

# City Council Special Called Meeting Transcript – 09/05/2017

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 9/5/2017 6:00:00 AM

Original Air Date: 9/5/2017

Transcript Generated by SnapStream

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>> Tovo: Good morning, I'm mayor pro tem Kathie Tovo. I've just gotten word that the mayor would like for us to get started. Without further adieu I will call this special called meeting of the Austin city council to order. It is 10:23 and we're meeting in the boards and commissions room. And we're going to start with item 2 [lapse in audio]. >> Before you this morning is a request to authorize negotiation and execution of an interlocal agreement in the form after mutual aid agreement with the city of Houston to furnish aid in response to an emergency, including response to the effects of hurricane Harvey. The cities of Austin and Houston have entered into agreements in the past to provide mutual aid in the form of personnel, supplies and equipment during disasters and civil emergencies and it has been successfully provided in the course of those agreements. After hurricane Harvey the city of Houston has proposed a mutual aid agreement that best suits the needs of both cities. It includes reimbursement from the state when appropriate. You may know that the Austin police department sent a contingent of about 50 officers, [lapse in audio]

[10:24:19 AM]

The state goes through a process of determining where all the processes are throughout the state when a city's resources become overwhelm and that city, in this particular case, Houston, goes for additional help. The parties decided we would enter and look at the existing mutual aid agreement that is in place and updated given the circumstances that we have today. This will be somewhat similar to the third item I think you have on your agenda with the city of Victoria, and staff are here to talk and discuss any questions that you may have with regard to either item. So with that, I'll be happy to answer any questions you may have. >> Tovo: Councilmember Flannigan. >> Flannigan: I'm curious what the differences are between previous mutual aid agreements we have and the one being contemplated. >>

So as I'm understanding, I'll ask Kerry grace to respond with the one with regards to Houston, and I think we have here in terms of Victoria, I don't believe we have a mutual aid agreement with them prior, so that's a new item. >> Am I on? Good morning, Kerry grace with the law department. The mutual aid agreement that exists now is from 2008 or thereabouts. And the current administration in Houston really basically just wanted to make some tweaks to some of the pretty technical terminology and probably what we're working on now is better reflective of federal Lawrence the reimbursement provisions. -- Federal laws. >> Tovo: City manager, I know you indicated that our Austin police department sent about 50 personnel yesterday. It was also my understanding that we have some Austin energy personnel who have gone either to the coast or to Houston.

[10:26:20 AM]

Can you just fill us in on that? >> So I don't have the details on that, but it is my understanding that there are separate agreements with different power companies throughout the state for Austin energy to be able to dispatch personnel in support of emergencies related to the power grid. >> Tovo: I see. So that's not covered by either of the mutual aid agreements that we're contemplating today. That's a separate and existing arrangement. >> They are separate agreements and mayor made amongst the utilities for outages of different natures. >> Tovo: Questions about item 2? Ms. Grace, did you have more additional information? Okay. So I think then it would be appropriate to have a motion to authorize negotiation and execution of the interlocal agreement in the form of mutual aid to Houston. Councilmember Flannigan moves approval. Councilmember Houston seconds it. Any other discussion? All those in favor? And that is unanimous on the dais with councilmember pool and councilmember Casar off the

[10:30:10 AM]

lot of on the ground training and back and forth communication so I think both cities will leave vic to are I can't for the better. >> Alter: Does the agreement cover more than that? >> Yes, councilmember, both of these agreements will be fairly broad and it's in a process where the requesting party, in this case it would be Victoria, can make requests for other resources and then the city determines whether we have the resources to send? >> Alter: And just for the public that's watching can you explain more or maybe repeat what was explained earlier about how this was reimbursed from the state about -- that the process we're going through enabled us to be reimbursed rather than it coming from our city budget so that people understand the way this works with the disaster relief and the broader fiscal picture, please? >> Sure, I'll try and we have subject matter expertise too and they may want to join in. >> Alter: Thank you. I just want people to understand the process. >> Do you want to take that? >> Sure. Basically what this money is going to allow us to do is ensure that we are up to date with all the legal

requirements so that when FEMA goes through Victoria, they will do a disaster assistance request, project worksheet, and it will include all the work that we've done. What we need to ensure is that we submit for reimbursement to Victoria and Victoria will reimburse us at 100%. They will 10 take that documentation and submit it to FEMA and they will get reimbursed at 75%. >> Alter: Thank you. >> Tovo: Councilmember Flannigan. >> Flannigan: Have we done this type of thing before specific to transportation?

