year, from this fiscal year, \$1.8 million that will balance the budget for next year. So we're using that to balance it out, and we should have an ending balance of \$0, with no additional dollars left over next year. That makes us a little bit uneasy. We really think we probably need to set up some kind of a reserve so that we have one, two, or even as much as three months operation o & m reserve, to cover o & m funds. But we'll work with the budget office on that toward next year. That will be something we'll work toward. In the meantime, we're looking for a zero balance next year. Some other budget topics, there would be a number of programs that we'll be looking at this year, and working on, and a couple of them on the board at this time. The disaster recovery program is a partnership with homeland security emergency management. We found out during the october flood last year that not only does code work well with doing damage assessments and determining habitability of homes when they've been damaged, but it also works well in the recovery program. And so we're going to get more into the recovery aspect, working closely with the families that are in onion creek, working closely to make sure the properties out there are safe and healthy, so we'll be an integral part, we think, integral to homeland security emergency management for recovery effort. Additionally, as we mentioned before, we work in an interdepartmental team, and we think that's going to

-- that's going to change the way we do business in a lot of ways, bringing partnerships together, bringing more collaborative effort in dealing with neighborhood problems, not just code violations but getting into the whole idea of crime and grime, going together, and other problems that happen at the same time in neighborhoods. Some neighborhoods, as we know, have a more of a proliferation of these kinds of problems than others. We've started, as pilot, we've started an interdepartmental team in onion creek. We've started an interdepartmental team in colony park neighborhood, and we're about ready to roll out the program, a proposal for the program to the city manager's office, and then subsequently, hopefully, bring that

-- we plan to bring that to council. So we'll continue to work on that and getting that program set up. It will actually change the way that we do business. A number of other programs that we'll be looking at, too, including the

-- we mentioned before, the rest break program is one, looking at boat dock registration, emergency tenant relocation program, we'll be looking at those, and ruling those out during fy '15, coming back to this council with proposals on those items. With that, I'd be glad to respond to any questions that you might have, mr. Mayor, council.

[10:04:45]

>> Mayor some.

>> Mayor Leffingwell: Council member spelman.

>> Spelman: I want to applaud you for a lot of things that you guys have taken on the last year, and a lot

of results you appear to have been getting. I'm particularly happy about your expansion of the multifamily inspection program, about taking on repeat offender program, just starting to recognize, starting to act on the long-time recognition that a few repeat offenders are responsible for the vast majority of the most dangerous

-- dangerous structures, substandard structures, reports that you get from citizens.

>> Yes.

>> Spelman: Disas electricity recovery work that you guys did, particularly in onion creek, was terrific, and I'm happy you're doing an interdepartmental team. I used to say about 15 years ago that the most effective expenditure on the part of codes compliance and apd were the expenditures that they did together, through the safe teams. And I think putting together, at least the same conversations the safe teams had as a matter of course, is a really good step towards getting the police department and the compliance

-- code department to be more effective at accomplishing their common objectives. So I think you're doing

-- you're doing some really good stuff.

>> Okay.

>> Spelman: I still have some concerns about performance objectives. And let me give you an example, for what it is I have in mind, based on a police example. My disagreements with the police department are all too famous, but one thing that the police department does, as most police departments do, is -- do well is measure objectives. And the performance measures are really quite good. They measure like

-- all of our departments measure resources used to accomplish objectives. We know how much money was spent, how many people there were, we know all that. We have a good measure for activities, so when the police department contacts

-- for example, I know how many parole officers there were, how many patrol hours were spend, what the patrol officers did, how many arrests were made, how many crimes there were lots how many investigations the investigatorrings all that. We know how many investigations were made, how many people were sent to court. We often find out, it's not completely the police department's job, but it's not difficult to figure out how many of those arrests actually came to convictions, how many people actually were incarcerated, or fined, or in probation, and most important, we actually have an outcome measure, through the uniform crime reporting program, we know how many violent crimes and property crimes were reported each year, going back to the year 1929, I think is the beginning of the ucr programs. We've got a nice long time series and we know when crime is going up and going down, and that really measures the value of what the police do and criminal justice system does, and all of us who are involved in this stuff do, at keeping us safe. We have a measure of safety. My concern about austin code is that we have good measures on resources like we do for all of our departments. We've got real good measures for what it is your people are doing, but we still don't have really good measures on the results of those activities. And we don't have what I would consider gold standard, which is an outcome measure, a long-term consequences measure of something like crime

-- reported crime measure. It seems to me the gold standard for code would be something like the percentage of austinns who are living in substandard or dangerous housing. I have no basis for estimating that right now. And seems to me that would be the kind of measure which we would like the

all be able to use so we could drive that number down as low as possible, as low as zero as we possibly could. But I don't know what that number is, and based on stuff that you guys have been reporting, I can't figure out what it would be. And seems to me that seems to be the

-- I believe that's the direction we need to move in. I'm not asking you to do that in the next year or two or three, but I think that should be a long-term objective of our work with code, to come up with a measure like that so we actually know, perhaps for the first time, what kind of conditions are our people living in and working in, and how far from a mark of zero, a hundred% of the structures people are living in working in, are up to the community standards that wal can reasonably expect all structures to be in. Given that, I think the next logical step would be to develop some measures of the short-term results of all those great activities that you people are doing.

[10:09:28]

>> Yeah.

>> Spelman: And I appreciate your moving in that direction, but I don't think we're quite there yet. Let me point out a couple of things.

>> Okay.

>> Spelman: You mentioned in your note to us, which at least my office received at 8:19 this morning -- better late than never, and we did have a chance to read it before we started at 9:30.

>> Okay.

>> Spelman: That you're adding four new public operational measures for fiscal year '15.

>> Correct.

>> Spelman: Appreciate it. What I'm interested in is a new measure that you've been using a while, it's a number of illegal dumps abated by austin code. And that is exactly the kind of measure I'd like to see more of. It was a dump, now it's not a dump anymore. It has been abated. It's no longer behaving like a dump, and that's an outcome.

>> Yeah. It's in compliance.

>> Spelman: Now it's in compliance.

>> Correct.

