

Audit and Finance Committee Meeting Transcript – 1/27/2016

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 1/27/2016 6:00:00 AM

Original Air Date: 1/27/2016

Transcript Generated by SnapStream

=====

[9:17:31 AM]

>> Professor: Okay, good morning, sorry again for the delay, this is the audit and finance meeting, I'm mayor pro tem Kathie Tovo chair of the audit and finance committee, and we are in session at 9:17. So our first order of business is to approve the minutes, councilmember Pool moves approval, vice chair Troxclair seconds it. All in favor? That's unanimous on the dais. No citizens signed up for citizens communication, we will move on to agenda item no. 3, these are the proposed changes to the boards and commissions bylaws. Welcome, Ms. Estrada.

>> Good morning, I just want to make sure that you all have the backup and the spreadsheet. Councilmember Troxclair I'm not sure that you have the spreadsheet, if not, if everyone has it, we can get started. Chair if you would like to join me. The first board that we are -- let me first explain that the way we're taking up the boards, on the first to board bylaws that will not change city code. So -- so we'll get started with the mayor's committee for people with disabilities. The mayor's committee for people with disabilities did approve all of their universal changes. In addition to that, made some changes to their existing committees to two of their existing committees to change one of the names from the access and youth committee to the access and public policy committee. They changed a few of their duties. The awards and outreach committee also changed a few of their duties and they would like to create the employment and education committee. And chair Owens is here from the mayor's committee for people with disabilities if you have any questions about the creation or the amended committees.

[9:19:34 AM]

Are there any questions?

>> Pool: Just real quick so I can follow, is the red line -- can you describe the red type?

>> Yes. So those are the universal changes that were approved by the board. So they won't come before audit and finance. So they're going to go directly before council. My hope is to get the 25 plus boards that have these universal change in front of council February 11th. So right now, the only thing that I'm bringing forward to the audit and finance committee are the changes to board bylaws that either require recommendation and approval by the full council to create an additional committee and amend the two committees that are created or any changes to city code that would require an ordinance change.

>> Pool: Then generally, those changes that we are going to look at today are either highlighted in yellow or struck through?

>> Yes, ma'am.

>> Pool: Okay. Thank you.

>> Tovo: I do have a question. Chair Owens I assume from the first change that the committee was interested in having more inclusive language. That was the reason behind dropping youth and shifting to barriers for people?

>> Yes, ma'am. Just to back up just a little bit. So the committees names have changed but we're still doing all of the functions that we've been doing in the past in terms of our events that we're doing, the disability mentoring day, the employer awards. We just kind of felt like that the committees needed to be reorganized and better defined and so while we are striking youth committee, we are still performing a lot of the same functions that we were in terms of the disability mentoring day, internship program. So -- so I just wanted that are reaching out to youth and providing those initiatives. So ...

>> Tovo: Super, thank you for that clarification. Any other questions? Councilmember pool?

>> Pool: On that topic, a lot of times changes kind of get lost in the haze of time. So 20 years from now, it may be that the -- that this particular citizens committee may have forgotten that originally this subcommittee was focused on youth.

[9:21:44 AM]

Would it be -- would you all be interested or willing to add, of all ages, for example? From youth to elderly or something like that. So that -- so that the focus that was at one time on youth isn't lost sometime in the future?

>> Sure. I think that the members would be amenable to that. I mean, I think that certainly, like I said before, outreaching to youth and all ages is definitely one of our priorities. We're certainly in talks with the senior committee -- the senior commission, right now, to do a joint meeting and tackle some joint issues. To your point, yes, all ages is certainly relevant, we can definitely look at some language to include in that. In that description, I guess.

>> Pool: Great, that's just to ensure that it doesn't get lost.

>> Sure.

>> Pool: In the future. Thank you.

>> Tovo: All right. Any -- is there a motion on this battery of changes? Councilmember pool moves approval of the changes for -- for the mayor's committee for people with disabilities. Is there a second?

>> Pool: With the one requested direction.

>> Yes, we'll make sure that we include that.

>> Tovo: Okay. So that adds -- of all ages, after people, is that where it makes best sense?

>> Pool: I'm fine with letting the group determine where it would best be presented and wording that works the best.

>> Tovo: Does this work for you, Ms. Estrada?

>> Sure.

>> Tovo: Okay, all in favor? Any opposed? And that passes on a vote of 3 to 0, with councilmember Renteria abstaining. Okay.

>> Thank you, councilmembers for all of your work in supporting the committee. Thank you.

>> Tovo: Thank you very much for the work that you are doing and your committee is doing and thank you so much for being here this morning.

[9:23:48 AM]

All right. Moving on to the electric utility commission suggested changes.

>> This one will be very quick -- quickly, I'm sorry, I probably should have taken it out. All we're requesting the electric commission do, they removed a section of their bylaws that under article 8,

everything that's highlighted they removed from their bylaws and it's just the -- the information for the -
- for any coast that -- for any committees that are created, their roles and responsibilities, if they ever do
create committees they decided to remove that because they currently don't have committees, we
requested they add that back. I don't think there's any action needed on your part. I just forgot to
remove that from our spreadsheet. So --

>> Tovo: So I actually see the electric utility commission in two places on our spreadsheet. And --

>> Yes, we will come back to that one.

>> Tovo: Okay.

>> The one that you're talking about where it says article 7 O would require a change to city code. What
I was trying to do was get the changes that are just made to [indiscernible] That would not require an
ordinance change out of the way first.

>> Tovo: So the proposed amendment that is before us at this moment is article ab --

>> It was my mistake. I meant to remove that and I didn't.

>> Tovo: Okay.

[Multiple voices] I'm going to scratch that off and we're not considering that at the moment. Okay. So
we have two other issues related to the electric utility commission. You would like to get to those after
the environmental commission?

>> Yes, ma'am.

>> Tovo: Okay. All right.

>> The environmental commission --

>> Pool: Before we move on, in order -- I heard you say that removing 7-o from the electric utility
commission would require a code change. Then that means that the bylaws would no longer be entirely
uniform across the board, which was something that we were aiming for; is that right?

>> That's right. We'll talk about that change because it was not only the electric utility commission who
made that request to remove that section of -- from their bylaws and essentially from code.

[9:25:52 AM]

There was another board that made that request.

>> Pool: This is what I was going to suggest, this may help us not have to change code and could
continue to -- to maintain the uniformity, which was a goal of this exercise. I've talked with some of the
various chairs of the commissions, some who are new, should who have been around for a while. There
is not complete understanding of the role of the chair and the ability that they have to craft their
agendas. In fact, they can -- they can indicate discussion on items that would preclude the fact that you
could talk to the briefing. So if a briefing was posted, it could be posted as briefing and discussion about
an item. So I think there are other ways that may be simpler without going through the process of
changing the code to get to the ability, which I understand what the goal is here is so that the public can
speak on items that are on the agenda. The committees feel like they have a bar, because it says only
briefing and that that precludes. So I think a better way to address this is to talk about the wording
that's used in the agendas. If simply including the word discussion would obviate the need to go
through the code changes, I think that would be simpler.

>> The board liaisons who have approached me about this issue, an example is the Mueller commission,
that they frequently have briefings from catellus and that they would like the neighborhood to offer
feedback. In that discussion, when I reached out to the law department, the law department stated that
-- that if it says briefing, then citizens could not speak on the item. So the -- so the way that I --
recommended the boards go around that is not to list it as a briefing.

[9:27:53 AM]

To list it as something else. Maybe a presentation. That way we wouldn't be violating city code and you could -- there was a way to have members of the public offer their feedback on an item.

>> Pool: Okay. So I think just to be really clear --

>> Tovo: Just to be really clear, we were going to take up those two proposed amendments after the environmental commission. We've already launched into the discussion so let's just finish it. Group, these are the two items under electric utility commission on the last page of our -- of our packet. The staff does not recommend the change. I think for the reasons that have -- that have just been articulated by councilmember pool. And Ms. Estrada I it sounds like you are both making the same suggestion that the language on the agenda change.

>> Pool: Right, rather than the code.

>> Right. So what I can do is reach out to all staff liaisons and provide them that alternative language. Other options so they don't have to list something as a briefing and essentially limit public testimony.

>> Tovo: That sounds like a good plan. Does somebody want to --

>> Pool: I will move that.

>> Professor: Instead of moving the two proposed amendments --

>> Tovo: Instead of moving the two proposed amendments, councilmember pool is making a motion that there be direction back to the committees.

>> Pool: I am moving that we make no change to the standard language in the bylaws and instead that staff work with the chairs of the commission so that the wording on items that they know or would like to have public input can be allowed.

>> Tovo: Great. There is a second? Vice chair troxclair seconds that, all in favor? That's unanimous on the dais. Okay, that brings us now to the environmental commission.

[Indiscernible] Thank you for being here with us.

>> There are two -- I divided this up into the first, if you are on the first sheet on the back side, these are all of the -- under environment alcohol commission, these are all of the amendments that were made that are just bringing the environmental commission's bylaws up to date with city code.

[9:30:02 AM]

As you all know, the urban forestry board was dissolved and the environmental commission took on their duties and responsibilities. So when the city code was updated in December of 2014, the -- the environmental board became the environmental commission and they also made these changes that are listed here in -- on this spreadsheet. So -- so all -- all of our -- our request is that -- well, the audit and finance committee make a recommendation to approve the bylaws that are now concurrent with city code.

>> Tovo: Vice chair troxclair. .>> Troxclair: So did the urban forestry commission, I guess they had language to protect and preserve public and private trees? I'm asking specifically about the private trees.

>> The urban forestry board did not have the private trees in there. They were public. But the environmental commission had already made a recommendation that we continue to develop a plan, an urban forestry plan for the city that includes private trees. Too. They have not had a survey of the private trees, but that actually has happened now.

>> Troxclair: Okay. So this is more than just adopting the duties of the urban forestry commission, you are also expanding?

>> May I make a clarification. So everything listed in the board bylaws in just blue font with no highlight, those are the updates from city code. Everything that's highlighted is the -- we're going to go over next, which is the additions that the environmental commission has made that they would like to make -- to

their change to city code. This has not been added to city code as of now. Everything that we're talking about now is listed in blue font with no highlight.

[9:32:08 AM]

>> Troxclair: Okay.

>> Chair?

>> Pool: It looks like item 15 in blue on the second page, looks like you are simply expanding on a definition of city's urban forest to include public and private trees, is that the intention of adding the word private?

>> That's correct.

>> Pool: Thank you.

>> Troxclair: I'm sorry I'm confused by the different highlighting. But so we are not voting on anything in yellow? We are only approving the things in blue?

>> Not as of right now. On the next we will talk about the things in yellow which would require an ordinance change. Everything in blue font is already in city code that we are just asking council to -- to approve to --

>> Troxclair: Something that is in blue and yellow, we are not approving.

>> Right, yes, ma'am.

>> Okay.

>> Tovo: Is there a motion for those amendments? Councilmember pool moves approval. Vice chair troxclair seconds it. All in favor? That is --

>> Councilmember Renteria did you vote for that.

>> Renteria: Yes.

>> Tovo: That's unanimous on the dais.

>> Great. If you go to the second page, first sheet, these are now all of the changes that would change city code for the environmental commission that would require

[indiscernible] Change. They are listed in yellow. Whether that language is highlighted yellow in blue that would be an addition, if it is struck through that would be removed from the ordinance. For the environmental commission.

>> Pool: I will move approval.

>> Tovo: Councilmember pool moves approval. Is there a second? I will second that. These are recommended by the staff or -- there are not concerns among the staff.

>> There are not concerns among the staff. I did speak with the executive liaison yesterday, he said for the most part staff did agree with all of these changes, I have not checked my email in the past 20 minutes, but he was supposed to give me all -- stating if they had any issue with anything, that they would let me know.

[9:34:20 AM]

>> Tovo: Super. Ms. Maxwell did you want to say a few words about the changes or anything else?

>> Is this what we're talking about?

>> The last one we approved.

>> No.

>> Tovo: Okay. Are there any questions for -- for either staff or our chair?

>> Renteria: Exactly what we're doing here is on the -- [indiscernible] Removing from water quality regulations proposed by the water protection department then, are you just amending the duties of the urban growth policy committee? I don't understand what -- exactly what we're doing here.

>> Tovo: Councilmember, are you talking about the forest --
>> Renteria: 82 --
>> Tovo: So that's 1, 2, 3, 4, the fifth item on that list. The amending the duties of the urban growth policy committee.
>> We are finding it.
>> Actually, I think that this really is just a refining of the language and it's just cutting down the verbiage, but it's really -- it really -- this is a better way to say what -- the duties of the urban growth policy are. Of that committee.
>> Renteria: Okay.
>> It's not really -- it's not really that specific in terms of the desired development zone, watersheds, all of that. It's not that specific. It's the entire --
>> Renteria: They are just there to -- to review and make recommendation, is this what -- to review the water quality regulation being proposed by the watershed protection department then?