[10:32:13 AM]

>> Councilmember, in the last big hurricanes that hit the Houston area, transportation participated with public works on a response. It is unique that it's really just a transportation need in Victoria this they really needed help with, so we responded in kind. So it just depends on how the storm disrupts the system. >> Flannigan: I would imagine there are many cities in the area that are facing similar issues. Is it -- Victoria is the one that we're doing and a San Antonio is doing another city and -- to what extent is the state -- or our city partners across the state helping across the region. >> So the cities are going to be requesting through the counties and through the state request for assistance depending on what they need. A lot of cities may have other agreements with other communities and they're exercising those agreements first. They may have other contractual services where they are disaster recovery programs in place and they'll exercise those first, but in Victoria they needed specific area. In Houston it was law enforcement. As they identify those needs, and every community will be different, if they're not available through the state and not available directly from the their county, then what they do is they submit a request that to any other jurisdiction that they can locate or that the state can help them identify. What we need to make sure is that as we provide assistance to whoever calls for Austin to assist that we ensure that we have the legal did documents to ensure that we get reimbursed 100%. >> Flannigan: I think it's amazing. I hadn't considered that this was one of the needs our city would have to step up to fulfill. I think it's fantastic. Just as a citizen I'm proud that this city has the

[10:34:15 AM]

resources that we as a city have built on up the resources that we can be this type of asset to the state. I want to commend the staff for working quickly to get the stuff done. I don't want to speak for our colleagues, but I'm sure other cities in the future can expect swift approval from this council. Thank you. >> Tovo: Councilmember Houston? >> Houston: Watching the television it's horrifying to see what they're going through. One of the cities, I can't remember which one, said as people begin to come in and clean out their homes and tear out the sheetrock that all of their fleet is underwater and they are looking for help to clean the debris and move that out so that rats and varmints and snakes and mold

doesn't collect. So would we be able to respond to a request like that if we had a mutual aid agreement with the city? . And really the entire state of Texas, we're all going to coordinate with each other to see what we can do to help each other out. You never know what we may find ourselves in a situation where we need assistance from them. And we want to make sure that we -- that we help in a correct manner and we're

[10:36:15 AM]

able to coordinate with the surrounding communities to make sure that we're able to allow other communities to assist if they have those capabilities. >> And councilmember, if I may add, in updating the mutual aid agreement with Houston we are aware that they're going to be asking as well for both public works and Austin resource recovery assistance. So there will be an opportunity at the request of the city to help with this. >> Houston: Thank you so much. Please tell all the staff that I really appreciate all they're doing to help out in this disaster. >> We will. >> Tovo: Okay. Looks like we've covered any questions, so if there could be a motion please on number 3 to approve negotiation, execution of an interlocal agreement with the city of Victoria. Councilmember Houston moves approval,. >> Alter: Seconds it. Any other discussion or questions? Thank you all for the tremendous work you're doing not just to welcome the evacuees to our community, but also to send our expertise out to the communities who need it elsewhere. All in favor? Okay. That is unanimous with the dais with councilmembers pool, Casar and mayor Adler off the dais. So that brings us to item 4, which is to discuss and take appropriate action related to the effects of hurricane Harvey to include appropriation of staff, funds, supplies and equipment to address emergencies along the Texas gulf coast and the execution of agreements to accomplish the same. >> Mayor pro tem, we've left that posting language on our budget work sessions in the event we need to bring something back to council as a general posting, but we have no action item on that today. >> Tovo: Okay, great. So I think that brings us then back to item 1, which is discussion and any actions necessary on the council budget concept items. So this is pretty open. We're scheduled to go, today, city manager, until what time? >> 1:00.

[10:38:16 AM]

>> Tovo: Great. So who wants to kick off. Mr. Van eenoo, did you have some follow-up information for us? >> There's just a few items just to get maybe the ball rolling a little bit. Some pertain to the development services department, so I would perhaps turn council's attention to item e-38 on page 7. This was one item -- there's three of these items. The question was could these things are funded by dsd's fee structure? And the answer is question. You will see on e-38 on page 7 we've changed the dollar amount to zero. There would be no general fund impact as a result of that. We would build it into dsd's

fee structure. The other two items are on pages 28 and 30, items g-3 and g-14 respectively. I'll let you guys catch up to me. Page 28 and 30, items G 3 and G 14, those items have likewise been zeroed out because we would build them into dsd's fee structure. >> Tovo: Would you mind, Mr. Van eenoo, let's take them one at a time if you could. Page 28 is which item? >> Page 28 is item G 2, eliminate -- I'm sorry, G 3, the ombudsperson in dsd, that was a total of \$264,786, and we could build that into dsd's fee structure so there would not be a general fund hit. >> Tovo: And the next

[10:44:30 AM]

>> Kitchen:? -- Councilmember kitchen? >> Kitchen: I have a different question to ask about. Should I move on? >> Alter: I don't know if councilmember Houston wanted to speak to her item? >> Houston: I've lost the page now of -- >> Tovo: It is page 28, I think. >> Houston: Last year we tried to add two people to the neighborhood assistance center and this is where neighbors tried to go about permitting and what they can and cannot do to help. And now that we've got codenext coming in I suspect that the use of that center as a resource would be enhanced. So this would be to add one person to that so there could be three neighborhood assistance folks to help with folks in community that need help in figure outing what it is they can do as far as permitting goes. So I understand that this cost could be covered under the permitting fees? >> Yes. >> Houston: So I was looking in -- I think it was volume 2, yes, finally on to volume 2, and it seems like the permitting fees and development services department are going to be a lot. So I don't know what that push back is going to be as far as how much that is now going to cost to build a house because the permitting fees, but I'm already getting emails about letters about the fact that the permitting fees are so high that now it's going to add to the increase in housing and that's going to impact our affordable care act