>> Spelman: And that's the kind of thing which I think we need to see more of with all aspects of your operation. You're also mentioning

-- you're breaking down the number of cases investigated into commercial and multifamily, which is a good thing. We have a better sense for what kind of complaints you're getting and what you're having to follow up on.

>> Right.

>> Spelman: The number of repeat offenders registered is just a means measure. It tells you, okay, how many people are we keeping track of, but doesn't it say anything about outcomes at all, it's just here's eight people who are registered and watching, but whether they're actually complying any better than they were before, just because they're registered, it doesn't really tell us that.

>> It's a start but we need more on top of that.

>> Spelman: Let me follow a little bit, bought we do have some measures which could

-- which are moving in the right direction, but I think with work on your people's part could help us get a

better sense for the effect you are having. You measure
-- in the e performance measures, you've got a percentage of nuisance abatement cases brought into non-judicial compliance, the numbers went from the 80's in '09 and '10, down to the 20s in '11, '12, and '13. And as best I can tell, something like 75% of the cases are not brought into compliance through non-judicial means. You need a little bit more muscle to get these guys to comply.

[10:11:37]

>> Right.

>> Spelman: But that means we don't know whether 75% of the cases ever complied, they're not in your performance measures. We issued a notice of

-- we issued a

-- what is it? A citation, order of abatement. We've got order of abatements coming from municipal court. Is that right?

>> I'm sorry, what's the again?

>> Spelman: Who do order of abatements come from?

>> Actually come admissible from the director's office. We don't have to take those to municipal court.

>> Spelman: Okay. Citations come from municipal court.

>> Citations, correct.

>> Spelman: So one way or another, something else happened. We let them know, we borrowed some enforcement authority from bfc or from municipal court, maybe you just issued an order on your own, but we don't know what happened after that in 75% of the cases. That's the nuisance abatement cases. We don't know what happened in almost 90% of the substandard and dangerous structures because we had to go to the next ste. And in 90% of the zoning compliance cases, we don't know what happened because you had to go to the next step. Who owns that next step?

>> Yeah, let me speak to that because I think those performance measures by themselves are

-- don't really give a good clear picture.

>> Spelman: They really don't.

>> Because you're right, there's the rest of the universe that's not being accounted for in that particular case. Those cases are still in the system. We're hopeful that we can get that non-judicial compliance without having to go to corpus christi, texas without having to go to the billing of standards commission, or district court, but in a lot of cases we don't. So a couple of things happen. We've got to move those cases to a judicial setting, for one. But secondly, sometimes if the person

-- if property owners are working toward compliance, that the inspectors have a certain degree of flexibility in working with the property owner in order to achieve that compliance. But if we're going to have that kind of measurement, we want to be able to capture that. So that's my concern, is being able to capture the rest of the universe so we know how many may be in progress, in the actual system of being

-- of getting compliance, versus those that are going into court

-- a courtroom setting.

[10:13:56]

>> Spelman: Okay.

>> So we're going to have to expand those performance measures. I'm not satisfied with those alone. We need performance measures that will capture the rest of that universe.

>> Spelman: I'm glad we agree.

>> Yeah.

>> Spelman: So some of these cases, you're going to continue to own because you're just issuing an administrative order, and it's at least possible that the owner of the property will comply on the basis of the administrative order.

>> That's correct.

>> Spelman: In some cases, it has to go to the building and standards commission. I know you present the case before the buildings and standards commission but it's up to bsc to make a ruling. Who actually ensures the ruling is followed up, the fines collected, and somebody fixes the problem? Is that your job or somebody else's?

>> It's my job to follow up on those orders. To monitor the property, to see if they comply on their own, and a lot of times, the city has to step in, the department on behalf of the city will step in and do the compliance. If it's a board and seal or demolition or cleanup of the property we'll step in and do that and send a bill to the owner and put a lien on the property if it's not homesteaded property.

>> Spelman: I know that happens a lot in nuisance abatement cases. The tall weed cases, you'll just go in with a lawn mower and send them a bill.

>> That's correct.

>> Spelman: Similarly, in municipal court, once the municipal court issues a citation, it's your job to follow up on the citation, ensure that they actually comply or pay the fine?

>> That's correct. A lot of times, municipal court cases mean that you will get

-- you may get a penalty. In some cases, you may get a deferral. It doesn't necessarily guarantee compliance. In some cases we have to go back, recheck the property and start over, basically, issue another citation to bring them back to court until they realize, okay, we need to comply. Otherwise, they could continue to get fines and higher fines now that the council has approved escalated fines, too.

>> Spelman: Since this is all, at least to some extent, you have control over this entire process, or you have authority over the entire process, whether or not you have control over private property owners, obviously it's a different question, but we have information on more or less 84

-- 616% of the cases, you can tell us, in 16% of the cases, we got compliance through volunteer means, before we actually had to issue orders, go to municipal court, go to bsc.

[10:16:21]

>> That's correct.

>> Spelman: In 84% of the cases, we don't have information as to whether compliance ever happened at all, how long it took before that compliance happened, whether they got partial compliance and it took another 120 days or three years before they got full compliance and so on. It seems to me, even if we can't get to the point of what percentage of people are living in substandard housing, at least we could get to the step of once a complaint is made, not only how long does it take for us to initiate an

investigation, so that's two or three days, and that's good.

>> Correct.

>> Spelman: Not only does it take 120 days before either we get compliance, 16% of the cases, or in the 84% that's remaining, we've got to go to the next step.

>> Right.

>> Spelman: But in what percentage of cases do we get compliance, and how long does it take.

>> Yeah.

>> Spelman: And I think that's stuff which is somewhere in your files, but it's not here in this budget book.

>> Correct.

>>

>> Spelman: AND I THINK IT Really needs to be here in the budget book where we can see how long does it take before we get compliance and are there cases out there where we're not getting compliance for one reason or another.

>> Yeah. We are in agreement it's important from a code compliance standpoint for us to develop our performance measures to the extent we can tell how much compliance we are getting at each step of the way. When we actually go out and make that first visit, a lot of times we get compliance then. Folks will say, oh, I didn't realize this was a violation, I'll take care of it in a couple of days. And have we get compliance at that level. Then others, we have to issue a I was not violation and then give them a specified period of time to comply, and we may get compliance there. And then others, we may have to issue citations or go to a board

-- so, yes, I think that we are still working on getting complete performance measures so that we know what that compliance rate each level of the way. And then you'll end up with a piece

-- a piece of that universe left over, but hopefully that's a small piece that did not comply.