[9:36:26 AM]

Are they the only ones that get that or does it go to another department, also?
>> I'm not really seeing where you're talking about, I'm sorry.
>> Renteria: Maybe I'm on the wrong sheet.
>> You are.
>> I believe --
>> Tovo: I believe that -- councilmember Renteria, I believe, is asking if the environmental commission is reviewing regulations that are coming from departments other than the watershed protection department; was that your question, councilmember?
>> Oh, no, we're not. It's -- no. It does not include other departments.
>> Renteria: Oh, okay.
>> But environmental policy is pretty much -- managed by the watershed protection department.
>> Renteria: Okay.
>> Tovo: All right. Other questions? Okay. Seeing none, vice chair troxclair?
>> Troxclair: I am -- what is the reasoning behind expanding the jurisdiction to have say over private trees?
>> It's really just to get a good -- a good understanding and accounting of all of our urban forest. The only way that the urban forestry board had was -- excuse me -- was over public trees that were really in mostly parks. And so we're just looking at the whole urban forest. And canopy.
>> Troxclair: Okay. For me I think looking at public trees is the most appropriate role for the environmental commission. So I'm going to not vote for these changes, just because I'm concerned about the infringement of government on to private property.
>> Tovo: Okay. All in favor? All opposed? And that passes on -- those changes pass on a vote of 3 to 1 with vice chair troxclair in opposition.

[9:38:32 AM]

And I believe that takes us to -- to item 4 on our agenda, we're going to have to keep moving along at a fast clip because we started late, so -- so we at our last meeting -- colleagues, at our last meeting, we talked about --
[multiple voices] -- councilmember Renteria, just to clarify the vote on the last one, did you vote in favor of those changes?
>> Renteria: I thought we were just voting on the 8 a-2? I'm sorry, I was here late so I don't know --

>> Tovo: Sure, sure. Okay. So I think then we should clarify that. We were voting on all of the changes that had been suggested for the environmental commission.

>> Renteria: How is it going to affect public trees on this one? Is there already regulation or rules or -- there's already a comprehensive forest plan that covers trees that was put together by the urban forestry board and approved by council. So that's already in place.

>> Renteria: My understanding was that -- is that just to -- what is this rule that -- on the private trees? What -- what does it all --

>> Basically it is to getting an accounting of our trees. Of the total amount of all of our canopy for the city. There already has been a survey done of that, actually.

>> Renteria: My understanding is now that there's -- there's trees on private property that still have to get permission from the -- from the urban forest committee or --

>> Actually, it has to come through the environmental commission because that was put -- when the heritage tree ordinance was passed, it put the environmental commission in the position of reviewing any changes to heritage trees.

[9:40:34 AM]

>> Renteria: Okay. So how would that affect that?

>> It doesn't. It's the same. Nothing has changed on this except to get a better accounting of the number of trees we've got in our canopy.

>> Renteria: That's all this --

>> We don't -- we have not been given any more authority than that.

>> Renteria: Okay.

>> Tovo: Vice chair troxclair.

>> Troxclair: I hear you say that you will you are trying to do is have an accounting of the public and private trees. I just want to point out, it says protect and preserve public and private trees and it says all matters pertaining to the city's urban forest, including public and private trees. If your goal is to just have an accounting of all of the trees, I would -- I would hope that the committee -- that the commission would look at just stating simply that, that you want to be able to have an accounting of public and private trees. Because having all matters pertaining to the city's urban forest could be anything.

>> So that's too broad, in your opinion.

>> Troxclair: It just doesn't match up so what I am hearing you saying is the goal.

>> Okay. We really don't have any more authority over private trees than -- we're not asking for more authority over the private trees. So we could clean the language up.

>> Tovo: I would ask, too, though that we look at the council resolutions related to this subject. Because there have been some related to the urban forest and those have expressed an interest in preserving and protecting our private trees. So this isn't really the venue to have that broader discussion about what our policy is going to be with regard to the urban forest. But I would ask that that conversation about the language -- looking at the language specifically in your charge happen in the context of any resolutions from council that have been relevant to this.

>> Yes. Okay. So -- do we need to do anything different now in terms of getting this moved forward to council?

[9:42:36 AM]

>> Tovo: So we just voted on it. I'm going to ask the committee if they wanted to reconsider that vote. Councilmember Renteria, are if you are comfortable with your previous support, then we can move on. If you are not, then I would suggest you make a motion to reconsider the vote.

>> Renteria: You know, since this is not going to change anything and I'm sure that our recommendation, when it does go through the council can -- I could state that, hey, this is just for counting trees, the change, so I don't have any problem with that.

>> Tovo: Okay, very good. All right, thank you very much.

>> Thank you very much.

>> Tovo: So that brings us to item 4. At our last meeting, we discussed the downtown commission. And I believe that we -- there was some confusion about whether this item was to return or not. It is posted on our council agenda for tomorrow. Yes, it is tomorrow, isn't it?

>> Yes.

>> Tovo: For action. But we asked Mr. Knox just to come back. Size of the downtown commission, there was an interest expressed among our committee to ask our staff liaison to that group to -- group smaller. That's what he's done. I think 80's good plan. But we're being asked to just weigh in on whether we're comfortable with that, so that's what we are doing. So Mr. Knox, if you would just kind of sum up what those changes are, then we can issue a recommendation and -- and move to the next --

>> Yes, Michael Knox, economic development department. The changes are to change the commission from representation by and large from other boards and commissions and appointments of the mayor to the mayor and councilmembers each getting one appointment and then six of the boards and commissions would be appointed by the council, they would be non-voting, non-quorum members, would not also be subject to the attendance requirements.

[9:44:38 AM]

So -- so essentially it would give us an 11 member commission with -- with six members that could participate in subjects that are -- that are important to their individual commission.

>> Tovo: Super. So that balances both the interest in having broad representation with the concern about making quorum, so that seems like a good solution.

>> Yes.

>> Tovo: Colleagues, do you have any questions?

>> Troxclair: Does this change the total number of people who have voting abilities on the board?

>> Yes, right now this was 15, this would take it down to 11.

>> Troxclair: Okay. And the 15 -- the 15 were all appointed previously by the -- by commissions?

>> Well, eight were nominated by other commissions to represent them and then the other seven were a, at least for the year, appointed directly by the mayor.

>> Troxclair: I see. Of the eight that were appointed by other commissions, we're going to --

>> We're going to six instead.

>> Troxclair: Six non-voting.

>> Right. So we are removing the planning commission and the downtown community court advisory committee.

>> Troxclair: Okay, thanks.

>> Tovo: Okay. Other questions? Is there a motion on this item? Vice chair troxclair? Do you want to move recommending this to the full council and councilmember pool seconds it. All in favor? That is unanimous on the dais. Thanks very much, Mr. Knox, for your work on that item. All right. Number 5 is -- number 55 in our council agenda for tomorrow. We do have one speaker on this subject, I will invite Mr. Mick up to talk here in a minute. A few years ago, Texas ramp, which Mr. Mick is affiliated with, approached the city of Austin and I'll let him talk a little bit about that, but there were a couple of council resolutions designed to facilitate the work of groups like -- non-profit groups like Texas ramp, which are involved in creating free ramps for people who are trying to leave the hospital but might not have a safe access into their home.

[9:47:01 AM]

And, you know, providing access to others as well who need that access. And so the council has passed two resolutions. Will one was to waive the fees, but the ordinance was very specific about the amount of fees to be waived. In the intervening years we have raised the fees of the city, so they are no longer able to waive all of their fees. So there was a discrepancy in the item that I brought forward on this week's agenda, would make that ordinance more general. It would just say that we're waving those fees -- waiving those fees rather than a specific dollar number. That's the main intent of this. That's on the council agenda for tomorrow. The amendment is just changing it from a specific dollar amount to a waiver of all fees, with that, I will invite Mr. Mick up to talk. I believe he's the only speaker that we have on this item. You have three minutes.

>> Good morning, my name is Dennis Mick. Texas ramp project has been building, across the state of Texas, but specifically within Austin and Travis county for a number of years. We have put up in excess of -- I'm sure -- 200 safe and solid wheelchair ramps to allow people to get in and out of their homes. And these are people who couldn't afford otherwise to have these ramps built for them. And so with a group of volunteers and generous donations from several local charities, we are able to assemble groups of people to come out on a Saturday morning and build a wheelchair ramp for people. To allow them safe access in and out of their homes. And the -- the issue that is before -- that is before this committee is the fact that -- that the cost of -- of getting the building permits has been a substantial burden for us. Upwards of -- of probably half of our total cost of building one of these the permitting fees.

[9:49:01 AM]

And so we're asking to be excused from those fees.

>> Tovo: Vice chair troxclair.

>> Troxclair: I don't know if you are the best person to answer this question, I was curious if there's a staff person here who can answer it. What is the increase in fees? How much have the fees increased in the past two years?

>> Tovo: I believe I have that information. We should ask staff just to verify it by tomorrow. So the plan review fees had been \$4, that's what was stated in the original ordinance from 2013. Those went up to 6.25. Building fees were \$51, they have gone up to 200, the development surcharge was 220, it's gone up to 825. So the total fees were 5720 that's what's stated in the ordinance, the total fees now would be 214.50. Is that about right?

>> Sounds about right.

>> Tovo: Mr. Mick, you said that amounts to about group would spend constructing the ramp in terms of materials. You do it all through volunteer labor.

>> Volunteer labor and the materials are through donations as well. And total cost of those materials is probably in the range of -- I don't know, 800 to one thousand dollars.

>> Tovo: Okay. Thank you. Councilmember Renteria?

>> Renteria: Do you -- speaker -- do -- you served on this -- last council. Do this -- do non-profits have to pay this fee, also, when they are doing ramps like urban league, stuff like -- do you know?

>> Tovo: So the ordinance, the resolution that I brought forward in 2013 and the resulting ordinance waives those costs, not just for Texas ramp, but for accessible ramps built by non-profit organizations that use 100% volunteer teams at no financial cost to the ramp recipient. So any organization that fits those criteria does qualify.

[9:51:05 AM]

But it would have to -- it would have to meet all of them. It would have to be a non-profit, it would have to use 100% volunteer teams and there would have to be no cost to the ramp recipient. So I'm not -- I'm not aware of, you know, how many organizations we have that meet all of those criteria.

>> Renteria: Thank you.

>> Troxclair: I mean I -- I support this item because I support, you know, the work that you're doing. But it does concern me that we have one fee that -- in two years has gone up 300%. From \$57.20 to 214.50. And that concerns me for the rest of the population in Austin that does have to pay that fee. So I -- I hope that we can take a look at when we add these restrictions or when we add these requirements and then we increase the fees at the pace that we're increasing them, it's no wonder that -- that it makes it more difficult and more expensive to build here in Austin.

>> Tovo: Vice chair troxclair, I just want to mention that I don't have all of the dates in my head, but there was a cost of service done in the last -- maybe Ms. Hart knows, planning development and review did a cost of service, I think it was maybe based on the 2010 fees, so in fiscal year '15, the council increased those fees to be a half a bit closer. This is more or less correct. I may be off on some of the details. But tried to get a little bit closer to cost of service. Then our council voted to move it the rest of way this year to cost of service. But that cost of service isn't even based on present cost so it doesn't account for all of the increase in staffing and whatnot that's happened in planning development and review over the last couple of years. So that is -- you know, just for those folks who are listening, the intent of raising the fees was to bring it a little closer to cost of service. But I think since we have incurred new costs over the last couple of years, even these increases are not at cost of service.

[9:53:11 AM]

>> [Indiscernible] .

>> Troxclair: I hear what you are saying, that we need to cover cost of service for the services that we're providing. But if we don't have the requirements, as broadly and as strictly enforced -- well not strictly enforced. But if we didn't have these kind of broad overreaching requirements in the first place, we wouldn't have the cost of service to cover the cost of enforcement of this, that was my point.

>> Tovo: Thank you, other questions for Mr. Mick? Okay. Is there a motion on this item?

>> Renteria: I would like to make a motion for approval.

>> Tovo: Okay. Councilmember Renteria moves approval. Councilmember pool seconds it. All in favor? And that is our recommendation to council, thanks so very much for being here. And thanks for your work.

>> Thank you. Okay. Three-year audit. I think this is our one and only audit item here today at audit and finance.

>> It is. It is. We also have our accomplishments report should we get to that. But this is only audit. This audit is or three-year follow-up audit, looks back at the last three years of recommendations that our office has issued that have been reported as implemented, Olga

[indiscernible] Was the manager of this project and Kathie Harrison was the auditor in charge, Olga is going to walk you through the presentation.

>> [Indiscernible].

[No microphone].

>> Am I on now? Good. I will start with walking you through the process and explain what we looked at during this follow-up audit. When we complete our audits, we issue recommendations to management to improve operations. As a part of the audit report, management submits an action plan that includes implementation steps that they intend to take as well as proposed timeline for the implementation.

When management works on taking those steps and every six months report their status to the

comptroller's office, who then reports it to the audit and finance committee.

[9:55:17 AM]

Periodically, we -- verify that the implementation status reported by management is correct and those are our follow-up audit. We work with management and what steps they take to implement our recommendations. In these follow-up audit we looked at fiscal year '13 through fiscal year '15. We issued 91 recommendations in this time period. Comptroller's office reported that 53 of those recommendations were implemented in the report -- the report is available to us during the audit. We have selected 15 recommendations that we considered highest risks, covered six audits in five departments and we verified implementation steps taken by management. Our first finding is out of the 15 recommendations that we tested, we saw that 10 were fully implemented, four were still underway and required additional action from management and for one management no longer agrees with the recommendation. In the next few slides I'm going to go over the detail of our testing. We looked at three recommendations for the parkland dedication audit, the parks and recreation department was the recipient of the recommendation and they fully implemented all three recommendations. I would like to note that the last three recommendations about making the information publicly available achieved full implementation as we were conducting this follow-up work. We also tested for recommendations from the emergency medical services outcomes audit. The first two recommendations were issued to the emergency medical services, we confirmed that both of them were fully implemented. The other two recommendations were issued to the office of the medical director. We confirmed that one was fully implemented. The second one, management and the time of the original audit concurred with the recommendation and reported as implemented, but as we were conducting the work we learned that the current medical director no longer agrees with the recommendation.