[10:46:34 AM]

goals. >> There are definitely some increases in dsd fees, not necessarily the items that we're talking about, but just in general trying to get to 100% cost recovery so that everything that goes in to the permitting and inspection and plan checking process is paid for by the applicants of those processes so yes, there is a significant increase but it's primarily for that reason. Of course some of it is also related to the staffing additions that they're -- that are being proposed in the budget in order to try to get their turnaround times and performance up to industry standards. >> Houston: And their staffing increase was at 58? >> It's 51 new positions. I believe only funded for seven months in the first year because it takes time to get those positions all onboarded and to get their office spaces equipped. >> Houston: And how do we know if it's the right number of positions to be funded to make sure that the report that they're working from is implemented in a timely manner. >> Joe is coming up, but I know a lot of it is

being driven by the Zucker analysis that was done several years ago and just moving towards fully implementing that report, but that's Rodney working with his staff, looking at what their different requirements are to meet best practices and turnaround times for inspections and plan check and I also can tell you I know it's a number that they've worked to shrink down from what their staff had initially looked for and also looking for it to not be 100% funded -- not 100% operated by new staff, but also that there would be some temporary staff that would go into that equation. There would also be some funding for consultants to go into that equation so when the development activity starts to come down we're not stuck in a situation where we're having to lay off individuals. Instead we can start pulling back on the consulting.

[10:48:35 AM]

funds, we can start pulling back on the use of temporary employees. I know in talking with Rodney about this because we had some of the same questions, they are really trying to right size this department based on a steady state of development activity not necessarily staffing up to this peak that we're seeing currently. So that's the plan. And that's the proposal to implement that plan. >> Houston: So one last question. Could it be phased in rather than have all 51 come in? >> It could be phased in. I would only add that it's been being phased in for the last three years. Since the Zucker report came out we added quite a few positions in fy17 and 16 to it get us up to where the report wanted us to be. >> Houston: I understand. But I know there have been so many things phased in and stopped and restarted, so if this was something that we could do half next year and then the other half the following year then we would have a little additional money, but -- >> Certainly could do that. I would just want to make sure that director Gonzalez could come back and explain the ramifications of that. >> Tovo: Councilmember Garza. >> Garza: I think it would be good to have them come back because we have had the special called meetings. There were concerns at our last budget hearing from three folks that kind of was at the very end, but one thing that they said was concerns about the fees at dsd and how -- what he said was ads are getting hit the hardest and I'm still trying to dig into why this is, but we talk about having ads as a tool for affordability. And if folks that are trying to use that for that tool are getting hit by all these

[10:50:37 AM]

fees because they're getting I guess grouped into larger -- larger developments, that's a concern. And then a concern with that is if we're depending on the fees to pay for those positions, and we're going to possibly one of us or all of us dig into the fees and then we have to lower the fees and we don't have the funding to pay for the 51 people we hired. I'm also concerned about how this works in conjunction with

codenext because fees sound more like an administrative thing, which I understand, but I wonder how it all lines up with whatever is going to happen with codenext because what my hope would be is that we're making some changes in there that not incentivize, but help homeowners who are trying to use an Adu as affordability. And there are things in place right now that are not allowing them to do that. And I'm concerned that some of these fees are some of those. So I'm going to have a meeting with those folks that came and spoke at the budget hearing to better understand why this is and would pantalion, certainly we are digging into that information and can bring more information. The actually setting of the fees, the work that's been done in response to the Zucker report, the consultants looking at the fees, the intent is to try to match the fees with the volume of the work and providing the sufficient number of staff to meet the current volume to provide the services that are anticipated. Just wanted to reiterate what Ed said in terms of the resources being brought forward are a combination of full-time equivalents, outside resources,

[10:52:37 AM]

third-party, and then temporary so that you can have the ability to scale back if necessary or add to. So again, it's really just trying to match the resources being brought to the table with the volume that's coming through. As far as the Adu issue, again, we can have director Gonzalez bring additional information in the future. >> I think the future would be September 7th, your next work session from 1:00 to 5:00. We could have director Gonzalez come to that work session and answer some of your questions on this topic. >> Alter: When he comes can you make sure that we get some answers to the questions that we raised earlier about these being seven months funded in this budget and then next year we're going to be to be required to pay for 12 months and that would be an additional bump to the development fees. I think if we're going to move forward with them we need to understand what that means, kind of over time. And I also would share councilmember Garza' concerns with respect to incentivizing the ads and more broadly if this is the fee structure is structure understand a kind of regressive way, I don't know if that can be resolved for this budget, but I am concerned about us thinking about that in the future. So there were a few other housecleaning matters I was going to go through if we're done with those four. The next would be -- >> Tovo: Mayor, I believe that councilmember kitchen has a question before we move on. >> Kitchen: Before you move on, I just wanted to talk about s-20 because I think it's in the nature of what we just talked about with regard to being able to reallocate dsd budget items. So I wanted to -- I set up S