>> Spelman: Yeah. But at least we'll know what that piece is.

[10:18:23]

>> Right.

>> Spelman: And we'll also know, maybe for the first time, how long is it between when a complaint is issued and when we finally get through whatever means compliance.

>> Sure.

>> Spelman: And we know in advance, probably the average case is going to take longer than 120 days because that's

-- that's the time up until you send it to bsc or municipal court or issue your order, it's going to be longer than that, so getting a sense for how long that period is, that will give us a nice baseline to work off of so we'll be able to use the performance measures shortening that period of time, in addition to increasing the percentage of increases that eventually get some kind of compliance.

>> Sure.

>> Spelman: Okay. I appreciate your listening to my diatribe on that. I just wanted to put that out here because code a notoriously difficult thing for us to label, it's becoming more and more as we get larger demands for infill in the city, and for the remaining structures that haven't been redeveloped. We have

a higher poverty rate, a lot of people are discussing a lot of people out there we're not even aware of are living in substandard structures that are afraid they're going to get kicked out of their apartment. Code is becoming a lot more important than it used to be, or we used to think it was, and getting a good sense of what we're actually accomplishing with code is really important.

>> Yeah.

>> Spelman: Thank you, sir.

>> Also, here, on your point about the

-- establishing

-- finding out how many people are living in substandard or dangerous conditions, I've been involved in a program where we've worked with the city to do that, to try to establish some kind of understanding of how many

-- what percentage of the population is. We have to establish a baseline by doing a survey of the properties themselves and rating the properties, and then end up with the rating for the whole city, and looking at which neighborhoods fell below that rating that were substandard, and which ones were dangerous. So we're able to identify it by neighborhood like that. And that is something that it is

-- something along those lines may be possible here of long range basis of doing in austin, and identifying how many of the properties might be in substandard condition, and then developing strategies or adjusting our strategies in order to help deal with those situations.

[10:20:47]

>> Spelman: It's more difficult to do than counting crimes because I know if I've been robbed or somebody has stolen my car. That's an easy thing.

>> Right.

>> Spelman: I don't know whether my house is substandard or not because none of us knows the code

-- well, you guys know the code well enough to be able to make that adjustment, but most of us don't.

>> Yeah.

>> Spelman: And you don't have access to make that kind of judgment.

>> The way I've done it before

-- it's hard to deal with existing staff because they're so busy handling complaints and cases they have, but getting volunteers and training those volunteers on what to look for, from the public right of way, and being able to make some reasonable assessments of the conditions of the property from the right of way, and then knowing that and accumulating all of that data; and then from that data you can kind of determine what basically meets the standard and what falls below the standard.

>> Spelman: It will certainly get us closer than we've ever been before.

>> Right.

>> Spelman: Thank you, sir.

>> Mayor Leffingwell: Council member tovo.

>> Tovo: Thank you. The program that you worked with, that provided some information about that, was that done in conjunction

-- provided information about the number of substandard housing, was that done in conjunction with the rental registration program?

>> Actually.

>> No this was a little different. This was a housing condition standard for a different city. The rental registration program that I was involved with was in fort worth, and we expanded that program to include more rental units. When I first started with the program, it was eight units and above. We expanded to include all rental units, basically. Three and above, and then one and two-family where there are obvious code violations. That program really helped to deal with substandard conditions also. The first program I was talking about with council member spelman was in the city of gainesville, florida, where we did a complete housing conditions survey of basically the entire city.

[10:22:58]

>> Tovo: Thank you. I'm assuming, though, that a rental registration program also provides some of that information, as you register those properties and has mandatory inspections, you're getting a sense -- it's one of the arguments for rental registration program, is that you guess you get a sense of what percentage of your housing stock is in that condition and how best to address it.

>> Absolutely. It's the primary inspection that occurs, whether it's one year, every two years or five years or ten years, at some point the property will come up for periodic inspection and we'll be able to determine the condition and help the owners to deal with that condition, that property condition.

>> Tovo: Thank you. I have a couple questions about one of the resolutions that we passed about a year ago. It was last october, I believe. We did a resolution that I sponsored on various measures related to improving the safety of our housing, and it asked the city manager to convene a cross departmental team to look at

-- to really look at this issue closely, and especially look at why

-- well, to look at how many cases are going, are moving toward legal action, and to analyze how we can

-- how we can be more

-- be more effective in addressing the issue of substandard housing, and it particularly cited the city of dallas as one model. I know you had an opportunity to meet with the officials who came down from dallas, where council member morrison and the city manager convened. Anyway, we were supposed to hear back in april about the progress and the analysis, and I'm wondering if you can give us a sense of when we will hear back on that work.

>> Yeah. We apologize for not making it back in april, but we've been working diligently toward pulling together that program, making sure that we're doing all the research that is required in order to see what would be the best type of interdepartmental team approach here in austin. And I think we're just about there. We're already ready to do presentation at the city manager's office and subsequently come to council, so we have a report drafted, so we are very close to being able to come to council and we'll have some recommendations for being able to put that program together. We have looked at data for calls for code compliance, police, ems, fireworks and we've compared that data. We've come up with hot spots. We pretty much know where the hot spots are in the city of austin, so we'll have some options of where that team might focus their efforts here in austin to help make a difference. So we're very close on that we'll also have recommendations on any staffing needs that will come along with that program.

[10:25:57]

>> Tovo: Okay. And part of why we had set the date in april, just so you're aware, is that if there were staffing needs, we could address them in this year's budget cycle. So it sounds like that's not -- the timing is not quite aligning, but I'm glad that it's coming forward. So when you talked about the interdepartmental work, we're talking about the same thing.

>> That's correct.