[9:57:26 AM]

For two recommendations from the technology governance and planning audit that we showed to the chief information officer, we did not confirm the full implementation steps were taken, but additional action is still needed to achieve full implementation. For the contract development and approval audit, law department did address the recommendation fully. For the water building process audit, we tested for recommendations that were issued to Austin energy, we confirmed three recommendations were fully implemented and one needs additional action from get. Then the cemetery sales and administration audit, the parks and recreation department again, was working on this recommendation. They took steps but did not achieve full implementation yet. For our second finding, we looked at all 53 recommendations that management was implemented. We saw about 10% were implemented as originally planned. At the time originally planned, some of the recommendations took a little bit longer and about 13% of the recommendations took over a year longer than the originally planned. We did not test the implementation for all 53 and as you can see from finding 1 based on the sample we tested, we did not confirm that all recommendations reported as implemented by management are implemented. As we were conducting this work, we noted several factors that contribute to some of the gaps that we were seeing. Including the -- the technicality of the recommendations that we issue in, also there's some difference in expectations of what implemented means between the management and our office and we also say that staff turnover contributed to losing some momentum and detailed knowledge about the recommendations. That includes my presentation, I'm happy to take questions.

[9:59:35 AM]

>> Tovo: Councilmember Renteria.

>> Renteria: The only question that I have here on the emergency medical service outcome. The review of low priority, high frequency incidents. What is that exactly why there's a disagreement over that?

>> So the low priority/high frequency incidents is the majority of the incident in the population that ems is responding to. There maybe [indiscernible] Call so they are not at critical and emergency medical services does some review of it. Our recommendations was addressed to medical director who we thought should also look at it to evaluate the outcomes. At this time the medical director does not find this review to be practical.

>> Troxclair: The finding that only 10% of the recommendations were implemented when planned. That seems low. Is that typical? Or --

>> We have not looked at those trends before we decided to look at them now. I think when -- when management originally estimates when they're going to implement the recommendations, they don't always know when the workload is, so I think they are different factors affecting -- ideally would like to see the recommendations, like this first number implemented in time to be higher. We have started some improvements in our process that I think will help with that. And we will continue to monitor how the timing works out.

>> Troxclair: Okay. On the water billing process follow-up, I apologize, I don't have -- I don't have that audit or the -- or the recent external audit that was done on water billing, but I know a lot of the things that were found in that September 2014 audit kind of were the same issues that led to concerns that the public utilities committee has been talking about a lot regarding the high water bills and the potential for having inaccurate reads.

[10:01:45 AM]

So in particular, did you have the opportunity -- one of the things that the recent external audit found was that the vendor, corix in our contract with them, they are supposed to make no more than one inaccurate read for every 1,000 meter reads. That audit found that they were making 15 inaccurate reads for about every thousand meter reads. So do you know if you looked at that particular standard or benchmark when you did the September 2014 audit?

>> In the original audit, we looked at that aspect, but we focused on the process of what utility and the contractor does to address those inaccurate reads, the recommendations was aimed towards that. As we were conducting follow-up work, we saw that improvement has been made to the process, but we have not revisited the accuracy.

>> Troxclair: Okay, you don't specifically remember that one in 1,000 benchmark.

>> Actually, I would say in neither audit did we focus in on that. In the original audit, when we looked at that, it seemed that the contractor that was meeting those thresholds and to the extent that they weren't the concern that we zeroed in on was there's a provision in the contract of whether or not you have to pay, if a read is -- is read in error over the -- over the one in a thousand. And so we had a recommendation related to that, that we tested, in this follow-up work. But we didn't really look at the accuracy of the reads themselves.

>> Troxclair: So what you're saying is that the city shouldn't be responsible if the standard is one in a thousand, that's in our contract, and the recent audit found that we were closer to 15 errors in a thousand, we shouldn't be responsible for paying for those 14-meter reads?

>> Correct. Although I do believe that in that 15, I may be wrong about this, but I do believe within that 15, that you may have an inaccurate read, but the contractor has the opportunity to reread that.

[10:03:56 AM]

So it may then become an inaccurate read to say that. That sounds kind of funny. But from the pavement perspective, you might -- from the payment perspective, the contractor might read it incorrectly, go back and read it correctly and that is a correct read.

>> Sure.

>> Even though it flags as an error the first time around.

>> Troxclair: Yeah, I know that there were a couple of different categories so I -- I don't remember the details of that. But I would be curious to know if that's being followed up on. How -- how do -- I mean, I guess since that was an external audit, you all aren't planning on -- have you reviewed that audit?

>> I've reviewed it just from an awareness perspective.

>> Troxclair: Okay. Because I would be -- I guess we will probably follow up with the public utilities committee, I hope that some of the things that were brought to light in that audit will be addressed. And actually this -- this system flagged reads was another thing that came up in that external audit where you say the status is still underway or hasn't been fully implemented. I think of those 15 inaccurate reads, only three of them were flagged by the system for an auto reread, which was maybe what you were just referring to which seems pretty low.

>> There's actually two pieces to that for us. There is a recommendation that is underway, currently implemented or in the process of being implemented, that relates to those ranges and what gets flagged in it. So I believe there's some work in progress related to those. Then, also, in terms of the one that we tested, what we saw that the procedures have been developed, a process is in place, but -- but just in part because of timing, those haven't really been monitored to see that those procedures are being followed and that they are working. So I think that's where we landed on the underway is because we would like to see that last loop closed down.

[10:06:01 AM]

>> Pool: I was going to say I had a chance to do a tour at research lab that's partially funded by the university of Texas last Friday and they are working on a system that would almost near immediately identify that a leak is in a pipe and high pressure

--because a lot of times our residents or management don't know that something is going on until after the billing cycle and you can see a spike in the prices. But I think there is some research out there that would mitigate that tremendously. I will be following that research pretty closely. But I understand is that it will be able to detect where a leak has begun in a pipe that's underground on your property. And that would really take care of these concerns like -- just like that, because we would know immediately that there was a spike up and they would know where it is. And then the other thing that I might say is if we are in fact having issues with a contractor, maybe we should consider bringing that -- we could look at bringing the effort back in-house. Rather than having it be a private contract. Meter readings, just a thought.

>> Just to clarify, from our perspective at least in this follow-up work, we did not see any issues with the contractor.

>> Pool: Just on the reads?

>> Right. Well, I mean I guess this is a follow-up audit, so we didn't do detailed testing this time. When we did our original audit, though, we saw that they were meeting the thresholds and really focused on recommendations not so much on the contractor or the contract itself, but on the in-housework by Austin energy once a read comes in.

>> Pool: Great, thank you.

>> Troxclair: I just wanted to make a follow-up comment for those of you who might be following. Although when we're talking about that external audit, the Numbers are relatively, we are talking about one in a thousand or 15 in a thousand, it seems like a relatively low number. Fact when you aggregate

those errors across the number of meters in the entire city, it's -- it's several thousand meters that we're talking about here that could potentially have issues.

[10:08:08 AM]

So just wanted to make that point. It's not just one or 15 in the whole city, it's a few thousand.

>> Tovo: Okay. Any other questions?

>> Renteria: Yes.

>> Tovo: Councilmember Renteria councilmember

>> Renteria: On the cemeteries themselves, were there a lot of transactions on the sales? What kind of sales were you looking at?

>> So in this pull off rereviewed the process changes that the parks and recreation implemented, they made organizational changes, created new center operating procedures and then to see if they are working effectively as intended, we selected a small sample of sales transactions which is [indiscernible] And we've looked at five and seen a little bit of errors still existing. And that led us to believe that the recommendation wasn't fully implemented, those were the kind of sales we looked at.

>> Tovo: Councilmember, I think in the original audit, it did go into more detail about the number of sales and things of that -- of that nature. Is that -- is my memory on that correct?

>> Right. The original audit had more extensive testing, some duplicated sales of the same lots, [indiscernible] Recording of the sales transactions, in this case follow-up we didn't do as detailed of a testing. But we basically looked at the similar documentation.

>> Renteria: So you found improvement when you did the --

>> Yes. The processes that the parks and recreation designed seem to be addressing the issue. I think they're working on staffing some of the positions and once they are able to put those new processes in effect fully, they --

>> Renteria: I'm just wondering, did they correct -- when you say there was duplicate of sales, does that mean they were selling the same

[10:10:08 AM]

[indiscernible] Twice?

>> That's what we found in the original audit.

>> Yes.

>> Renteria: Wow.

>> Tovo: Vice chair troxclair.

>> Troxclair: Just for clarification, do the things that are underway or that you haven't confirmed have been completed, do you follow-up on those few things that -- the next time that you do an audit review?

>> The comptroller, Diana Thomas -- this is Elaine hart, chief financial officer. Our department is responsible for doing six month status reports to the audit and finance committee on all outstanding recommendations. So we just issued a -- this week I think yesterday, we distributed an update and then we will do the next one in may. So those that are not completed will be included in those reports.

>> Okay. Thanks.

>> Similarly from our side, when we look at that report, we'll include those -- that are still underway when we do our next risk assessment of the recommendations we're going to test.

>> Tovo: I see Mr. Stump here. Mr. Stump, did you want to comment? I know that there were quite a few concerns after the original audit and it sounds as if some of those recommendations related to the cemetery haven't yet been implemented, so I wanted to just offer you an opportunity to address that.

>> Thank you, appreciate the opportunity to speak on behalf of the department. My name is Marty stump, assistant director of parks and recreation. Cemetery operations as you all are aware, three years ago whereas they were previously operated through an outside contractor, we have internalized the administration of the cemetery operations, the sales of the plots. And so forth. And so that necessitated hiring of staff and putting standard operating procedures in place to improve upon. Operations there at the cemetery that I believe we have, we still have -- three vacancies that are in the process of being filled right now, including the cemetery manager.

[10:12:12 AM]

Happy to say that we interviewed that position just last week and that position should be filled here within the next month. And so we're very happy to report that. So a number of the findings and we agree with the findings in this most recent update, were -- were by and large clerical in nature and oftentimes were the product of -- of not having the number of staff in place on a day that a sale was made and the appropriate number of signatures required and so forth. So I think with our ability to fill those positions here shortly, we will be in a far better place moving forward.

>> Tovo: Super. Okay. So that kind of concludes our questions on these. I would just ask if we have any other representatives from departments who feel compelled to come up and talk to their audit? We would welcome you up. Okay. Otherwise, does somebody want to move acceptance of this -- this three-year follow-up audit. Vice chair troxclair moves acceptance. Councilmember Renteria seconds. All in favor? All right. Thank you. So next up is item 7 on our agenda, that is the review process for potential real estate sales. And as you remember, we had this on our agenda last time. We had a full agenda, so we delayed it until now. This has come up in several -- with relationship to -- to potential sales of several tracts and so it's really, I think, there's a strong interest on council in really understanding well what the real estate process is at this point and making -- figuring out whether some changes are advisable. So welcome, Ms. Riser.

>> Thank you.

[Sirens in background].

>> Is there a clicker

[10:14:12 AM]

>> Okay. Councilmembers, we're here today to talk about the real estate asset reutilization process. I wanted to start out by talking about the real estate's roles and responsibilities. Our role is to serve our client department regarding all real estate transactions or real estate matters within the city. We are also the Stewart of real estate asset utilization process. We also disseminate information to stakeholders and we get a high volume of calls from people about any property that the city of Austin owns. And we also come forward and bring recommendations to council. I want to go through the history of why we're here today. We had a process prior to 2012 but in 2012 council passed a resolution which some of the language included the following. They wanted us to increase transparency and dialogue along with a holistic consideration of city policies, plans and visions. And they wanted us to draft and enhanced review process to carefully weigh the needs of the city prior to disposal. So real estate started the process and the first step is we did a comparative survey of eight other cities, peer cities, and found that what they were doing with the sale of assets. We also posted questions on speak up Austin to get input from people from that perspective. We also held two focus group meetings that included neighborhood group representatives, lenders, attorneys, developers and city staff and a current councilmember that attended the meeting, so she can speak to that.

[10:16:22 AM]

The feedback that we got from the different sources and areas for additional collaboration, they wanted us to make sure that we included imagine Austin. They wanted us to look and get input from small area plans, master plans, comprehensive plans and neighborhood plans. They recommended that we review appropriate mechanisms for repurpose and notification of all the surrounding residents. One of the points that they brought up is that currently we would use the tcad information and send it to owners, but yet there are a lot of tenants in the area, so we have now changed that process where not only do we change tcads, but we also go to Austin energy and see who is paying for utilities and then we make sure that they get notice of the process and a chance to give input to a sale of an asset. So the feedback was also to increase the public awareness and participation. So based on that information and that feedback, real estate presented an outline to the city managers in 2013. We scheduled several times for a whole entire council presentation, but for various reasons, for instance, Obama's visit and other things, we were postponed, so we have not had that opportunity yet. The staff has implemented the process and incorporated all of the stakeholders' recommendations. There are a couple of exemptions from the process and that's federally funded projects and certain types of projects are properties that are purchased with bond dollars.