[10:54:39 AM]

20 to do the same thing and we're not treating this in the same way. I'm sorry, page 13. So I know we had a little bit of a difference in how we talked about this at the last budget session, so I know you just put it in there the way we talked about it. But the point that I want to make is what I was intending to do with the S 20 is the same thing that we just did with the dsd. And I think that that's appropriate to do it that way. And that was to reallocate these dollars into the electronic patient care report solutions. So - - and that is the -- reducing the study amount from 250 to 75,000. And we allocating to -- I put either the community health paramedic program or the electronic patient care report solutions at the ems chief's discretion, and I've since talked to the ems chief and I don't want to speak for him, but I think that he probably will want to direct it to the electronic patient care report solutions. But regardless, what we ended up doing is separating these. I know this was -- you were just following what we said last session, but I want to put them back together because I think it's appropriate. This item is a reallocation from the study back to the same department with regard to how those dollars should be used. So -- >> Mayor Adler: Can you help me understand? I'm not following you. >> Kitchen: I apologize. The analogy I'm making is one that we had the discussion before you walked in, but basically what we were able to do with a couple of other items that all are impacted by the dsd's budget, we just reallocated money between the budget instead of taking it back in and then allocating it back out. So I think that this item should be treated the same way. And that's -- instead of

[10:56:40 AM]

putting 175,000 back in our concept menu that we could spend on something else, I think it should be reallocated it's all within the same budget. And if we're going to treat the dsd dollars that way, which I think is appropriate, I think we need to do the same thing here. So that's what I'm talking about. I think it should just reflect 175,000 reallocated from that ems service delivery mode study to the electronic patient care and report solutions all within the ems budget. >> Mayor Adler: So do those two things relate to each other or are they both in the same department? >> This is analogous to what we just did in dsd. So what we did is we took dollars out of -- I apologize, councilmember alter, I know you were able to arrange this and I support it. I think it should be kept the way that it was allocated. So I'm not meaning to call question on that at all. I'm just saying that this should be treated the same way. It is part of the ems budget. It's how we're spending dollars on the ems budget. That's what we just did with dsd. We took 400,000 out of the allowing for parking discounts and we reallocated that money to some other uses within dsd that related to small businesses and what we had done as a housing committee wanted to do. So that was all very appropriate and I think there was some other -- the neighborhood housing. So that was all very appropriate. >> Mayor Adler: I apologize. I'll go back and look at the tape and catch up. >> Kitchen: The proposal I'm making here is not to separate them. The proposal I'm making is dollars be taken out of the ems service mode study, taking it down from 250 to 75,000 and that 75,000 be reallocated to pay for the patient care can support solutions. >> Mayor Adler: Let me ask about the study. So we talked about having multiple studies or studies that looked at how we were doing public safety.



[10:58:40 AM]

Efficiencies, we were talking about. The questions had come up that sounded too much like policy conversations or management directive conversations with respect to EMS and fireworking with each other and then platooning staffing and that kind of stuff. The last time we were together we had asked to whether you would call that public safety efficiency studies or something like that. And where was the funding for that? Did we ever get an answer on that. >> We did. There is funding that staff is proposing in this budget for a single study. The funding for that study was put into the management services department. Based upon the policy discussions the council had back in May of this year, staff's takeaway from that was that there was desire amongst at least a significant number of councilmembers to look at the current service delivery model for police and EMS to try to better understand what best practices are and really just from a very broad level of the scope to see if there's anything that we could be doing to improve efficiencies and/or reduce costs. Ideally improve efficiencies and reduce costs. The \$250,000 we came up with, we estimated that cost even though it sounds simple, is there anything we can do in fire, EMS, police, to improve efficiencies, improve effectiveness at a lower cost I think it's going to be a pretty extensive study. When you look at a fairly narrowly focused study like community policing in the police department, that study alone was \$200,000. So there's a lot of technical aspects to these studies, it requires a great deal of professional expertise, so that's how we came up with the estimate based on the understanding of what council was looking for and based on our past experience with studies of a somewhat similar nature >> Kitchen: Mr. Mayor, this is the budget item I'm bringing forward and I would like it reflected on the