>> Tovo: Okay. A really key piece of that, the resolution was aimed at two parts. One was looking at the situation and it's has been and seeing if there are lags

-- or if there are times where the city is not being as aggressive as possible, where is that happening? Is that happening in code compliances actions, is that the police department, or is that legal

-- more legal action that's necessary? So I hope the report that's coming forward will sort of look at where

-- you know, how particular cases were moving through the process and if they halted, where that

-- where that halt happened.

>> Absolutely. Where additional resources might be needed in order to

--

>> Tovo: Okay. Good. I'm looking forward to seeing that. And the second piece is the one you talked about, about figuring out how we could set up a model that looks more like fort worth where they've had such great success, and through really assertive action on cases and taking

-- at least in the early years, taking lots of them to court, how they've really improved, improved their results dramatically because people understood what was going to happen if they let a property fall into that condition and didn't take appropriate measures to fix it.

>> Yes.

>> Tovo: So I just want to be sure

-- in the discussion before, I heard police, I heard code compliance. I didn't hear city legal, and that's a real

-- I hope that they are very involved in the conversation.

>> Absolutely.

>> Tovo: Super. Again, I really look forward to seeing that.

>> Thank you.

>> Tovo: On a very different surge, could you help me understand whether there are any could see associated with the rebranding? And I have to ask that question because when I

-- you know, six or so years ago, it used to be code enforcement, then it changed to code compliance, now it's changing to austin code, and while I like the name, I feel I have an obligation to ask whether there are costs associated with changing literature, changing all of the things that go into rebranding.

[10:28:15]

>> Yes. Well, I appreciate you asking the question. It's a good question. And we are concerned about that, with any rebranding, there are some costs. But we're working hard to keep those costs minimal. We will be phasing in a rebrand. We're not going to just take stationery, for example, and toss it away,

or overnight change the look of our truck or the painting of our trucks, those kinds of things. We're going to do that slowly and phase in that, so that the cost is reasonable. But you're right, the name has changed over time, but we think this name really fits the department in the direction that it's going now with a balanced approach, not just enforcement, not just compliance, but a balance between the two. And there are times when compliance efforts are needed, and you need to talk and you need to get resources and you need to make referrals, need to get housing resources Beirut to the case or whatever. And then there are other times you need to be

-- use enforcement tools that are at your hand and take legal action in order to get compliance. So finding that balance I think is what Austin Code is going to be all about. And we'll certainly be cognizant of the cost and keep those minimalized. Right now, we're not asking for any additional money to handle rebranding.

>> Tovo: Okay. Great. I'm glad to hear that. And it is an interesting balance, you know, in audit and finance recently we had a discussion with the Austin Independent Business Alliance who feel that some of the code responses could work. They suggested the inspectors might work with the business owners more on compliance rather than enforcement, and of course we've been urging you to do just the opposite with regard to residential properties. So it is

-- I understand that it must be a challenge. I have a couple other real specific questions, but I know we're running kind of short on time, so I think I'll leave it there. Unless you can quickly show us where in the budget the position that was reabsorbed in the code is. We had talked about it last week at planning -- with regard to the planning and development review. Is that -- my colleague says he found it so I'll rely on his presentation.

[10:30:36]

>> Okay. Thank you.

>> Tovo: Thank you.

>> Mayor Leffingwell: Council member Morrison.

>> Morrison: Thank you. I have one question. I had submitted a question that you all have already answered and I wanted to follow up on it. And I had asked whether you thought it might make sense to have a different application fee for different types of short-term rentals. And your answer was that it costs the same time to process an application independent of the type of short-term rentals, they thought they should be the same. So my question is, however, I would

-- I think that it would be logical to assume that there will be more complaints against type two rentals than type one because they're rented out for longer periods -- for potentially a hundred percent of the time.

>> Right.

>> Morrison: And type ones at maximum of 66 months out of the year, 50% of the time. So the question I would have is, do you agree with that logic, that assumption? Are you in charge of enforcement and responding to complaints if it comes in? And because of that, doesn't it make sense to capture some of the cost of enforcement in the application?

>> Council member, I think you're right. I think we've looked at that. We've thought about that, anyway, and I think that's

-- we're looking closer and getting more data to determine if there's a difference as far as enforcement costs on type one versus type two. Type two, of course, non-owner occupied, and those numbers have been increasing, and the complaints have been increasing also. And so the amount of time that we spend on type two versus type one may justify a variation in the fees. In looking at the application process, the application process is the same.

[10:32:41]

>> Morrison: Yeah, I get that.

>> Yeah. But the volume of complaints, the volume of inspections, the amount of time that's spent is different. And so that is something we're willing to go back and take another look at. I want to make sure that we've got accurate data on it so we can take a look at that and make that

-- look at that consideration. Short-term rentals overall, we've been getting a number of applications, type one, type two. Type threes are starting to increase two, the ones for multifamily properties. We're continuing to get more applications in. We're actually kind of excited. We're over a thousand right now in short-term rentals, and for a while, it looked like we might not ever reach a thousand. So it's coming along well. And we will go back and look at that, whether or not there should be some variation in the fees for them.

>> Morrison: Yeah. Because, you know, we set up type ones that

-- and while it was controversial, I don't think there was any controversy about type ones, with the idea that, heck, if someone wants to rent their house out

-- and I think there may well be some people that are getting a license just to do the one week, and we want to encourage them to do that, absolutely, versus something that's 365 days a year, so I would appreciate that. Is that something you would be able to look at in the next week or two so that we could actually make an adjustment possibly and get

-- get it in the budget for this year?

>> We can certainly try. I'm not sure if I can have all the data available in a week. We'll certainly give it our best shot. At the maximum, a couple weeks?

>> Morrison: Okay.

>> We'll try for a week.

>> Morrison: How about by the 8th of september? If you could try. Would that be something that you could respond to us in a budget question then?

>> Yes, ma'am. Be glad to.

>> Morrison: Okay. Great. Thank you.

>> Mayor Leffingwell: Okay. Thank you very much.

>> You're welcome, sir.

[10:34:44]

>> Mayor Leffingwell: Economic development. Neighborhood. Neighborhood

-- one, two, three, four. Okay. The iron men remain. Go ahead.