[10:18:24 AM]

And streets and alleys, vacation, remnants, those follow a different process that's outlined by state law. So I wanted to talk to you a little bit about our review process. We collaborate with all city departments. We send it out to various portions within that city department to collaborate is there any future use of this asset? We also send it to neighborhood housing and community development for safe, mixed income, reasonable price, transit oriented housing. We also then look at is this going to be a straight sale, a public-private partnership, long-term ground lease or is there any other community benefit that we could use this asset for -- before disposal. We let the department directors cmo and council, make sure that we notify them. We also as part of our needs assessment, we contact aisd, state of Texas, university of Texas and Travis county as part of our process to see if there's any collaborative use with them. We notify all the property owners registered in the neighborhood associations, Austin energy customers and Travis county. We sent out bright red postcards that said for sale so that way they couldn't get mixed up with other types of mail. We developed a matrix. We appraised a property. We went through a solicitation property. We opened the bids and we certified the bids for bid compliance. The next step is we take it to council approval and if council approved we closed on that property for sale.

[10:20:33 AM]

That's a really quick overview of the process. I wasn't quite sure how much detail you want. This is just a list of some of the neighborhood plans and things that the processes that look at this property and if it impacts their specific group. To give you an idea I also have a detailed will flow chart that was passed out to you that I can go through that process. I wasn't sure, councilmembers, what kind of detail you wanted me to give. And I know this is a packed agenda.

>> Tovo: Thank you very much, Ms. Rizer. Colleagues, what kind of questions do you have for our staff? Councilmember pool?

>> Pool: Do you think it would be helpful if we could find a slot for you to brief the full council since that was proposed a couple of times in previous years?

>> I think it would be good to brief the whole council, yes, I do, councilmember.

>> Pool: Thanks.

>> Tovo: I have a few. I want to say first of all I think that the work that you've done to really expand the public process and notify surrounding neighbors and businesses is really terrific and I think that's really gone a long way to transparency. And part of as I recall, one of the motivating factors for the resolution that came from council had to do with the Rainey tract. And so I think it's very important that the surrounding community know. I have some things I wanted to just talk about. One is whether it came up in the stakeholder meeting about the point at which there should be council approval of the release after solicitation.

[10:22:35 AM]

It would seem to me that several times now we've gotten concerns from council, once it arrived on our agenda to approve the sale. So one thing that I've been thinking about is I think about changes that I would like to see is bumping that back so the council is not just notified as we are now. We all overlooked the notification as far as I can tell back in August, but a real -- some kind of go ahead, that you receive some kind of go ahead to council before the sale. Would that be feasible?

>> Yes, councilmember. In fact, I've been considering that as we move forward. We thought that this is our first track with this process and we thought that would cure a lot of things, but I can see that the surprise element is not a good element.

>> Tovo: I think that might minimize some of the concerns we could hear from the community group if we made a decision not to sell a track that had been advertised, you received bids and have pressed on and are close to the sale and then the council says wait a minute, we have other needs we would like to contemplate using this site for. So I think that would be a meaningful change. And I don't know if there are some -- I'm not intending to suggest that right-of-ways and those kinds of things, those seem to be a different animal. It seems like it would be pretty easy to carve out the actual tracts and land sales.

>> We separate it as we send it to a land planner if it can be developed independently. And then that has a different process than right-of-way or remnants.

>> Tovo: So there's a natural division there. That's great. With regard to the school districts and county, other municipalities, the state, I'm really glad to see that part in here, but it's -- I wonder -- I have heard and I haven't reviewed this to know for sure, but it seems like I've heard of other areas that have more formalized agreements.

[10:24:44 AM]

We know now that there's one for state land that it be offered first to the city. I wonder if you and your team thought about trying to formalize some of the relationships with, say, Travis county, with the school districts that touch Austin and really try to get formal agreements that we will offer that -- before we offer it on the private market we'll have an agreement to offer it to one another with the right of first refusal.

>> Councilmember, we have done that on an informal basis and working very closely with them, but -- with the different entities, but if that's something that council would like us to explore, we can definitely open that discussion.

>> Tovo: I think that would be useful. I'm not sure what the best way of moving forward with some of these changes would be. I guess maybe one idea would be to bring forward a council resolution. I've got some other ideas about things, but I would want to do things that -- I would one, not want to get in front of the staff if you're already going to propose to do some of these changes on your own. And two, I want to make sure that they're feasible changes. But those are some of the things that I'm thinking about, that it would be really valuable for all of our entities if we had a more formalized relationship, a more

formalized process with those entities in terms of the order in which we offer those tracts.

>> And the question that I would have that would need to be answered by council is are you intending it to be offered to them at market value or just if they needed it, period. So that would be something that I would need to understand better what are you're thinking.

>> Tovo: Good question. And I'm not entirely sure how we -- I think it would be good to get a little more information and maybe now is not the time. The extent of the analysis. When there's a tract offered for sale and you're circulating it among the different departments, is there a real thorough analysis of, for example, how it matches up with our gap study for parks?

[10:26:48 AM]

Is there an attempt to match it up with the Kerr win opportunity mapping tool to see whether it falls into high opportunity area for housing. Is there -- are we looking at development entitlements? Asking that question in particular, that last one, because it was brought to my attention that one of the tracts that has been proposed for sale, winnebago, was part of a subdivision that there has been a grandfathering claim asserted to the city that would -- if that owner prevails would grandfather the property back to 1969. So that -- I have a lot of concerns about our selling winnebago, but if there is within the same subdivision another tract that is asserting grandfather rights back 46 years, we ought to be thinking about how that could potentially effect a tract of land we're selling. So could you tell me about the tract analysis, matching it up to parks analysis, matching it up to opportunity maps. Is that extent of analysis going on at each and every one of the departments will the news of the potential sale circulates or is that something that we would really need to build out together?

>> Councilmember, it goes to those departments. We get a written response from the various departments and the various teams that look at it. All the criteria that they use in evaluating that, they don't provide that level of detail to us and so I can't answer that except for that in the follow-up meetings that we've had when there's been some questions, there seems to be a lot of thought that has gone in to it and a lot of the issues covered?

>> Okay, but there's no set criteria by which each department is asked to evaluate that potential sale.

[10:28:52 AM]

>> That's correct.

>> Tovo: Okay. So I think that would be another enhancement that we could consider. Okay. Other questions about real estate process? Vice-chair troxclair.

>> Troxclair: Have we had -- are y'all still completing kind of the evaluation of when you make the decision to lease land or buy land for a specific city purpose? Is that -- was that intended to be covered in this overview or have we gotten that report at a different time that I'm not remembering?

>> Councilmember, this is just about the disposal of property, but the strategic facilities team is planning on coming back to council with some of that information very shortly.

>> Do you know when that would be?

>> We're trying to get back in February to council.

>> In February.

>> You should be getting a memo from us also in the next week or so.

>> Okay, great.

>> Tovo: All right, thank you. Thanks so much for being here. And so colleagues, I am going to think about some other suggestions and then possibly bring forward a council resolution so if we've got ideas I suppose we could use the message board to share those. Our next item is -- our next two items are related. Number 9 is the specific sale and number 8 is more specifically about the redevelopment hub. I

would just ask our staff who are here to present what I believe I understood the direction from council to be, and really what I would like to see come out of this discussion is an understanding of because these issues have been tied together and we've been told that winnebago is necessary to make possible the moving forward with the redevelopment, we had asked for you to work with our financing staff and to determine whether there are any other options.

[10:30:59 AM]

So I understand that you're going to give us some background on the redevelopment hub, which is -- the remanufacturing hub, which is great, but if we could kind of target the discussion. We have to make some decisions tomorrow and it would be great if we could get around to talking about any financial options that might exist so we don't have to marry those two items if there is a council will not to do so.

>> Yes. Bob gedert, director of Austin resource recovery. I have a number of slides that I'll go through very quickly the front end of the slides and more details on the financing options, on the back end of the powerpoint.

>> Tovo: Thank you very much. We do have four speakers. I apologize for not thinking of this before. I don't know whether they would like to speak before or after.

>> [Inaudible - no mic].

>> Tovo: Okay. I think that's probably best. Mr. Gedert.

>> Yes, regarding the Austin remanufacturing hub. A little quick background and I'll go quickly through the background. We have a goal of 90% diversion. Part of our master plan for our department was the local end markets. Creating local end markets. So we've got long-term contracts for recycling processing. We call them mrfs, but when they ship, they ship around the world at their own business decision. And what we feel in creating the economics around zero waste is creating local end markets. So that's the starting point for the remanufacturing hub. Part of the process of collection of recyclables is in the top box on this powerpoint slide and then the local remanufacturing and then the local purchasing. So we're trying to create an economic model where the economics stay within central Texas and not necessarily a global market. So that's the basic starting point for the concept of the remanufacturing hub.

[10:33:00 AM]

We do have 100 plus acres available at a closed landfill. We thought about different reuse options for a closed landfill. This came to the top in our master plan development conversations with stakeholders in 2010 and 2011. We called it the eco industrial park at the time. We've renamed is the Austin manufacturing hub. The recent 2015 commission, economic impact study shows that within central Texas, this is not solely within the city limits, but within central Texas, \$720 million impact due to recycling and reuse opportunities in current economic activity right now. But we have the potential of nearly doubling that number and bringing more jobs on the slide here there is a lot more potential. The project history I won't go through every line, but the point on this slide is to though show that very various stops before zwac and council. We've been there several times. It starts with the council adoption of zero waste. Our adoption of the master plan and then some redevelopment from 2013 to 2015. Most recently a discussion with swac in the meeting a couple of weeks ago. The location of the hub for anybody that may be confused on the site we're talking about is just south of the airport. It is within the city limits of Austin and is the south portion of the landfill property because the northeast portion of the property, the northeast portion is nine and a half acres. And 90 plus acres on the southside in that red box there. The estimated cost -- now I'm getting into the economics.

>> Tovo: Mr. Gedert, sorry to stop you. Councilmember pool, did you have a question about one of the slides?

[10:35:01 AM]

>> Pool: Flight path of the airport, where is that?

>> Yes. A quick point on the flight path. Many of the planes fly directly overhead. It is within the F.A.A. Restricted air travel pattern. The landfill was closed in 1999 due to the move of the airport to that site. And the need to prevent scavenger birds on-site from getting into the flight pattern. So the landfill was closed for that purpose. Based on that restrictions of the F.A.A., there are height -- construction height restrictions. We cannot build reflective pools on site and we cannot have a composting operation on site or anything that draws scavenger birds. So those are restrictions on the manufacturing hub.

>> Pool: Is parkland also an issue?

>> Parkland can be sighted there. The problem really is location. It's a long distance from housing and it's on the southeast corner south of the airport. It's the location. But it's not restricted from F.A.A. Restrictions.

>> Pool: Would the fact that it was a landfill and some remediation be necessary, would that tend to put a level of hazardous materials into play?

>> We've worked with the tceq. We've done a permit modification to change the boundaries of the permitted area of the landfill. So the remanufacturing hub property that I've outlined on that slide is outside the permitted area. Tceq has confirmed that that is not a hazardous material area. It's unused land that was never used for landfilling purposes. It was the expansion area for the landfill as well as set back territory. It is -- the soil has been tested and cleaned.

[10:37:01 AM]

There are restrictions. We have to put up a fence around the permitted area. We have to move some wells, some monitoring wells. That activity is in progress at the moment. So going to the expenses of the site, 2.4 million and bring in an exterior wastewater line. Of course a landfill doesn't have wastewater lines supplied to it and we do need that for the industrial development. And then project management and engineering, 1 million, which we're in the process of as well right now. And construction on site of utility and road surfaces 4.1 million. This project does not incur any expenses of the private companies that locate there. So private companies would lease the land from the city, but the city would not occur expense in building their buildings and supplying their equipment and so forth. So that's zero dollars to the city. So the total project cost is approximately \$7.5 million. The question really has been -- and the slide a few slides back I noted council actions for cip approval for this project. So we have expenditure authority from council. The issue has been the revenue to pay for those expenditures. And the revenue was originally projected to be certificates of obligation paid over 20 years. This is a new approach because of the turn of events on the certificates of obligation where it was ruled that we could not use -- we could not apply certificates of obligation to this project. And so we looked -- and we learned that last spring. And in April we took the turn towards identifying surplus property, so this is a recent turn of events from April of last year. This slide I identify sources of revenue to pay for the 7.5-million-dollar expenditure.

[10:39:02 AM]

It is my goal to fully fund the project without rate impact to our citizens. So these are the sources, the Eda grant, the water utility repayment loan as well as the bolm road lease. The lease was done in August and we have not done a budget amendment yet through council, but we're asking for those funds to be directed to this project. The winnebago land sale that is posted for today and tomorrow. And then at the

anticipation of selling two parcels at the 812 landfill and I have a couple of slides to show that too. That's the revenue package that we're proposing. I recognize that today's discussion and the controversy is the winnebago site. The em -- Eda grant, it was awarded in July of 2014. We have to start construction by July of 2016. We've had delays in the last nine months because of the change in revenue packaging and we did an all stop on engineering. We're behind schedule, but if we gain council authorization tomorrow, we can meet that deadline of July 1st, but additional delays would endanger us from meeting that deadline. On the wastewater line, Austin water has agreed to extend the wastewater line. It is partially paid by a private developer that -- near our project and partially paid by Austin resource recovery. It's a cost-sharing agreement with a 20-year repayment program there. Bolm road lease. That's the skill point 40 year road lease. They're required to put the 40 year payments upfront and pay that to the city, total rent of 1.3 million that would be applied to this project.