[11:00:41 AM]

concept menu this way. So we can have -- we can all decide at a later date and vote on it at a later date, but I believe that \$250,000 is too much for this kind of study. I have -- you know, if you'll recall at that session where we had that conversation we also had testimony from EMS that there was national work being done already on these same issues, which we can take advantage of. So I'm going to keep this scope item as reducing it down from \$250,000. I think that that is too much. You know, and I would like to keep it on this concept menu that way. And we can have the conversations, and one of the things that we needed to do was to see what was the written scope of this study. So in a perfect world I'd be happy to put \$250,000 at a study, but it's not a perfect world and we have a lot of needs. And so I wanted to reallocate it to the electronic patient care report solutions because that impacts the service that's people receive. It's a very tangible, needed service. So putting \$250,000 into a study at a time when we need these dollars to actually provide care to patients is not appropriate to me. I kept the study at \$75,000. You know, we can have a conversation about whether that should be a hundred thousand. But I

think that putting dollars in here for 250,000 is too high, and so that's why I would like to keep this concept menu item as I originally wrote it >> Mayor Adler: If someone wanted to do the \$250,000 for the study and the \$175,000 for the community health paramedic program, if they wanted to do both those, they would just say

[11:02:42 AM]

that -- >> Kitchen: They would add their own concept menu item if they wanted to do that >> Mayor Adler: Would you add a concept menu item that has a separate addition for that and separate subtraction on the changing of the amount of the study >> Kitchen: He already has it separated but I'd like to keep mine together >> Mayor Adler: I think you should have the right to have it on here however you want to, and I think that's fine. But I would also like you to have it on here separately so it gets called up that way. If I can finish the questions about the study. So it was 250,000 for the study. When you were describing that, Ed, you said for police and ems. >> I misspoke. It was fire and ems. >> Mayor Adler: All three. >> Not all three, just fire and ems. >> Mayor Adler: I'm sorry? >> Our understanding was just to look at the fire and ems delivery service models. >> Mayor Adler: And it was looking broadly at efficiencies within platooning. >> All the things discussed, why do we send a fire truck and ambulance to all these calls. That's just one example. I think there would be a lot of things that would fall under this study and would of course have to work with those two departments to really flesh out the scope, and we have not done that yet. >> Mayor Adler: Mr. Flannigan. >> Flannigan: On this item, councilmember kitchen, I think some of this is one time and some of it is ongoing and so because the study would be one-time funds. >> Kitchen: Right. >> Flannigan: But allocating it to the community health paramedic program would be ongoing, would it not? >> Kitchen: I'm sorry. I wasn't clear. I'm changing that. I think after talking with ems, the greater need is for the electronic patient care report solutions which is one time. >> Flannigan: Also one time funding. Even beyond the confusion of mixing the items also the snub in the wrong column. Even on the speed I'm looking at the number is in the ongoing as opposed to one time. So we're talking about one-time funding allocations. >> Kitchen: Yeah we're basically -- >> Flannigan: I think that would help. >> Kitchen: That will help clear it up.

[11:04:42 AM]

One time of 250 into a study and I want to move it over to one time into the very needed electronic technology tools that our ems system needs in order to serve people. >> Flannigan: I better understand your item now. Thank you. >> Mayor Adler: Ms. Houston. >> Houston: Yes, thank you. Could somebody tell me what is the difference between s-20 and s-105. >> I can try. >> Houston: Okay. >> There is currently in the manager's proposed budget \$250,000 for this study. Councilmember kitchen's initial

initial concept item was to lower that funding to \$75,000 and to spend \$175,000 instead. One time funding for a study would be a lower amount and E records would be more. We were asked to split them out. We are now going to recombine them. Item s-20 is a budget increase, spending 175,000 more on records and item s-105 is the item to reduce the funding for the study by 175,000. So those two net out to zero. It's just taking money already in the budget and redirecting it to someplace else and we're going to recombine that into a single item. >> Mayor Adler: Here presented both ways. Council, this is something we have to discuss as we go through the budget process. I would see us having a conversation on whether or not we wanted to have that study and if we wanted to have that study to decide whether or not what would be the appropriate price to have that study. And then I would see us having a conversation about whether we wanted to have the electronic patient care report solutions work, and if we did, at how much money we wanted to put that in at.

[11:06:43 AM]

Because there may be some of us that would want them both or separately, but historically what we have tried to do would be to not combine things like that so that it would be -- people could talk about whether they wanted the study or not, they can talk about the electronic reporting, whether they wanted that or not. But I will go back and look at the beginning of the tape for today to see if there's something that I missed. Yes? Ms. Alter. >> Alter: So we've already had two examples this morning of needs for electronic technology solutions for our services, one being the Amanda adjustments for the affordable housing and then now the EMS system that councilmember Kitchen is talking about. I remember having a conversation -- I remember having a conversation when I was getting a briefing on the smart cities that we can't use bonds for software. Is there any way to find a way that we can demonstrate some of our technology needs through the bond? We have enormous technology system needs because we've never been able to find the money that may be holding our city back in various ways. Is there a mechanism through the bonding or through some other means besides general fund to provide funding for these solutions? >> Not really. I mean, there's certain technology aspects, such as, like, our gates -- not gates, but our [indiscernible] System, the infrastructure of the city's internet that we've issued bonds for in the past. It's actually a physical asset that has a long life span, but for software applications we cannot legally issue debt for those applications and then increasingly those applications are cloud-based so there's nothing the city actually owns. It's just a cloud-based