>> Good afternoon, council, mayor. Kevin Johns, director of economic development. With me, of course,

is sue edwards, our assistant city manager, our senior staff, rodney gonzales, and ms. Rabb, who is our new assistant director. Thank you. And who is also doubling as our financial manager. We also have some senior staff here if questions come up. So for the first time the economic development administration has crafted a new definition of academic development. I think you'll notice that it's what you have asked us to do for several years. The academic development, in their definition, creates the conditions for economic growth and improved quality of life by expanding the capacity of individuals, firms, and communities to maximize the use of their talent, skills, to support innovation, lower transaction costs, and responsibly produce trade and valuable goods and services. Requires effective collaborative institutions, focused on advancing mutual gain for the public and the private sector. And it's essential to our

-- to ensuring our economic future. I would have to say that we're very proud to be part of the top economy in north america, and we feel like we've developed a lot of skills in public-private partnerships, and in collaboration. In addition to the new council directed plan, redevelopment plan with water utilities for dove springs, we're partnering with resource recovery for the creation of an ecoindustrial park out of our landfill and helped obtain a one-million-dollar grant, with our parks department to help requests for proposals for walter long park and water intake facility, for the planning department, we're funding two ombudsman, and fund a new electronic service system with a bizarre voice that we think will be a real break through in customer service, and partnership with our friends who are up next, in neighborhood housing, in working with them on colony park. So just to show some of our collaborative work, I think it's important to also then talk about our performance measures. These are the typical performance measures that we have been using that are internal. The number of jobs created about you 380 agreements, which is 1247, the total audience served through our cultural contracts is 250 cultural arts contracts, 6 million. The number of participants attending international business seminars were averaging between 200 and 300 small businesses every year in austin that want to do trade. The number of jobs created through the family business loan program. And remember that this is a program set up by hud to create jobs for the hard to employ, and so 51% of all the jobs created are for low income individuals. And this year has been a ramp-up year. So we're just getting started. We set up the microloan program to go with it, and, in fact, I think this month in council you'll begin to see a steady stream of those loans. The number of contracts with arts and professional organizations continues to increase as a result of the increase of hotel occupancy taxes. These are our major accomplishments. Two major recruitments, both downtown, over a thousand new full-time jobs, and one to anchor the sea home power plant facility. We've received the top two number of gold awards, number one for major cities in the world, I guess. These are for the

-- our international economic strategy, working with the minority chambers of commerce, working with sister cities programs, the orientation for new immigrants, has won the world's top award. Our small business division has worked to promote local small businesses, also received a gold medal award as the best of any major city in the world. We forged with toronto new partnerships that quite groundbreaking, and in addition, the music division has launched austin independent radio broadcasts, which broadcasts local music, local austin music globally. It is now in countries across the world, and it's on youtube. Two best practices to be, our cultural arts division is doing groundbreaking work. This was a 400,000-dollar art place america grand place, competing with cities across america, to turn the old tank farm, the polluted site, into an art village, and two of our partners, fusebox and bull's-eye, are working with us.

And a quarter of a million dollars to map out the cultural assets in all of the future council districts so that we can combine that into compacting connected with the commercial revitalization pr citywide. Then a milestone was sell off parcels in green water treatment for 15-million-dollar to build 45,000 square feet and a 38 story office tower. This is the second year of the budget office's shared cost model. This is just a quick breakdown of how we receive our funds. This is a -- we have five creative teams, and this is a breakdown of each one of those creative teams and how they're funded. You'll note the cultural arts in contracts went up. That's because of the very big increase in hotel occupancy taxes, so the staffing for that has gone up a small amount. Music and entertainment has gone up a very small amount, mostly because of the additional fees. Small business development program has not gone down, but as an accounting measure, we've transferred our third-party agreements to the category called third-party agreements. These are our budget highlights, three that I think you're very much aware of, the sustainability fund shift, and the elimination of one-time funding for the texas facility commission and the one-time funding for the city hall renovation, almost \$800,000. We were able to self-fund three positions, two through use of temporaries and one through additional fees. The art and public places coordinator was convert ago temporary. The music division is through new fees. And the small business division converting a temporary. Our cip highlights, really the two large ones are the sea home redevelopment because of all infrastructure developments associated with that, but also in the most recent bond, there's, I think, \$5 million set aside at the old national guard building for the austin film society. These are the other funds we managed that you're all very familiar with. The first one is the low interest loans that are made to expand retail in the downtown area called the business retention and enhancement program. We have taken this year to work with all the stakeholders, and you'll see coming to council, I believe later this month, the revisions now that we've finally gotten approval from all the stakeholders and what they want to do. Cultural arts, of course, because of the circuit of america and the major events that have occurred in austin, there's a huge bump in the culture 58 arts funding that we're very happy to say is working out great for our creative communities. The economic incentive reserves, the incentives are down three million dollars. That's because several of the companies have turned in their incentives. The hud 108 loans, we're just about finished with spending the first 3-million-dollar allocation, so that means we'll be drawing down the next 8-million-dollar days ago we've competed for successfully. And then the music venue assistance program you're very familiar with. So for more information, we're here to answer any questions and we so appreciate being here this afternoon.

[10:44:30]

>> Mayor Leffingwell: Any questions? Council member riley could you hear.

>> Riley: I want to ask one question regarding the austin technology council. I know your department has been looking at that for some time now, and, as you know, the amount that was provided in the budget is not what atc was looking for. Can you share any thoughts about

-- about the possibility of moving that funding up to where they'd like it to be?

>> Yes. The austin technology council currently has a \$50,000 contract, performance based contract. Council asked us to look at money for them, and of course they made a presentation to the emergency technology committee, as did the chamber of commerce team on their respective efforts. We see this

initiative as being similar to the opportunity austin initiative, in that they are regional partners. So since the austin technology council focus is regional, and they would be doing work that would benefit round rock, san marcos, other communities, we structured a program where

-- I think we were recommending 75, \$70,000, and a support program where we would work with them to go to other cities and governments in the metro area and ask them to pitch in as well, so austin didn't carry the full weight of the \$400,000 request. We think that's consistent with the

-- with the request to develop a good funding model. We think we've come up with a good work plan, but the scope of funding we think should be a shared regional approach like the opportunity austin mode.