[10:41:14 AM]

The winnebago site for today, it was presented through an invitation for sealed bid, the highest bid, \$1.45 million. There's a proposed amendment on city council's agenda for tomorrow to incorporate those funds into the capital improvement fund to finance this project here. Finally the sale of parasails at 8:12, we have initiated the process of asking city departments of any interest in these parcels. We have not completed much more than that. We have -- our real estate is preparing an invitation for sealed bids. We are awaiting council direction for whether we could continue on that path or not. We are looking at evaluating the market value. We estimate that both sales, the net revenues of this property will be about 1.6 million, which would be applied for this project. So it's an estimation of revenues there. Now to point that you raised was the alternative financing mechanism. We have looked at various different federal funding opportunities, other internal financing mechanisms. And the sole answer I could provide at this time is basically a borrowing of funds from arr to finance it. And it has a rate impact. This is a pathway I am very uncomfortable presenting. I have for the last three years been presenting this project as no impact on our utility bill. We do have the ability, the scenario one on this slide is zero cent increase with the financing through what I just presented. As scenario 2 is if we sell all the other properties in the lease and we do not sell the winnebago site there's a 46-cent increase on the clean community fee over one year to create the cash flow to pay the bills and then we would decrease the clean community fee the following year.

[10:43:25 AM]

The scenario 3 would be a 43-cent -- this would be no land sales and no revenue from bolm road. If there was an all stop on real estate sales. It would be a 43-cent one time increase on the monthly utility clean community fee, but he decreased over three years. It has a three year impact. That's approximately a 12% increase over the current fee. I'm very uncomfortable presenting that. I've got to sincerely say that we've researched as much as we could possibly look for alternative financing mechanisms. We've been looking since last year. We've worked with Greg canally and Elaine hart. This is the alternative that we can find. And I do have discomfort presenting it. Finally, that's our staff recommendation is to sell the properties, authorize the use of the funds for the remanufacturing hub, and we're seeking your guidance on moving forward with the two parcels at the landfill.

>> Tovo: Okay. Thank you, Mr. Gedert. Questions? I have several. I appreciate the opportunity to meet with you and with Natalie one on one and go over some of this, but I want to just highlight a few things. Do you have a sense yet of how much of that one-million-dollar grant the city would qualify for?

>> Yes. It is up to a million dollars. It depends on the match dollars that we provide. The original engineering pathway that we were taking was the city would engage in all of the storm water

conveyance and pools, which would fully expend the million dollars as well as the match of the city. In order to cut our expenses we're looking at the option of some storm water conveyance on some of the site, the city's responsibility of some of it, the tenant's responsibility, moving some of the responsibility to the tenants.

[10:45:35 AM]

That would spend less city dollars on the project and that would project the use of the Eda grant of approximately 600,000 instead of the full million.

>> Tovo: I appreciate that. I think that's important. Because one million has continued to say on here. We're doing a lot of things, making very quick decisions on sales for what is likely going to be about 600,000 dollars' worth of funding coming in. I think that just needs to be really, really clear that we're not -- we're doing a lot of things and trying to meet a lot of deadlines very quickly and being asked to make what I would regard as pretty quick decisions to meet the requirements of that grant, which is just slightly more than half of what the maximum was.

>> I think that's a fair characterization. ING I would add if there are construction costs that are higher than we anticipate, we would be spending more than the 600,000. I do not -- part of my job is cost containment. And so I am working very hard to keep it within the 7.5-million-dollar budget. That necessitates the 600,000 use of the Eda grant. If we lose that 600,000, it is an additional cost to the city to cover that lost grant. On the other hand, there could be unanticipated rises in construction costs that I do not have in there. That gives us a cushion to spend up to a million dollars, just for clarification.

>> Tovo: I appreciate that clarification. And I want to clarify too I think that the remanufacturing hub is a good idea. I understand it has the support of many of our community members. I think it sounds like a very good economic development opportunity. My concern is as you know and I think my colleagues know, is the sale of the winnebago site. I appreciate you looking at the alternatives. I want to just drill down a little bit into some of them.

[10:47:37 AM]

How quickly -- the next target you had to meet a target for beginning some design or issuing a design contract. You met that in December. I know our staff got up at the council meeting and said we have the money to cover that, so you met it. Your next time frame for the grant would be --

>> The July 1st 2016.

>> Tovo: How much money do you need to have by July first to meet that deadline?

>> It's my understanding that we need to bid out most of the construction. We're looking at two pathways of construction where one pathway is more accelerated than the other so we can meet the July 1st deadline. We're trying to be creative on the construction to meet that July 1st deadline. We do have a meeting with Eda next week to discuss our pathway, depending on the outcomes of council. With the two pathway approach on construction and some conversations with the Eda, we would need to go out for bid and I need the cash -- the authorization of council on the cash to bid out the project. As I understand it, even though we've taken two pathways we need the bid at the same time of the entire project and therefore need the full value. That's my understanding at this moment in time. I don't know if Greg can add to that or not.

>> Tovo: So you would mean we need the full seven million in hand by July 1?

>> I think the commitment, the legal commitment, but not necessarily the cash in hand. Is that correct, Greg?

>> That's correct. Greg canally, deputy cfo. Councilmember, in order for our contract capital office to move forward on a contract for the work associated with the remanufacturing hub we need to have an

appropriation on the books, which we do. The funding source has changed again, as on bob mentioned, due to the non-allowance of use of the Co's.

[10:49:38 AM]

That being said, though, with the appropriation we need a funding plan for that appropriation and I think the funding plan that arr has laid out is sale of land to use the proceeds from the sale of land to back that appropriation. In the absence of that, we've worked -- the finance department budget has worked with arr, bob and his staff, to look at a pay back period so in essence he would be borrowing from himself. We would transfer the cash into the cip fund from the arr fund, which has the cash to cover it, but because there would be an impact on reserves, there would be a need to get those reserves back up to the required levels and so that's where you get the rate -- the community fee rate impact over time. So we don't need the cash on day one because like any capital project you're not sending -- we're not getting invoiced on day two for the seven million dollars. The invoicing and the cash flow of a project occurs over I'm assuming in this case it's about a year of construction. So what we need to have the cash over the year, which is why we've come up with a way that not only would the cash there, but we even allow, again, working with arr that internally to that fund there would be a pay back period so it would mitigate rate increases.

>> Tovo: And that pay-back period -- that is what is reflected here as scenario 2 and 3. Director gedert would be using the cash that exists in his department account to meet the requirement that he have cash on hand before beginning construction and then he would need to pay it back.

>> Yes, exactly.

>> Tovo: Would the reserves -- could the reserves be paid back over a longer period of time to minimize the rate impact?

>> Yes. The scenario that's not played out on this slide would be a pay back instead of a year or two or three years, an extended period.

[10:51:40 AM]

The difficulty in calculating the rate impact is that the cash creates a pull-down of the reserve that in the scenario played out in scenario 2 creates a negative flash flow, a negative balance. We're fully spending reserves and then going below reserves into a negative balance. So the recommendation from my finance staff is the 46 cents in year one to avoid the negative cash balance.

>> Tovo: If you don't need all that cash for construction right away, but you just have to have it on hand to begin the construction, are you really running a deficit?

>> We're planning fiscal year '17. It's a fiscal year and the construction project would be finished within fiscal year '17.

>> Tovo: I'm not following that. I'm not following that point.

>> We're assuming the rate increase for the beginning of fiscal year '17, October 1st of this year, through isn't 30th of 2017 and we're projecting the entire construction project to be completed within that fiscal year.

>> Tovo: Okay. I may need to follow up. If my colleagues don't want to spend time on that point I will spend some time after. My colleagues would like some clarification too. Mr. Canally.

>> Renteria: I want to know how far are we into the Austin remanufacturing hub? Can we shelf it for three or four years and come back?

>> One of the options is to shelf it and come back. We have investment in engineering. We have expended about 700,000 in expenditures on engineering. The Austin water is proceeding with bringing that extension line and they do have a contract with the adjoining property owner for that. So that is an

expenditure that can't really be put on hold and that's about 2.5 million.

[10:53:46 AM]

But within the site itself we have some preengineering activity at about 700,000.

>> Renteria: I was just wondering because I've been reading in the Wall Street journal about the surplus of all these recyclables and how the value have declined so much. I'm wondering are we really going to benefit out of it. You're manufacturing -- how much do you predict that we're going to make money off of this whole project and save money by not having to, you know, divert from the landfill? Or we going to have to store this material here that we're recycling until the market pick up? I mean, I'm really concerned about what I've been reading. And I'm sure you have done your study. I wasn't here when you were probably doing it. Are y'all going to be able to get manufacturing in here to work with this material to -- I'm just concerned about it.

>> Yes. We have strong interest in this site. We have more letters of interest from companies to locate here than we have site availability. It's my belief that the volume of material collected in this region, in the central Texas region, speaking outside the city limits, as well as inside the city limits, industrial, commercial and residential recyclables, there's enough to fill three or four industrial parks with these companies. The companies are showing interest because the manufacturing of consumer products continues to use recycled feed stock. And there is an economic downturn in the sale of the material. You collect the material curb side, you process it through the mrf's, the processing facilities, and then you shift it to an end user or processor that eventually makes new products out of T the automakers, the consumer products companies, the toy manufacturers, they're all demanding recycled content.

[10:56:00 AM]

The current economic model is that they ship in a global sense to companies around the world and then the products are manufactured with the recycled content and sold back in the United States. This model is to bring those markets locally, to bring jobs locally, to bring the economic impact of these new businesses here rather than overseas. So the activity ever creating new products out of recycled content is going to continue and raise every year. The issue is where does that activity happen, in China or in Austin. And so the desire is for this project to bring those companies here.

>> What I'm seeing is there's a slowdown, that's why they're not accepting that recyclable material.

>> I've been in the recycling business for more than 40 years. I've seen highs and lows. I've seen more lows than highs in the recycling markets. They cycle up and down. The demand for recycled content is strong. The economic value is low. That's the reality of today. I don't have a crystal ball on what it's going to be like two years from now or five years from now, but I do know over my 40 year career that the markets do recover. My grandfather was a farmer, he knew that corn prices would go down for a few years and then come back up. That's the cycle of recycling.

>> Renteria: And that's exactly. We do have recycling plants here where they recycle metal and all kinds of things, and I'm wondering if a lot of the people right now are recycling all the metal parts and taking it to the recycling where they earn in cash for their material. I'm just wondering what kind of materials you would be stuck here with the recycling. Are you just going to be doing all the plastic part of it?

>> I think to clarify, the city would not be doing anything on site.

[10:58:10 AM]

They take feed stock from various different sources around central Texas of recycled content material and they make new products or they further process the material. We have priority materials that we

desire to be handled like glass and plastics and construction materials and so forth. They have strength in the market and we're trying to bring those companies in. We have more interest than we have ability to satisfy the vendors that want to locate here. So it's a selection process. And that selection process is on hold at the moment until we settle whether we're proceeding or not. I desire to proceed. I believe these companies have looked at their own finances and have determined that they do desire to come here.

>> Renteria: I do have a concern about keep raising our utility bills. Especially this is something that I can't support that kind of rate increase. It just really bothers me that we're going to be financing all these programs on the backs of utility people. We're getting a lot of criticism right now where our electric rates are too high. All these issues are coming up before us and here we're venturing into a remanufacturing part and we don't have the money to finance this, but -- and we're up here selling land to make up for this cost. And we're just wondering -- I'm wondering if it's really worth it, you know, whether we're selling off our resources for a project that we don't even know whether it's going to be successful or not.

>> I think from a city's economic perspective our costs are from upfront. The seven and a half-million-dollar investment. That's the investment in an industrial park.

[11:00:11 AM]

The utility construction, the road construction. There is the ongoing maintenance of the property would be paid through lease revenues. The city will gain revenues from the lease and we would be negotiating these leases with the companies. So there is. A revenue portion to this package. These companies know they would be leasing the land from the city and they still desire to be here. Of like a hub of centralized recycling processing, appeals to these companies. There's a green park, some values, sociovalue, as well as economic values for these companies to locate here. We would not be financing these companies in any way. There would be no financial movement from the city to these companies, there's no subsidies to these companies and so forth. The -- the concept is that they -- economically support themselves. In order to make this happen, the preinvestment of the city would be set at \$7 million, my goal would be one time revenue for a one time expenditure. I wasn't looking towards the rates. I recognize that's the alternative to not selling land, but I was looking for a one-time revenue from land sales to pay for one-time expense.

>> Tovo: Vice chair troxclair and then councilmember pool and then I think our staff wanted to weigh in on the financing.

>> Troxclair: You know I was thinking about -- I'm really interested to hear from the speakers who are here, I think they might be the best people to answer some of my questions. I think councilmember Renteria raises a really good point that there is a fourth option. The options that you listed, we don't have to choose right now between selling the land or increasing utility bills. The fourth option is to -- to take a look at whether this is an absolute necessity for us to be investing \$7.5 million in, in this immediate future.

[11:02:24 AM]

I share his concerns over the -- over the economics of it. I mean, I'm curious to hear from -- from the people who are here about whether or not there are businesses in the area that are already providing these services and if the economics are what you say they are, if the demand is so high or if -- or if the -- if the market is such that there's assurances that even if the economics are not good right now, that it will bounce back in the future, I'm not understanding why -- why companies who offer this kind of service would not have the ability to come here without -- I mean, you are saying there's no incentive

from the city, but I think \$7.5 million that we're spending on this cause is -- is an incentive. So I'm not understanding the disconnect between if there is truly a demand for this kind of service and a market for this kind of service, that can be profitable, what is stopping other companies from entering the market and coming to Austin on their own.