[11:08:45 AM]

subscription, almost. Funding for these large-scale technology enhancements is an issue because they're significant investments, hits your budget all at once and we can't spread that out through a debt

instrument. So, no, we can't use debt for the software applications. >> Alter: Is that something in a future legislative session we could ask the legislature to find a solution for? Because this is not going to be something that's only going to be affecting Austin. It seems like it would have to change at the state level to allow us to have some kind of debt mechanism to fund it so it doesn't have to all be in one year. >> There may be some things we could do at the state level, but still, again, if you're thinking about like a cloud-based subscription, it's an ongoing expense which even I think beyond what state law might say, just wouldn't be something that would make a lot of sense to debt finance as opposed to if it was a hardware solution, perhaps, but not -- I think that's the challenge, though, is that software is really not that physical asset that you actually would own and, you know, like a piece of -- >> Alter: Maybe on this budget we can brainstorm a little bit to see if we can think about some solutions. >> Some cities might set up like a syncing fund, you know, where you might decide that we want to do a human capital management system for \$30 million and we start determining that we want to do that as a city and we start allocating those costs out to departments and they start contributing money to a syncing fund until it builds up to \$30 million and then we purchase the system. So that -- off the cuff, that's one solution that we've talked about and have been thinking about, and I don't have any other off the cuff ideas at this point. >> Alter: Do we know what other cities are doing? >> I can certainly point to other cities that do have a syncing fund, either for technology needs or building

[11:10:47 AM]

needs. >> Alter: Okay. Thank you. >> Mayor Adler: Mayor pro tem. >> Tovo: So I just wanted to request that at some point today we talk a little bit or at least begin to talk about what our process might be from here on out. I'm not sure what our budget process is going to look like in terms of how we're going to consider these requests and I think it might help just to begin thinking about how we're going to -- how we're going to move forward next week. Or if we want to move forward on Thursday, if we want to start voting on some of these issues where they're different ideas about the amounts and whatnot, if we could tri-try to clarify some of these issues this week that might make our budget process adoption days go more smoothly if there are some things we can sort of vote up or down on this week. And I was here for the discussion, but I have to say I am still confused about this item, councilmembers kitchen and alter. Are you suggesting we take what's remaining -- and I've lost my page -- 150 and allocate it through the fee structure? I understand about reducing it and splitting the amount. I'm on board understanding that piece. But are you suggesting that we remove the general fund amount or that there might be an opportunity to fund that through the fees assessed as well? >> Alter: I think they're two separate issues, and councilmember kitchen was making a parallel to what we saw with dsd and they're totally separate. So the dsd funding comes from and through the discussions of council. And I also had a concept menu item to take off the \$400,000 allocated to parking, captured in the fees -- >> Tovo: I got all that. I wondered if there was an opportunity to do the same kind of thing with regard to the 150 left in the general fund tore this item. >> Kitchen: That's what I was asking, is to reallocate the -- I was, I think, if

I'm understanding your question -- >> Tovo: Can you tell me what page it is? That would be a good start.  
>> Kitchen: Okay. It's page 13.

[11:12:47 AM]

>> Alter: I'm not on that item. >> Alter: These with two totally separate items. This is councilmember kitchen's item. >> Tovo: Got it, okay. >> Alter: Making a parallel. >> Kitchen: What councilmember alter was talking about was items related to the dsd budget. I'm talking items related to the ems budget. >> Tovo: I wasn't sure if it was thanking her for the concept or if she actually had been involved in it. >> Kitchen: No. I was just making sure she didn't think the way she had said it should be different. >> Tovo: I understand the reduction of the 175. So you are suggesting reallocating -- reallocating that funding. Were you also suggesting there might be opportunity to pick that up through sneeze. >> Kitchen: No. >> Tovo: You were not, okay. Then I misunderstood that. Thank you for the clarification. >> Kitchen: Okay. >> Alter: If I could just clarify, it was Mr. Van eenoo who was making the connection across the reduction in 400,000. We had put the items on the concept menu and had asked if they could come out of fees and he said yes and the money happens to equal the same amount of the reduction of the parking fees. >> Mayor Adler: Okay. Councilmembers, I want to bring people's attention, item e22 on page 5, we had talked about play -- place-based planning, and what this was really focused on was trying to look at some places in the eastern crescent in our city that if we focused on from a planning perspective we might be able to achieve some of the equity and development goals we have. So I think rather than calling this place-based planning, I think it would