[10:46:33]

>> Riley: I look forward to continued conversations on that.

>> Thank you.

>> Mayor Leffingwell: Any other questions, comments? Council member morrison.

>> Morrison: Likewise, we've had some discussions about a liaison for small business folks, and I actually went back and realized when we were talking with pdr, they were

-- when you all were up here with pdr, I had suggested that in audit and finance, we had heard that they were permitting liaisons to small business, and really what I went back to listen to it again, it was that there are some liaisons in your department

--

>> that's right.

>> Morrison:

-- That work directly with folks in permitting. And so I guess I'm a little confused about what it

-- what it would take to elevate one of those positions to the level that is being discussed in terms of a czar, a local business czar, that we have a discussion about. Do you see a distinction? Could you help us understand that?

>> I can give you my professional judgment. We work very closely with greg shopp and as you know, you have made it very clear that the small business community really deserves better facilitation of this whole process so they can get their permits. And so my professional judgment is that we have created two ombudsmen full-time that will carry on to work with businesses through the existing process, and we've also hired two temporaries that we're using as well, so we have a total right now of four, trying to get through this period of understanding what the problem is. And working with greg guernsey, they're doing electronic permitting, they're putting that together as we speak. So we found that the greatest challenge for small businesses is they

-- they don't understand what they're getting into until they're actually in it. Most private sector individuals, if you're going about something, you do the research in advance. It's just

-- it's what you do. You look at cars, you look at the value, you just price things out. But what we have found is that businesses will go ahead and buy a piece of property, or they'll lease the property, they'll arrange their financing, they'll hire their architects, and then they show up at the permitting office, and they're totally unprepared for the complexity of it. And so we have jointly, with the planning department, completed the first phase of the design of a customer service system to educate the

businesses on what not to do so they don't enter this

-- this whole process. So we think we've got a solution to the process, rather than another bureaucratic who would tell greg what to do, not to do, or how he's messed up. So I think the system with bizarre voice

-- bizarre voice is a local firm, one of the world leaders in customer service. They do adidas, they do office depot, and they have a three part process we think will be very valuable to local businesses. The first is frequently asked questions, so greg shopp has determined that one of the huge obstacles that gums up all of the permitting process is when people will buy a single family home or a gas station and try and convert it into a restaurant, someplace that serves food, so it's totally contradictory, and that gums up the works of the whole system. So one of the questions might be, if you have bought a house, be prepared to really run into some serious issues, and we'll help you through it, but it's frequently asked questions that guide them into a more intelligent approach to the business of getting -- of getting a permit. The second is kind of a rotten tomatoes review system. So businesses that have already gone through will be able to say, hey, I did this, don't do this; this is a horrible idea. Or, you know what really worked for me. So it's businesses who have gone through the process giving background and help to the new businesses so that their approach is more effective. And then third is the businesses, local businesses that provide technical assistance, so maybe architects or landscape architects or electronics, people who do permitting. So it's a complete system that will prepare the small businesses to enter the system intelligently. And so we've gotten a commitment from all five of the chambers of commerce, and we're using the austin independent business alliance and the 16,000 businesses that are online with our small business division, so we're going to let them all know about this new system, to help businesses so they don't make the horrible mistakes of doing this in advance.

[10:51:40]

>> Presuming then that they look at it before they take any steps at all.

>> Exactly. So they look at it before they take any steps at all.

>> Including buying any property.

>> So that means rika or other organizations have to also get on board. That will take an extreme amount of pressure out of the permitting system. That gives the permitting department a chance to

-- to not only update their codes, but to make sure that the pressure

-- we feel like that instead of monday morning rush hour, it'll be a sunday afternoon drive.

>> Morrison: Okay. Well, I appreciate that. That sounds like obviously helping people get in

-- on the right path in the first place. Just a little bit of feedback. I'm not

-- some of what we

-- we had an extensive discussion at audit and finance, and I hope my colleague council member spelman might chime in here, but my take away was that many of the problems they were having or encountering were problems that everybody is encountering. It's not necessarily that it was a local business or a small business. And the second thing I recall, my second take away was that the liaisons and the ombudsmen were getting them to the wall quicker, but they were still reaching a wall and feeling like they

-- the liaisons in your department weren't really able to help promote the attitude of how can we make

this work, as opposed to, uh-oh, we've run up against a rule that's broken. A little bit like we were just talking to mr. Smart, council member tovo mentioned they need to find ways to make it work, instead of just saying this is broke, don't fix it. So it sounds like that one bizarre voice could be a nice deposition. I'm not sure it's going to solve the problem. Can you tell me how much money we're investing in that? 35,000. It's a nice software system. And I have to say that we have -- through our ombudsmanen, we've helped others get the permit so they didn't hit the wall. They worked smoothly through it so I would disagree with the characterization it gets them to the wall faster.

[10:54:08]

>> Morrison: Great. Maybe things will change. I have a couple of other questions. One, we've heard from the music commission their recommendation that the music division needs an increase in their program funding. Do you have comments on that recommendation?

>> It is an unmet need. And you'll recall council provided, I think, over \$200,000 a couple of years ago to initiate these programs. And so that's kind of run -- run through the money, is basically what --

>> Morrison: So we haven't been adding to that every year in the budget?

>> That's right.

>> Morrison: Oh, that's interesting. Now we're down to, if I recall, 40-something thousand dollars.

>> I think that's correct.

>> Morrison: And is that suppose to cover the venue program, the venue loan program and all that? What is that supposed to cover?

>> I'm assistant director, it covers programs such as ambassador type programs. It's a one-time funding we used to fund several programs over three years, music, and et cetera.

>> Morrison: Okay. Is there any reason to think we would only want those programs to happen the past three years, then we don't need them anymore?

>> I would say no.

>> Morrison: Okay.

>> But we're trying to be very frugal and we're trying to hoe the line on budget, and we're launching very exciting music initiatives as I mentioned earlier. So, no, I think that we want to continue to expand, but we're also very aware of the restrictions on what we do. Our greatest resource for the department is the talent of the people who are here. And so they're very creative and very smart. We're doing our best.