>> I think the short answer is the land values throughout the city. This is landfill surplus land. It is of lower market value than property along Parmer lane or Howard lane, which are designated for industrial activities. The economic -- I have courted several different companies to move here in -- in 2010, 2011, 2012, and they look at -- at lease and sale property values and they say "We can't afford Austin." This is an affordable way to bring them to Austin. The issue for these companies is they have their own economic models to survive and to -- to process the recyclables and make sure products. They have their own contracts with -- with product manufacturers to produce. They have their own economics. The issue is land value. And this -- this leasing this property at the landfill is lower cost than other parts of Austin.

[11:04:28 AM]

>> Troxclair: Sure, I guess that I would say that there are other parts of central Texas -- that would -- could bring these companies much -- the other example that you used is China. But there is plenty of land outside of the immediate city limits of the city of Austin where you can get much cheaper land, you know, if you go Buda or any of the outlying areas of Austin. So if the problem is that it's too expensive, maybe this is an affordable way to bring them here, but we are still spending \$7.5 million of taxpayer money on it. And, again, if -- if the economics made sense to those companies, they would see a market here and would move their -- move here on their own, I think that it would -- the issue will be more clear when we can hear from other speakers. I don't mean to say that there are not other benefits, because there are, you know -- there are -- there are certainly members of the council, the city should consider the environmental benefits and social benefits, but not at any costs. So I think that's what we are struggling to understand is at what cost and -- and, again, are there other providers in the area who can already give us this service without this kind of investment from the city?

>> I would just simply add that in the -- in the if -- if there is a commitment, we have communicated to the company his that are interested that there are wage requirements, living wage requirements that we're looking for those that are hard to employ to be trained on these sites. There's tremendous community benefits if it's located within the city of Austin. The city will benefit from that. I would also mention that these companies are interested in locating in a cluster arrange:

[11:06:29 AM]

Individually contracting with land sales companies and locating in spotting areas throughout the central Texas does not appeal to these companies. They like the cluster, they like the hub concept, they like to work within a green building -- concept. Within one defined area, so that's an appeal to these companies.

>> Tovo: Councilmember pool? >>

>> Pool: Thank you. So I would like to dig into that just a little bit, because I think the conversation that we're having right now is how much money is going out of the city in order to make this happen. But we haven't dug into really in-depth. You have started just now talking about the economic return on investment that we would see within the city of Austin. And you have it on one of the slides where you - - where you talk about a \$720 million economic impact, 2600 jobs and is that the new jobs? You said there was a potential to double this -- this impact over a period of time. There's a -- talk about that a little bit.

>> This slide is a commissioned economic impact study. It governs over central Texas, not just within the city limits. The site that we're talking about would be 500 to 1200 jobs potential, if we fully build out and -- and fully look at -- look at job employment opportunities, I think we're talking 500 to 1200 jobs. We are looking at a -- an industrial sector of jobs that perhaps the -- a high school G.E.D. Is satisfactory for filling these jobs. And we're looking at living wage or higher position payment for salaries. So we're -- it's a niche of employment that's greatly needed in the Austin area.

[11:08:34 AM]

>> Pool: And the location of the remanufacturing hub, am I correct in characterizing that it's near a key transportation corridor?

>> Key transportation corridor and key supplier of people in that economic class that would like those jobs, the del valle area. It is close to 130, we do feel that's a selling point. We do feel that the proximity to the airport, this has synergies with the airport transportation mode as well, too. We feel like the economic benefit to the city is hard to calculate. But there are some social and economic benefits there.

>> Pool: It almost sounded like the products that would be made or manufactured at this hub, could they have the designation on them like we see on clothing or on toys, it says made in.

>> Austin, Texas.

>> Pool: Fill in the blank. It would say made in Austin, Texas.

>> I would love that. I would like that. A caution on the ability, we do not have as a government we do not have flow controllability to say recyclables have to flow there. So we would have to create the economic climate for the murf and different businesses that generate recyclables to flow material there. We believe that's a business decision between the companies deciding to locate there and the suppliers. Many of these companies have reached out, they believe they can make those connections. So I -- I just wants to note that we can -- want to note that we cannot do the flow control. But from a marketing perspective, these companies want to build lead oriented buildings, they want to build a green park, they desire to be in Austin. That is a desire of these companies. The economics plays out that this is better foothold for their businesses than elsewhere in the city and the cluster -- I want to emphasize the cluster of businesses really creates some synergies as well, too.

[11:10:40 AM]

>> Pool: Is this in the del valle ISD area.

>> Yes, yes it is.

>> Pool: That would be helpful on a tax basis for a school district that is underfunded in that area. Then the jobs that you're talking about, they do have progression, right? They would have a career trajectory.

>> Absolutely, yes. I have talked to Margo from skill point alliance about training programs for a site like this as well, too.

>> Pool: It sounds to me like the jobs that you are describing, this would be my last comment on this, because I know we have other topics to get to, fits, I think you've described it as a niche, but it fits a category of job creation that is needed here and is missing here. And I had a -- a pretty good meeting with -- with some folks with the chamber earlier this week and we were talking about this very thing. How do -- we have a deficit in the type of jobs that would fit trying to encourage high school students to complete beyond it, not just be satisfied with the G.E.D., but if you have that, what kind of jobs do we have to offer and then encourage them to finish high school. And I see synergies there with the school districts with A.C.C., with skillpoint alliance and in that part of town with the transportation corridors. I think this is a really great project. I understand the concerns and some aspects of the funding and that's a difficult equation. And I -- I would like to find a way to get that calculation so that everyone on the dais

would be comfortable with it. Thank you.

>> Tovo: Councilmember Renteria?

>> Renteria: Oh, here I'm looking through the history of it and -- of this project and it seems like the city council authorized 5.5 million and with a million dollar grant from the -- that's already 6.5.

[11:12:44 AM]

So -- so if we're to sell any of these parcels, like the 812, that's 1.6, I'm already -- 7 point -- almost \$8.1 million. So I don't understand why we're discussing some of all of these other pieces of commercial --

>> What you've added up is the C.I.P., the capital improvement project funding. We have cash funding up front at the beginning of the project. I don't have the exact dollar figure, but the cash funding and the C.I.P. Funding add up to approximately 7.5 million.

>> Renteria: That's including the land sale?

>> The revenue package would include, as I'm proposing it, would include the land sale. There is also the economics of the -- of the repayment to Austin water on the exterior water line. Arr's portion of that 5 million-dollar project is about \$2.4 million.

>> Tovo: So to be clear, for you to meet your financial obligations, you then also need to list, get bids, and get council approval on the other two tracts.

>> That's correct.

>> Tovo: Okay. I want to emphasize again, I'm really not trying to derail the remanufacturing hub. I mean, I think, as you've articulated there are social benefits, there are environmental benefits, there are economic development benefits and I think it fits in with the other goals that we have set. And I don't know how much time we have between now and tomorrow to consider other options, I know that you've been working with financial staff, but you know one that comes to mind, if it's an economic development job creator, how about borrowing a million, four, five, from economic development and then there's no rate impact. I mean, I really want to hear what kind of solutions we have for making sure that the -- the project can proceed without a rate impact, but let's ask some of the other departments that are involved in the mission of economic development to participate in it.

[11:14:57 AM]

If that's the case.

>> What I would like to do -- and I -- I recognize one slide is talking rate impact. I'm very shy of presenting the rate impact conversation. I would seek council's approval of land sales, recognizing that there's still a discussion on the winnebago site, if it's not approved for sale, I would like to work with Greg and see how we could finance it and avoid the rate impact. The conversations up to date, we've looked, we've searched, we haven't found anything. I would like to brainstorm further and if we're missing that 1.4 million, I would like to not derail that project. It is my request that we continue forward with the project. I would recognize that you still have a decision on the winnebago site. I would like to see what we can do.

>> Tovo: That would -- that was really my interest all along and I don't know -- it sounds like my colleagues have other concerns as well. But I think that we have a real opportunity, potentially, with the winnebago tract and when it's appropriate, I will talk a little bit about that. But I -- I hate to see us foreclosing any opportunities to really address that site because we have this revenue need that is immediate but it's also, you know, contingent upon other sales that have to come together.

>> Just a moment on the winnebago site. I know it's the crux of this conversation.

>> Tovo: For me, I think my colleagues have expressed other elements. But for me that is the crux of my concern.

>> There's the city-wide interest and also the departmental interest. From the department, that property was purchased with the department funds from our utility fund, as well as the baum road site. The reason for our department presenting this sale is to avoid the rate impact, use this as an asset of the department, to finance this project, and I think it's the protection of our ratepayers to keep that revenue within the -- the arr structure.

[11:17:13 AM]

That being said, I recognize you may have different values city-wide. The city council owns property, but I'm the steward of that land and that's my presentation.

>> Tovo: Mr. Gedert, I really appreciate your absolute concern with the ratepayers and minimizing their costs and undertaking innovative projects with an attempt not to have a rate impact. I think that is -- certainly I appreciate that. You have heard across the dais all of us are concerned about utility bills. Thank you for keeping that front and center. Mr. Canelli.

>> Mayor pro tem, I think that's an excellent direction for us to move forward, we can continue the discussions with bob and his staff. In terms of just I think it's important from a context and sequencing perspective, so you have a tract of land for sale that's really the item that's up tomorrow. That feeds -- feeds an appropriation to move forward on the project. I think the timing and sequencing is that construction is not beginning tomorrow. There is work that needs to be done. That work is proceeding. And there's two kind of major steps that occur. One the -- the leases associated with the remanufacturing hub will be back in front of council, I believe in June, by the end of June.

>> I'm certain of timing, but there is the requirement to come back to council on the lease agreements with the companies that desire to locate there. And that would be the -- the presentation of the -- of the revenue flow on the releases.

>> So we would be looking at kind of the pro Forms of all of those efforts as well. In the end, if there is a hole in the project cash flow of \$1.4 million, that we do not need to solve that tomorrow. But we could look at this -- as this leases come in. Certainly it needs to be solved before construction initiates. We would want to solve that. We would want to have a plan in place for that, that would look at, again, the overall -- I think what bob has laid out works well from a timing and sequencing that allows council to see the overall economics of the eco industrial park, once the leases are in, once they are vetted and come forward to you as a package, as well at that time would be the appropriate time to talk this one tract is not sold, then also have a plan in place if other tracts aren't sold as well, considering that that list, there's another \$1.6 million.

[11:19:46 AM]

So I guess from a -- as you said, separating the issues, the tract is the tract. The project as we talked about back in December is proceeding on its design processes and that's fine. I think before construction initiates, sounds like we need to come back with a report and a plan on different options under different scenarios.

>> I would add that on the construction timeline, we were planning on bidding the construction out in March.

>> But we would -- we would bid, but we would not -- we would not -- again, we wouldn't have a notice to proceed on that until, again, the package had been complete.

>> Chair? I need to leave no later than 11:30, I really want the opportunity to hear from the public before I have to step out. So I apologize, but I would really like to hear from the speakers.

>> Tovo: I see councilmember pool has a question, can you say it quickly while I call up our first speaker to that vice chair troxclair can hear them.

>> Renteria: I have a quick question.

>> Tovo: Bob Gregory, the order in which you signed up, bob Gregory ... You are our speakers who signed up. Colleagues if you can make your items super quick. We are going to hear from bob Gregory. If you would come to the dais while councilmember pool and councilmember Renteria are asking their super quick questions.

>> Pool: My super quick question then is Mr. Canali are you recommending that we postpone the item on the winnebago sale from council decision tomorrow?

>> No, I'm not.

>> Tovo: I'm going to recommend that. But I -- I will appreciate Mr. Canali popping in and offering context for that today and tomorrow. Councilmember Renteria.

>> Renteria: All I want to know if you can give me a detailed cost and expense of everything, including if there's a -- a -- I know that some of the C.I.P., some of that funding goes to arts in public places. I want to know exactly how much is all of that going to be going to all of these other different groups out of this project here.

>> Yeah, just a quick answer, none diverted elsewhere.

[11:21:48 AM]

It's all within this project.

>> Renteria: Thank you.

>> Welcome, Mr. Gregory, you have three minutes?

>> Three minutes? Okay.

>> Tovo: Are you Adam Gregory? You will have six minutes, Mr. Bob Gregory.

>> Thank you very much, I'm bob Gregory, speaking on behalf of Texas disposal systems, principal owner and president of the company. I really apologize for the lateness of the handout that I emailed to you guys a little after 9:00 P.M. Last night. And I'm handing out today. And the thickness of it. We've been working diligently over the last six weeks when we physician learned what the extent -- when we first learned the extent of the hub and the face of what staff was doing. Because of our attempts to get -- documents through open records requests and receiving only part of those, a long story short, I promise you I didn't send, I didn't lay behind the log on this. I have gotten this to you as fast as I absolutely can. These agenda item captions don't identify the most significant concerns related to these items. And that is the appropriation of funds for the Austin remanufacturing hub. It's all about the sale of the winnebago as far as the agenda captions go. The projects -- has never been vetted or approved by zwac or council but staff wants to move forward with appropriating funds and identifying the sale of the properties to complete the construction of the city's portion of the project. Staff has the cart before the horse. The project should be vetted and approved before money is appropriated for construction. I have provided a lot of specific explanation of my concerns in the material that was emailed to you and handed out. But I assure you that it's only the tip of the iceberg for the -- for the issues of concern that have been raised just over the last six weeks. And that's why I'm asking you to consider these things before moving forward with approval on the sale of land directly involving the project.