[11:14:47 AM]

probably be more accurate to call this small area planning and that we put some money aside to be able to do some small area planning in the eastern crescent. I don't know whether that would be in the dove springs area or colony park area or rundberg, but as we go through the planning that we're doing in the city, I think there's going to be a look at those areas that we want to focus on to see where we could use zoning or other development tools to encourage development or activity places that we want. Those -- we did obviously small area planning like on the south shore we about small area plan. There's some small area planning I think that's going to be happening along the corridors associated with transportation. But that was putting money into the budget for small area plans so that's what was intended there. And the number should be \$100,000, not \$275,000. Hundred thousand dollars to be able to do some small area planning. I'm going to pull down item e23 because I don't think that that is baked yet enough to come to the council. >> Tovo: Could we spend another minute on e22. >> Mayor Adler: Yes. >> Tovo: Since we have staff who do planning in our planning department, can you help me

understand the expenditure please? >> Mayor Adler: S to supplement -- I understand that our staff doesn't have the budget to be able to do this. Is our staff doing it? But it's increasing the capacity so that we could actually do some small area planning. >> Tovo: But what is the expenditure for? Is it for an additional staff member? Is it for two additional staff members? Would they be located within our planning department? I see it's an ongoing need,

[11:16:48 AM]

but I guess I need to -- I need to understand how this functions within our planning department, which is tasked with small area planning currently. >> Mayor Adler: It's to increase their capacity to be able to do that. I don't know the answers. Give me another day to follow up. Thursday I'll be able to describe this better. It is not to pull it out. It was actually to try to get it done so let me talk with the department manager and the department to figure out the better way to describe this. >> Tovo: That would be very helpful. And I'd like to have some more specifics about sort of how many staff members we have doing small area planning currently. Some of them may be working on codenext and may become available once codenext is done so that's -- we may already have a q&a related to that in our -- in this year's, but, again, I want to -- before we start adding more staff, I absolutely want to know how people are being utilized who are currently on staff especially since we have now kind of suspended small area plans for a while, neighborhood plans for a while, it would seem we have capacity there, but I'm open to being wrong about that but I want to understand the numbers first. >> Mayor Adler: Okay. Let me follow up on that. >> Kitchen: I have another question about that. >> Mayor Adler: Yes. >> Kitchen: As you're following up on that, I think the other thing to think about is we had asked, as part of the codenext process, that the consultants come back to us with process around small area planning so I'm suspecting we should hear back from them maybe tomorrow. In any case, I would just want to understand how the hundred how it works with that because we identified that -- well, I guess I'm assuming because I don't know what they're going to say but I'm assuming that they'll identify some additional needs, and I don't know what all those will be for. So I think that in the context of what they come

[11:18:49 AM]

back to us with, I think we should think about this in that context, which is the same kind of questions that you just asked, mayor pro tem. So I just wanted to remind people that we should be getting some recommendations from the staff and our consultants about how they would proceed with small area planning, and that should help us identify what the additional resource needs are in order to do that. >> Mayor Adler: Okay. I'll see if I can get some answers to those questions. Additional question on e22 before I go to my next item? >> Alter: No. My questions are on the broader budget. >> Mayor Adler:

E27, displacement task force, this is to have facilitation for the displacement task force that we created. Some people have sent me names. I appreciate that. I think the place -- way to do that is to get your name down to the clerk. We checked with housing, and the number should be \$100,000, not \$200,000. That's to provide -- that's -- as a council -- this is -- I'm sorry. E27 on page 5, this is the task force that we formed that had -- that look at displacement, come back with this first report, first discussion back in december/january. And in April it's the complimentary piece to the task force that councilmember pool is doing with the university of Texas -- I'm sorry? >> Pool: Ours is a study. >> Mayor Adler: Study, study that -- complimentary to that. Remember we attached as an exhibit a what looked like 40 different displacement stuff that had happened in the city, but the goal of the task force in the resolution we passed was to try to pull all that together in one place, take a look at what had come out of those first to see whether there were tools that were working in other cities that we might be able to employ, to take a look at those resolutions and figure

[11:20:49 AM]

out why they haven't been advanced if they hadn't been advanced. But, again, we passed that. I'm sure you're all hearing like I am in every meeting I go to that seems to be a question that people are raising. We went to housing and asked what was an appropriate placeholder to put in this. They would issue an rfp or rfq to get someone in that position to do that. And this is the number that they gave back to us. >> Tovo: Mayor, since the task force itself is short, is relatively short, would that be a one-time expenditure. >> Mayor Adler: Yes. >> Tovo: Okay. So then that 100,000 would be a staffing cost? >> Mayor Adler: Yes. >> Tovo: Would the whole thing -- we would pay a consultant \$100,000? I thought it was reporting back in the spring? No. >> Mayor Adler: Yes. It had intermediate reports back. I think there was a final report back in August to time with the study. Final presentation. >> Tovo: But it would still be -- I mean, it's just a pretty high consultant salary for that. but this would all be a consultant and one-time funds. >> Mayor Adler: Correct. >> Tovo: Moving over from the general fund. >> Mayor Adler: Correct. It may have looked at the scope as it was laid out in that resolution, which was actually pretty [indiscernible]. >> Tovo: [Off mic] >> Mayor Adler: Yes. But it was a one-time. Councilmember alter. >> Alter: I had a different suggest, if people had other -- >> Tovo: Mayor, if I may, I think, Mr. Van eenoo, I don't know if we stopped him. I think he had several things he was reporting back on. >> Mayor Adler: I'm sorry. >> Tovo: No. It was my fault because I think that happened during that part of the meeting that I was chairing. I just wanted to make you aware I think he had some report-backs. >> Mayor Adler: Mr. Van eenoo. >> I had not forgotten. Just two other short items.