>> Morrison: It seems like maybe we need to think in terms of finding a way to add some money to that program every year to make sure it doesn't get to zero, and then

-- and understand we have nothing. Let's see, I also was curious about

-- on page 371, where you're tracking the number of new jobs created through 380 economic development agreements. This

-- let's see, so we see that this past year it was estimated at 1247. It looks like the amended is 500, and then 500 for next year. Can you help me understand those numbers? Are those the cumulative as they are

-- as each of the different companies is adding jobs, some jobs every year, then you add them up every year, or is it just, hey, we did a new deal this year, and they said they're going to
-- they eventually are going to be adding 300 jobs?

[10:56:54]

>> In our estimate, it included the two that we currently have secured agreements for, and one that was potential in the pipeline, and then in '15, we always just go with the baseline because we never know which companies may come to the city for incentives.

>> To answer my question, this is just however many deals we cut this year, we add that many jobs that year.

>> Exactly.

>> And you're just back to a baseline. Can you help us understand, number of participants attending international business seminars. That's on the same page.

>> Yes. Again, as Kevin mentioned in his presentation, we have about 200 to 300 individuals that come through our international classes, specifically to learn how to export products. And so that is our estimate of the numbers that will come through our classes.

>> And there's no classes in December and January, so there's a real bump that's coming up. So in the fall, there will be a curriculum, and so it'll move from the 200 or 250 to a higher number.

>> Morrison: Okay. So I'm just glad to know that we are not sending 200 people to business seminars in international locales.

>> No.

>> Morrison: I mean that would be great if we could, but I don't think that's really appropriate. And then on page 374, this is a question that perhaps council member Spelman will be asking. But when I look at the small business development measures, I know they do great work and I know, you know, all the programs and educational and support that they do is wonderful. The performance measures, having listened to him for the past 16 hours, are all about the service we provided. Do we do any measurements of how healthy our small businesses are and whether they're growing?

>> Yeah. Yes, we do annual surveys and we do a debrief from all of the

-- at all of the work sessions that we have. We have the annual summit. So on a regular basis, we're taking the temperature of those businesses. We're also, in launching a citywide commercial

revitalization strategy for all of the council districts, we're working to develop a sample

-- a poll system to find out how the businesses are doing, whether they're satisfied with the work that we're doing, what kind of loans they need, or what it is they need. So this is an ongoing process.

[10:59:30]

>> Morrison: But just in terms of trying to track year to year how successful we're being in terms of helping small businesses develop, there's not necessarily

-- I'm not seeing here, maybe it's just too complicated, a way to capture did you understand, are they particularly struggling right now? Are we doing particularly well?

>> This year we finalized an update to our small business assessment so we do survey our businesses

after they take ours la. After they come through the business solution center, we ask questions in terms of growth, your number of employees growing, so we do have surveys ongoing; they're just not -- the detail is not here, but we do collect that data.

>> Morrison: So how would you say small businesses are doing today versus a year ago? That's the question we really want to be asking.

>> Yeah. The loans, according to all the small business loans are down 14 percent, so the small businesses are starved for credit. In fact, there was

-- in the wall street journal two days ago, there was a nice, complimentary article about the need for that. There was also

-- I think the three things

-- I'm trying to remember all three of them, but that they needed credit. They needed technical assistance, and they needed help with permitting, were the three major issues

--

>> Morrison: And that's nationally?

>> That's nationally and locally.

>> Morrison: And I believe that when we adopted last october the new economic incentives framework, at the same time, didn't we also adopt a resolution asking to

-- how we might investigate doing some access to capital for some of the small businesses to be able to participate in

-- does that sound familiar? There was another resolution that night, and it had to do with credit.

>> We have put together the complete packet of every incentive that the city, state, county, and the feds offer, and we have tracked all of the existing best practices, and there's two or three best practices that are out there now, but they're all

-- I'm not saying "but"

-- they are tax rebates of some sort to the small bees in exchange for their expansion. So we're up to speed on the existing incentives, and we published the report and it's online, as well as we have a pretty good handle on what the best practices are for incentivizing like the 380 agreements.

[11:02:10]

>> Morrison: Okay. Is that something you all have sent us already?

>> We've sent you the report.

>> Morrison: Okay.

>> We've sent you the report.

>> Morrison: Okay.

>> Would you like me

-- we'd be happy to

--

>> Morrison: If you could resend it, yeah, I know there's always discussion and maybe I just

-- when did you send it? Was it months ago?

>> I can't really say, but it's men months. Months ago.

>> Morrison: So the report has suggestions in it about specific incentive programs we could consider for

small businesses?

>> No, that is all of the existing incentives that are out there. It's everything that is local, stickers state, federal, all the incentives that are out there. We have not published

--

>> Morrison: You mean incentive programs or the actual incentives that have been given?

>> I'm sorry, council member morrison, I believe you're speaking to the resolution related to smbr in terms of the collateral pool that council charged

--

>> Morrison: That might be it. That's a separate issue?

>> Yes.

>> Morrison: Is that still in the works or that's already moved forward? That's smbr.

>> That's smbr.

>> Morrison: We could end this now, but if you can resend that, because I know there's interest in finding some ways to capture specific programs to help promote our small business

--

>> I agree. Thank you very much.

>> Morrison: Thank you. I look forward to it.

>> Mayor Leffingwell: Okay. This isn't a question. I don't even want you to comment, I'm just noting parenthetically that we have this about 70% drop in the number of new jobs created, and I think it's more than a coincidence that this happened coincident with our new

-- the adoption of our new evaluation matrix.

>> There's a reason for that.

[11:04:12]

>> Good afternoon, mayor and council.

>> Mayor Leffingwell: You're last, I believe.