[11:23:58 AM]

I take no position on whether the city shall sell winnebago land. My specific request is that you make it clear in your motion any proceeds from the land sale or lease are not approved for the development or construction of the city's remanufacturing hub. The hub is not identified in the agenda item caption, as I said, I urge you to make it clear that any appropriation of funds related to the hub must first go to zwac and council for a thorough project vetting and vote for approvals. The zwac discussion on this item, a

couple of weeks ago, they made it clear that the item -- what they were approving, the sale of the property was just the sale. And would not be for the appropriation of the funds. The agenda item or the agenda item was just for the sale. The motion was just for the sale. But before they made the motion, there was a long discussion, you have the transcript in your handout, that is highlighted, that gives you all of the details that -- that after the motion, Mr. Gedert made a statement that was confusing to people that it was for the appropriation, there was a clarification statement in line for what was previously discussed it absolutely in no way shape or form was for the appropriation of money, just for the sale of the winnebago property. Please don't give in to the -- to hasten the approval due to the potential threat of losing grant funds with a detailed review of the project is warranted and has been withheld by staff. And it may be too late for the city to qualify for the grant funding anyway. The project will have a tremendous negative impact on the existing waste and recycling business in the area if the project includes significant subsidies or flow control directives and I believe it will.

[11:26:08 AM]

That's caught up in the item that you have here. The unintended consequences would be the added cost to pay for these subsidies that the ratepayers would have to pay off. I'm asking you to please old off on the appropriation of funding for the hub until a thorough review completed and a properly worded agenda item is brought back forward that identifies the hub and that that would be following a consideration by zwac and a vote by council. Just if I may, tell me, obviously you will, when my time is closed, you will see from the handout, I mean the attachments to this, there is there are several things. You will see in your report, Mr. Gedert has told you several times that the landfill is closed. The landfill is not closed. It an active landfill who just has stopped receiving waste. Annually they do a report. You have a copy of their 2015 report that identifies it as a type 1 landfill still active. The next form you see that Mr. Gedert said they have redown part of the permit boundary of of the landfill. That includes the land that is up for sale. That is important, 25 acres on the surplus list, identified to pay for part of the cost of this, is within the permit boundary of the landfill, it's a pond called the north pond, it's an issue, it's a facility that's a vital issue with the operation and maintenance and long-term closure of the landfill. It has not gun through the closure, it has to go through a 31 year post closure state. You will see they are wanting to sell land that is now a pond that the permit requires. Also there are ground water monitoring wells on the top right-hand corner of the exhibit -- I don't want to go beyond my time.

[11:28:10 AM]

>> Tovo: Go ahead and finish your thought.

>> You will also see there is a 9.5-acre tract that was recently taken out of the landfill footprint, but the ground water monitor wells are still there that monitor the landfill and this land would exist, the 9.5 acres that they would be selling is between the monitor we also and the landfill. There are so many unanswered questions here. Monitor wells. Also in 2005 there's a newspaper report, where this staff, not this staff, the previous staff and the landfill next door operated or brought to council and it was shot down, a proposal to tie the two landfills together. This pond that is for sale now could -- to my knowledge, only be used by the adjacent landfill owner who would -- who -- I own a landfill. You need ponds for the runoff water. State of Texas allows a city to sell land to the -- to an adjacent property owner without going through a procurement process. The letters of intent that have been given that Mr. Gedert just said a few moments ago, they intend to bring to council a response to those letters for an intent for approval is not a solicitation. There has been no procurement process. So --

>> Tovo: Okay, thank you. Councilmember pool?

>> Pool: Just to your point about the wells, I think earlier Mr. Gedert said those would be relocated. Are

those the wells that you were talking about?

>> That is correct, yes, we have agreement with tceq to move those wells to the permitted area and provide fencing. Also we have a permit modification submittal to tceq that to take the 26 acres out of the landfill area and when we proposed the land sale of that 26 acres, it will have deed restrictions for no land filling.

[11:30:15 AM]

There is no land filling at that site. It is a closed landfill, it is going through a post closure permit process with tceq. And the 26 acres would not be used for landfill newspaper that relates back to your point about it being in the flight path and that is an FAA requirement.

>> That's correct. The fullest intent of the city is there is no further landfilling either on the sites that we sell or lease.

>> Tovo: Thank you, Mr. Gregory, any other questions for -- I mean, thank you Mr. Gedert.

[Laughter]. Goodness. Mr. -- I am all kinds of fouled up now. Any questions for Mr. Gregory before he leaves. Vice chair troxclair?

>> Troxclair: I was hoping that you could quickly take us through the rest of these documents in this packet. I mean, it looks like part of the transcript from the zero waste advisory commission clearly demonstrates that their endorsement of the landfill was a -- in no way intended to be construed as an endorsement of the remaining

[indiscernible] Two separate issues in the -- they voted on strictly the land sale. But then you also have another map and some other highlighted q&as after that. I just was hoping that you could take us through it really quickly.

>> I would be has open -- I would be happy to. Let me clarify the vote is on the sale of the winnebago property, to not use the use of those funds to the hub or the landfill. The first attachment that you have is what you have already received. We saw it first related to the agenda item in the December Austin energy waste going to the waste management landfill issue. It's called a business plan. It is in no way, shape or form a business plan. It's an out -- perhaps at best an outline for a business plan. You have already seen that. That's the staff's document. The -- the next item is the item from the tceq central registry that point out that the landfill is active and as an active landfill, it can reopen upon a request by the city staff to reopen it and as an active type 1 landfill on this 25 acres, even if it was restricted for no landfill disposal, could reside a registered transfer station.

[11:32:42 AM]

A waste processing facility, like a -- a refuse derived fuel cubing operation to make cubes to burn in a waste to energy plant. It could involve a lot of different things because it's part of an active and real permit. The value of that land within a permit boundary that gives those authorizations where you don't have to go through the very lengthy and cumbersome act of going through public hearings, is significantly valuable. We have asked for the appraisal on this piece of property. Of course we can't get it. The city refuses to give it to us. That sort of thing needs to be part of what is vetted. Before zwac and council, particularly because it's right in between the two landfills, the active city landfills that has the gate closed and the active isi Progressive waste landfill that a history of wanting to tie together to raise it up into the lower end of the flight path.

>> Troxclair: You are talking about the city has done an appraisal on that land and you want it to -- to see that appraisal?

>> I think everyone should see. Because for a couple of reasons --

>> Troxclair: Is it typical that we would allow that kind of information to be public at this point?

>> Councilmember, depending on council direction, that would be used as a basis for our negotiation, we wouldn't release it to the public yet until we we had direction from council on whether we were going to sell it or not.

>> Troxclair: Okay.

>> I would just say there are special circumstances in this case because of the history of these two landfills to be joined together by the interest of staff and Progressive waste, and there is a pond. It's in the permit. Even if it's taken -- if it's not used as a pond, it could be used for a number of different things.

[11:34:43 AM]

That has high value.

>> Troxclair: So let's go to -- I'm sorry, I don't mean to rush you, but I know those things in your presentation, I was really curious of the things that you didn't get to. Like the highlighted city council q&a.

>> The q&a related to the staff's representation whether there was another facility, eco industrial park in the area. Which there is not. The staff has known about the tds eco industrial park. We have been developing that for 20 years. You have a picture, an aerial photo of it. Over 200 acres. It has the murf that we have, that the city brings about 45% of their recyclables to is on that industrial park. For them not to know it and state that there is not one is ridiculous.

>> Troxclair: So you are saying that you already have a facility that performs a lot of the same functions that they're proposing here?

>> Yes. Let me also say I have supported in general concept the remanufacturing hub. Only when the face of it started to be shown in early December, six weeks ago, and then I started realizing that the staff was going to take these -- because Mr. Gedert told me -- the staff was going to take these letters of intent to council as the final version of what they were recommending for approvals when they just a started out as hey send us a letter if you are interested. There's no procurement process on it. Then I realized that the land in the landfill was for sale and it's in the permit and we know that they can sell it to an -- the next door neighbor without going through a procurement process. I know that they can do flow control on it. I firmly believe this city half has wanted to do flow control for the last eight years. That's when I raised my hand and said, "Hey I support the hub in general, I support open markets and competition.

[11:36:49 AM]

But this is going to be the point where it would be extremely, extremely unlikely that anyone could compete with it." Then one of the next things that you were asked about, the second to last document in here, I believe, or the third to the last. Is a page from our most recent negotiations. Now the contracts that are in place now for recycling, there has been over the last three years over \$9 million paid back to the city for the sale of recyclables. And you've all heard and it is true that the value of recyclables is down. The world economy is down, China demand is down, the values are down. But nevertheless there's -- the city has received over \$9 million to offset part of the cost of processing. Well, what the -- what the city staff has offered to us, say, if you'll sell the recyclables in the city of Austin, you won't have to pay us anything for them. You'll still get the processing costs, but you won't have to pay anything. Well, I've been through negotiations with staff. And with council. And it's a very rough deal. When I saw that, I saw they were willing to put this eco industrial park, the hub, in a position that it would have over a three year period -- about a \$3 million year advantage over other people who were out of -- it's not just the hub, it's in the city limits of Austin. That's when I said wait a minute. Stop the train. What I'm

asking you today, if you want to sell the winnebago land, that's y'all's business. Please don't appropriate the money for the hub or as Mr. Gedert said, I believe he's going to construe that a vote on of the winnebago property would be approval on the sale of the other two properties at the landfill.

>> Tovo: Those would need council approval.

[Multiple voices]

>> Troxclair: The main point that I was kind of interested in from your testimony is I think what you just said.

[11:38:50 AM]

That it would be almost impossible for a company, a private company who offers similar services to -- to compete with the kind of services that the city would hope to attract to this hub. And that the city has stated that there's no subsidy or incentive but it occurs to me that providing land and providing infrastructure to the tune of \$7.5 million that is not intended to be made up with I guess with lease revenue, it is -- it is a strategic advantage and -- I don't understand.

>> Well, if someone asks me: Do I have a desire to live downtown in the austinian, yeah, I have a great desire I would do that. The question is what's the lease? If I can get it for \$10 a month, absolutely I will lock the door on the house and come on down. It all depends. The devil is in the details. I'm asking for the details before the money -- I am asking don't spend the money to construct it before you determine whether you even want it.

>> Troxclair: I understand. I guess for the record because I have to leave, I will speak for myself in saying that I don't intend to have the two votes that are on our agenda tied together. I'll going to make a decision on whether or not we should sell winnebago lane property and that will be a separate decision of whether or not the money should be used for the remanufacturing hub. And I appreciate the -- the detailed information and the documents that you've brought us today and I do -- I do have concerns about -- about getting into -- let's see. Spending taxpayer money to get into an industry that is already available with -- with local private businesses and -- and basically being in the business of -- of subsidizing companies who would not otherwise have the marketability to come here and survive on their own.

[11:40:51 AM]

I think that we need -- it's easy for us to -- on that point to have different standards applied to different kinds of businesses, if it's a business that it is council doesn't like, doesn't have enough environmental impact. Sometimes a council supports subsidies. When it's a business that has -- is the kind of business that they support, they support subsidies. So I think that we have to have a standard across the board, how do you feel about subsidizing private companies that could not otherwise make it in this market. And that are going to be in the business of putting out other local businesses. So I just have major concerns and I'm really sorry that I'm not going to be able to stay for the rest of the conversation. I will certainly come back and look at the tape and anybody who is here who wants to -- to speak but I haven't had a chance to hear feel free to set up an appointment with my office.

>> Tovo: Thank you, vice chair troxclair. We have two more speakers on this item and in looking at our time and our agenda, I think it's pretty clear that we're for the going to have an opportunity to hear from our staff on the financial updates. That's a council policy with grave apologies to those of you who have been sitting here for two and a half hours. We will have to rely on the written reports unless there's an interest among a couple of councilmembers who are still here to stay and here that. Councilmember Renteria and pool, are you comfortable with relying on the written reports that have been distributed on the dais?

>> Pool: Yes, thank you.

>> Tovo: Okay, thank you, staff, for being here, I apologize for not realizing that sooner. I am --

>> Troxclair: I would like an update, but we can do that separately. If you all will reach out to my office. I would love to sufficient it down with you all and go over it. Thanks.

>> Tovo: We could also just have this on next month if that's the will of the group. Try to put this back and have it be the first item. Why don't I talk with the auditor about what that agenda looks like.

[11:42:52 AM]

We will still try to move on and have the accomplishments report before we wrap up. So that we have an opportunity to hear that. Okay. Mr. Whellan, you have three minutes.

>> I would yield my time to the auditor's report.

>> Tovo: That's very contract of it. Thank you [laughter]. Ms. Schneider?

>> Good morning, everybody. My name is robin Schneider with Texas campaign for the environment. I want to speak in favor of the remanufacturing hub and the sale of the land. Of the winnebago tract which was approved unanimously by zwac this month. Although is it there are other options that can be found in terms of financing, we would be open to that. But we would hate to see the remanufacturing hub be derailed because we don't want to increase the rates of the utility customers, which I share the concern that everyone seems to be expressing here. This -- the winnebago tract, you know, none of the city departments expressed an interest in it. I'm interested to hear what -- what mayor pro tem tovo has in mind for it. But I think that the remanufacturing hub is a project that should go forward. And that we shouldn't risk some of the financing for it unless there are some compelling reasons to not sell it or assuming other financing mechanisms cannot be proceeded. We have been kept apprised of the remanufacturing hub for a period of years, people all over the country are watching to see how this proceeds because other cities such as New York and Los Angeles who are also proceeding with ambitious recycling plans, also want to see local processing and local manufacturing develop as a result.