>> I am, yes, sir. And I will be exceptionally brief. I will skip over our mission statement and accomplishments. I think you're very aware of our mission and what we do. I will take you to sources of funds. Am I going too fast? All-righty. So actually it's business as usual. The only real change on our sources of funds, when you see the sustainability funds, or general fund category, there's a 1.5-million-dollar increase from fiscal year '13 '14 to '14-'15, and that is comprised of \$200,000 for cost drivers, 650,000 for ctm, and about 650,000 of support services. So they're all just very standard expenses there. Next page, on the uses of funds, if you look at our expenditures, they're very minor change. Under the housing category, that slight increase is just accounted for the housing trust carried forward, support services, \$200,000 different, personnel and cost drivers, and the transfers, that's ctm and support service, roughly \$1.3 million for those costs. So there's nothing unusual there. And our use of funds either. When you look at budget highlights, probably the biggest thing is to note the change from using sustainability fund as recommended in this budget, a \$400,000 increase in the housing trust fund, and that's just carry forward funds. Our critical priorities, which are zero net cost, we're requesting two positions, one is a financial consultant, to help us with our rental housing developer assistance program, the administration generally of the general obligation fund, and the other position is the regulatory

monitoring position. Obviously, our long-term monitoring requirements and needs continue to grow as we continue to invest money, and so we're asking for an additional position there. Cip highlights, just our general spending plan of roughly 10.3 million that we anticipate committing on spending in fiscal year '15, and we're pretty much the way we always do, 6.8 for rental, 1.3 million mary home opener, two million for repair, 200 for architectural barrier removal. Again, revenue highlights, transferring from sustainability fund no general fund, our federal grant funding is relatively fat but that's because there's a \$200,000 decrease in cdbg, offset by the same amount of increase on home, esg and hopla, which I'll show you the requirement on that on the next page. Then the housing trust fund transfer is anticipated to be \$841,000. Other budget topics, if you look at that first budget, there is an anticipated decrease for cdbg of roughly 200,000. Cdbg, 15% can be used for public service. Because of that, there's a \$30,000 decrease we can use for public services. So in order to keep those contracts, child care senior services and youth whole, we are proposing to utilize housing trustee fund dollars to offset that gap. That's the budget highlight for you. This is a general rule, we're hearing from the federal government continued cuts in the future. We have no idea, that's just speculation, but we are hearing on the horizon potentially 5% cut to public housing, 7% cut to popwa. And that is our budget highlight. We're available for questions.

[11:08:18]

>> Mayor Leffingwell: Council member

--

>> you wouldn't want us to not ask any questions. That would be like we care, and we do. I noticed they didn't have a formal recommendation, but one of the things that came up there, and I've heard from Charles, is the request for more in the way of the home repair program. And can you help me understand what we did last year? Last year, we did two million? Is that right? But then did we find another million in the middle of the year or something?

>> We did. We had some

-- out of the

-- so there was the budget transfer mid fiscal year '12-'13 of 9.8 million, so from that we were able to utilize roughly a million dollars that dedicated to the go repair agencies for work in dove springs. So it ended up being three million dollars of contracts with the recipients, but we dedicated that million that we found out of the 9.8 for dove springs work.

>> Morrison: Being on. The idea on slide one behind the spending plan of the ten million, is that basically our bond money?

>> That was the cip. We did

-- there was the

-- this council provided for a budget transfer in december, which we realized probably january-february, and that was

-- there was excess funds. It was cip. Yes, the shortness a is yes, cip.

>> Morrison: I guess what I'm talking about, though, is

-- so can we go back to that? This is for

-- this is for next year, but you're saying we transferred that money last year and we're just putting it in

our budget this year? Can we go to 190? That \$10.3 million, where does that come from?

>> That's the 2013 go bonds.

>> Morrison: Okay. Good. And we're dividing that up into chunks of 10, or six, so it allows for six years?

[11:10:24]

>> Yes, ma'am.

>> Morrison: Okay. Got it. So if we were to find

-- if we were to want to increase the repair program, we would either take it from here or somewhere else, but this is the same thinged.

>> Correct. Yes.

>> Morrison: That helps me understand. And to the point of child care services and all

-- excuse me, on page 233 of the budget, it looks like maybe you're just trueing up some of the services you're trying to provide in terms of child care services. Looks like they're going down a little bit? Is that just a matter of trueing them all up? Child care services, senior services?

>> On the performance measures?

>> Morrison: Yeah.

>> So do you want to know specifically about child care, or just in general how

--

>> Morrison: They're trying to make sure the program was whole.

>> Absolutely. That's for funding. Now the number of children for all the programs, we anticipate over time because the cost of service continues to go up. So we've kept everyone level for the last five years.

>> Morrison: I see.

>> But slowly the cost of services has started to increase, so the number of folks is slowly decreasing.

>> Morrison: Okay. That's very helpful. And then on 237, for the home buyer assistance, looks like our funding has gone up and down from 871 down to 225, and then back to 425, but we still serve about the same number of households. Is that the same issue that we are just

-- the cost of services just changing? It's about 15.

>> Oh, yes, okay. On down payment of systems.

>> Morrison: Yeah. But, for instance, we have 200,000 more dollars this year, so wouldn't we expect to be able to serve more folks?

>> We've used carry forward dollars the last couple of years. What you'll see in the budget is new funding. So for fiscal year '13 '14, it's 225,000, but we had some previous

-- some home funds from previous years.

[11:12:25]

>> Morrison: Oh, goat.

>> So we don't have much carry forward left anymore. So the 425 is the new funding, but we're anticipating the same number of folks will be served.

>> Morrison: Okay. Great. And then the last page I wanted to ask you about is on 239. Again, just looking at the performance measures, the number of units created or retained through developer incentives,

are those like the density bonuses and things like that?

>> You're looking at the very first line number of

--

>> Morrison: The second one.

>> Second one. 2800?

>> Morrison: Uh-huh.

>> That's smart housing.

>> Morrison: Okay.

>> That one is specifically smart housing.

>> Morrison: Great.

>> That is smart housing.

>> Morrison: Okay. Good. And where do we see

-- do we have a place where there's a count of like the number of

-- when we have vmu come on board

-- all the ones that you're monitoring that we know have long-term affordability?

>> We are racking those. It's not noted as a performance measure, but it is being ultimated on our webs on a monthly basis. So the 800

-- the performance measure is specific to smart housing.

>> Morrison: And that makes sense because the density bonuses are not really based on your services.

Got it. Okay. Thank you very much. You guys have a lot going on.

>> Mayor Leffingwell: Okay. In that case, I believe that concludes our meeting for today. Without objection, we stand adjournedat 5:15 p.M.