[11:44:53 AM]

And I think the department has been very forward thinking in promoting this and that we should do everything that we can to make sure that it happens. We have -- luckily we see a lot of interest from businesses to come here. If we delay it, councilmember Renteria, I think that we send a very bad message to businesses that want to come to Austin and create jobs and use recyclable materials that were not serious about this effort. To develop local manufacturing out of the recyclables. And I think that the other point that you raised, councilmember Renteria, in terms of the worldwide demand for recycling, it seems to me in some ways it could create a really good incentive. Because we've seen in recycling that a major cost is the transportation. So if we can take the transportation costs out of recycling or significantly reduce it by keeping it within the region, then those recyclable materials are going to be more attractive and the products made from them are going to be more attractive. I -- I have been very I am very involved with fighting any efforts to expand the landfilling in that area. As you can see in the press report that Mr. Gregory handed out, we would fight any efforts on flow control. I was in a meeting with Mr. Gedert just yesterday where he reiterated his concern that they do not seek flow control. We believe this is a project that is very worthwhile that, we should not delay. We need those jobs in the city. We need to have a wider variety of jobs. We've seen subsidies go for all kinds of businesses in this city and I believe the council should be skeptical and should exercise due diligence in terms of what kind of subsidies. This is a one-time only thing that will create an economic value in an area that is not being used at all.

[11:47:02 AM]

So I think that's a very positive thing and it's an area that has other kinds of recycling businesses there. With all due respect to Texas disposal systems, they have a lot of different activities going on at their site, but it is not the same as what is being proposed at the remanufacturing hub. I hope that they go forward with more you kinds of businesses there. There is ample material for more than just this remanufacturing hub. And I think if this remanufacturing hub, assuming it goes forward, it will be a magnet to bring other businesses here from other locations to further increase this sector of our economy. I'd be happy to take questions.

>> Tovo: Thank you very much, Ms. Schneider. Are there questions? Colleagues, I understand we're about to lose our quorum. If we're going to take a vote on eight and nine we need to do that now. Is there a motion on item eight, which is amending the fiscal year operating budget to increase the revenue by 1.4. I guess I need to understand whether that is -- is there a vote that is -- let me see if there's a motion. Councilmember pool moves approval.

>> Renteria: So what are we actually approving on this?

>> Tovo: That's what I need a little clarification about as well. Do you want to second it for the purposes of discussion?

>> Renteria: Yeah, I'll second it.

>> Tovo: All right. Councilmember Renteria has a question for our staff about -- and I think have a similar question.

>> So if we approve eight and by increasing the avenue, is that selling the winnebago lot?

>> Tovo: The question is if there's a vote to approve 8 is it contingent on the sale of 9?

[11:49:05 AM]

Yes, it is.

>> Renteria: I can support that, but I just can't support that -- not selling that lot and looking at increasing our utility bill. That's something that I won't -- I won't support. And if it required shelving this project until we figure out where exactly we're going to recover this money from, then I'm willing to do that.

>> Tovo: Councilmember pool.

>> Pool: I got the sense from Mr. Gedert and our staff from financial offices that they were willing to try to find another way to plug that whole. Do we need to amend the language or make some other kind of recommendation on 8 so that if we get to 9 and we say we want to postpone a discussion on the winnebago sale that we can do that? I would note that the language on 8 moves the money -- if the winnebago site is sold, they are contingent upon each other. If the winnebago site is sold the revenues in 8 are dedicated to the Austin resource recovery remanufacturing. It is our intent with council's approval that that money be spent on the remanufacturing hub, but that is a larger category to allow for other uses of the funds if you do not approve movement forward on the remanufacturing hub?

>> Pool: So my desire to move forward on the remanufacturing hub but to pull out the winnebago land and sale for further consideration. How can we do that?

>> Tovo: Mr. Canally.

>> In looking at the two items together, they are -- item 9 is for the sale of the land. That is -- that could go forward and has in essence does not necessarily mean item 8 would need to go forward as well.

[11:51:08 AM]

It is a standalone decision to sell or not to sell. That's a council decision. If the decision is to sell, there's

an approval of item 9 or -- for tomorrow I think it's 16. I'm not sure what item it is. Then taking up the budget amendment is really a separate action. It is not -- it is a separate action. If, for example, if the land sale is approved it does not necessarily -- and the budget action is not taken, the land would still be sold and those funds would be deposited into the Austin resource recovery fund as we do when we sell land throughout the city, we don't always bring budget amendments forward. The reason this budget amendment was brought forward was to solve the issue that Mr. Gedert had laid out about finding cash for the project. But they are -- again, you could approve or not approve that one in this budget amendment. It does not necessarily need to occur. I think if it does not occur we would most likely -- this would come down and we would have to look -- again looking at some solutions in advance of initiating construction.

>> Tovo: Yeah. I'm really undecided on how to vote on this. Because I don't plan to support number 9. I suppose if the sale goes through, if the council votes to sell the tract I want to make sure that that money goes towards the remanufacturing hub. So that's where I am. If it's on 8, if the land is sold, I want it to go to the purpose that it's been identified for, but I don't intend to support 9. In any case, that's the -- any other questions about item 8 for our staff?

>> Pool: Can I in my motion say something to the effect that we would like to see the 1.4 million come from a different source than a sale of city-owned land?

[11:53:12 AM]

We support the remanufacturing hub, we support developing the financial package for it and moving forward with that, but we would rather it not be tied to winnebago?

>> Councilmember pool, I think the best way to handle it would be to give staff direction along those lines. We would pull this item from the 28th and bring it back with alternatives on the fourth or the 11th.

>> Pool: How does that sound?

>> Or later.

>> Tovo: Councilmember Renteria, I think you -- no, you seconded the motion. Councilmember pool was the maker of the motion. Councilmember Renteria, do you have a thought on this?

>> Renteria: I mean, like I said, I'm not going to be able to support 8. I can support selling 9, but I'm not going to be able to support 8 if it's not included that we're going to sell the lot.

>> Tovo: So for you 8 and 9 are linked.

>> Renteria: Yes.

>> Tovo: Okay. Do you want to vote on 8 separately or do you want to --

>> Renteria: I would rather vote for both because if we're not putting both in there I'm just going to abstain and not vote on any.

>> Pool: Okay.

>> Tovo: That makes sense. I think Mr. Canally has got the best idea. Would you like to withdraw your motion and we'll move on to 9?

>> Pool: Yes.

>> Tovo: Let's consider 9 first and that is to sell the winnebago tract, which I apologize we haven't had an opportunity to have the specific presentation. Would folks like to have that specific presentation first?

>> Ms. Ricer, would you like to --

>> I can answer questions since I've presented at the council meeting.

[11:55:13 AM]

>> Thank you and thank you for this information. Are there questions for Mr. Rizer about the -- for Ms. Rizer about the winnebago tract?

>> Renteria: I feel like we've discussed it enough.

>> Tovo: Anyone else? Is there a motion on this item?

>> Renteria: I move to approve item 9.

>> Tovo: Okay. Councilmember Renteria moves approval of item 9. Is there a second? There is no second. So that dies for lack of a second. Is there another motion?

>> Pool: So now we go back to item 8?

>> Tovo: We go back to 8.

>> Pool: The motion I had made previously was slightly amended from what was written, and that was to give staff the direction that they consult with arr and the financial officer in order to find a way to identify 1.4 million to fill that gap. So that would be my motion. In support of the remanufacturing hub because we support that activity.

>> Tovo: Councilmember pool moves that we direct staff to identify options for plugging the 1.45, et cetera, dollar financial gap and noting support for the remanufacturing hub. Is there a second? I'm going to second that. Are there comments or questions? And I'll just say very briefly as I mentioned before, I think the remanufacturing hub is a good concept. I would just ask staff to see if we can find that \$1.45 million elsewhere, even on a temporary basis. One of the options that I am hoping to bring forward, and I have one co-sponsor on this, is to ask -- this is a longer discussion than we can get into here, but the city of Austin staff and my office over the last several years has had conversations with a group called art space that is live-work artist space around the country.

[11:57:38 AM]

They have a strong interest in working here in Austin. I think this tract is worthy of their consideration and they are strongly interested in it. They're very familiar with Houston. They've been here a lot, they know exactly where it is. We've sent them the specifications for this tract and they would be interested, I believe, in giving this some consideration. We already have several years ago through a council resolution we allocated \$75,000 for such an exploration with art space so we already have some money to get that exploration going. And I think this could be really an ideal tract for that purpose. We have a lot of -- we have some financial studies that have been done identifying the need for artist live-work space here in Austin. And this is a tract that could be very interesting because it is within an industrial park. It offers the kind of zoning that some artists need to do their work. So before we sell an asset that I think could be valuable for several reasons, I would like to at least have an opportunity to explore some of those angles. So that's one of the reasons why I'm not going to support the winnebago lane tract sale the way I am the support of the concept of the remanufacturing hub. Councilmember pool?

>> Pool: We've talked a lot about how to reduce the cost of living here in Austin for different sectors of our community and one of the ways to do it is by the city continuing to own the land and that whatever it is is developed on it. It seems like this is an opportunity for us to think about what could go there in some larger contexts, in a larger framework. So I would support holding on to the land to see what else we might be able to do since it is already on our inventory.

>> Tovo: Okay. All those in favor? Any opposed? Councilmember Renteria is in opposition. And councilmember Renteria -- okay. And I will say that motion fails for lack of three affirmative votes.

[11:59:43 AM]

We will double-check as to whether or not that fails or succeeds, but in any case, all of this narrative will be reported tomorrow at our session. Okay. I would now turn to the auditor and ask do you feel you

have sufficient time if we go a little bit over to present or would you prefer to cover the accomplishments of the auditor's office next -- and thank you to all the staff who supported our previous discussions.

>> I think you have the report. Everybody has received a copy of the report. It doesn't require action or acceptance by the committee. My short version is that I'm very proud of what we've done. We've framed our work in four areas and I think we've reported in the accomplishments report you will see the progress we've made over the last year. I don't know that I need to go through my formal presentation when you have the report right there.

>> Tovo: Well, if we have a few minutes why don't we spend a few minutes and take a look at it and ask you to maybe hit a few of the high points.

>> Sure, I can do that. Tovo he just double-checked my notes and that recommendation does go forward to council because we had a majority of those who were present. So that was two out of three.

>> The quick version of this, 2015 represents my first year, coincidentally, leading the office. I moved into the acting city auditor role one year ago. And we've organized into four topics, as I said. These are the things that I think are critical to our success as an audit office. And while they're listed out here I think they fall into doing the right work, selecting the right work, doing it well, working efficiently, but without losing site of our effectiveness and also maintaining morale, maintaining a positive workplace to drive engagement, productivity, all the things we want to keep doing in our office.

[12:01:57 PM]

So in the short version of selecting topics that matter we do it with the audit plan and then we try to focus in on where we can find the most value. On the investigation side while we don't select what we want to investigate in because those come in through our hotline, we do want %-@to make sure we're spending our investigative time appropriately so we want to do referrals where appropriate. On the audit side we issued 16 out puts with 29 recommendations. They touched a variety of areas and most of these or I guess all of these actually were issued to this audit and finance committee so you will be familiar with the topics that we touched on. It also included five requests from council in the last year. In terms of investigations or integrity services, that is up 23 percent from last year. We had an increase in what we're getting. The majority of those were referred to other entities either because we're not the correct jurisdiction or because they were minor in nature. And then of those we completed 21 investigations. Many of those, most of those were investigations where we concluded that we did not have sufficient evidence, but the violation occurred, although there will be some -- I believe there's one that has already been issued and there are others that will result in a report that we believe that we have sufficient evidence that a violation occurred or the violation was substantiated. In terms of our office, in June we had our external peer review, which found we were in full compliance with the until standards that apply to us as government auditors. We also received five out of five for our two measures of council satisfaction. We do a survey of the council satisfaction, since we are a direct report to the council, and we got five out of five on both of those. And there's a laundry list of things I believe we've done to look at efficiency and effectiveness in the report.

[12:04:01 PM]

Some of the ones I pulled out here on this slide include doing more in-depth audit, really trying to focus on outcomes, leveraging our resources by looking at a series of audits, so perhaps we pick a topic, try to identify the highest risk departments and do more work in that. I think our hazardous materials storage and handling this last year falls into that. We also have spent time trying to present information more effectively and proved our collaboration with manage am, which I think demonstrates on the efficiency

and effectiveness side and we've focused on professional growth for all our employees. The last slide and I'm very proud of this slide, I'm very pleased to report that according to the city's listing to the workforce survey our overall job satisfaction has gone up 12% in the last year. From about design% to 81%.

-- 69% to 81%. And our staff turnover has gone down, also exciting, by about 18% from last calendar year to this calendar year. That's it.

>> Tovo: Thank you very much. I think those are really very strong -- that's a very strong report and it shows I think what a great job our auditor's office is doing under your leadership. Thank you for all the changes that you've implemented with your staff and thanks to all of our audit staff for doing such fine work on behalf of the city of Austin. These are really significant Numbers.

>> Renteria: And I also want to say thank you. Thank you, staff, for all the work you're doing.

>> Tovo: Okay. Well, without further adieu, we stand -- we have talked a little bit about future agenda items. Councilmember Renteria, do you have any you would like to add for consideration? Okay. So --

>> Just on that note, I do know you have the municipal civil service appointments will be coming up. Those are wrapping up in February, the application deadline is in February.

[12:06:03 PM]

So you will have those appointments at a future meeting.

>> Tovo: Thank you. And -- thank you for that. So we may need to talk about scheduling so that we have an opportunity to meet with all of those candidates. And I do believe there was an interest in potentially having the financial updates -- we can talk more about what makes best sense on that front. Thank you very much. We stand adjourned at 12:07.