[11:22:52 AM]

On page 24, it's item h11, it's an item from councilmembers alter and pool related to tree folks, and it was for \$70,000. We had that listed as the general fund. It's still listed as the general fund but I'm going to make a change to that because the question was could we use the urban -- the urban forestry fund for that and working with dsd they came back and felt that the \$50,000 for the high school level youth jobs could be used from the fund but the \$20,000 that was specifically for low-income homeowners to provide tree removal, that that wouldn't be an appropriate use of the urban forestry fund. So that 20,000 we would keep in the general fund but the 50,000 could come out of the urban forestry fund. So it should read 20,000 general fund, 50,000 other funds based on that work we did over the weekend with them. >> Mayor Adler: When something comes out of a fund like that, 50,000, does anything get cut to do that? >> In this case potentially, yes, but in this case, no. I believe that fund has much more than \$50,000 of ending balance available in it, so I'd have to go back. >> Mayor Adler: So it's a reserve fund in part for these kind of programs? >> Yes. Exactly. That's what it's for. >> Mayor Adler: Okay. Thank you. >> Kitchen: I have a -- >> Mayor Adler: Did you have something else? I'm sorry. >> Mayor Adler: I had one final item on page 1940 but

[11:24:53 AM]

if you give my a -- page 22, I had a clarifying question on the correction we were going to make but I haven't got that clarification now so I think for now I'll hold off and potentially have one final adjustment to make before we're done. >> Mayor Adler: Okay. Ms. Alter, councilmember alter. >> Alter: Thank you. I have a couple broader budget questions rather than the concept menu. At some earlier sessions, Mr. Van eenoo, you mentioned that you had made these sales tax projections and you seemed concerned about where they were going. I was wondering if you could provide an update of where we are now that we've completed August on the sales tax projections and whether the 3% growth is still what you're projecting and kind of what we've taken in or whatever information you now have that you didn't have before that you think we should know since our budget is based in part on those projections. And then I have another question on the reserves when you've answered that. >> Sure. So I think in that conversation we had I had mentioned to you that our August payment was disappointing following a July payment of 7.3% growth, August came in at negative 7.2%. That's just two months, but, you know, that's an indication of how much these sales tax numbers could swing so, again, July was a positive 7.3, August was a negative 7.2. Actually three of our last four months now have been negative and we are at 2.5% growth for the nine months. So we're quite a bit below what we had -- what we had included in the budget. We had assumed at the time of putting the budget together that -- we had projected 3.75% for the fiscal year that we're in and so, again, we're currently at 2.5 so we're going to have some good -- the final three months are goofing fairly good nos get to that 3.25% level we assumed we would get to in the budget. We assumed we would have 3%

[11:26:55 AM]



growth in fiscal year '18 so we continue to monitor these numbers. Again, they bounce around a lot. The highest for the nine months of this year were 11.9%. We had a 9.7% growth and we've also had a negative 7.2. In aggregate it's been averaging out to 2.5% and the trend has been the 6-month rolling average has been trending down so that's definitely a concern and, you know, something that council may want to consider if you wanted to take a more conservative posture in those sales tax numbers as part of your budget adoption. The alternative is, we've had this happen in the past, if sales tax really were to take a dip we might have to come back to you during fiscal year '18 and recommend a cost containment plan and we've done that in the past before when these volatile revenues take a big change. >> Alter: How would you translate -- what's the percentage -- it's the percentage of the growth. Help me understand the magnitude of the change if we were projecting a 3% and now we're at 2.5%, how much money less would we get in if we came in at 2.5%? >> Each 1% is about \$2.2 million. >> Alter: Okay. >> So a half percent is about a million, little more than a million dollars. >> Alter: That helps with the magnitude of it. And those percentages where it was the negative, that's over last year's August? >> That's comparing -- all those numbers you're comparing August to this fiscal year to August of last fiscal year. That's when you receive the payment. We get those payments after two month lags so the August payment we received from the state comptroller is actually for sales in downthere's always a two month lag and you're always in a position of having to adopt the budget without having those final sales tax numbers and having to take your best educated guess as to where they're going to land. >> Alter: So this could affect what we've taken in

[11:28:55 AM]

for fiscal year '17 as well as what we might anticipate taking in for fiscal year '18? >> Absolutely, kind of add to it. One thing we also track is what's called current period collection. When we get this number from the state comptroller, 7.3% lower than we received in August that's the current period collection, the must be that actually reflects sales that occurred in this period versus sales that occurred in last period, plus all these adjustments that occurred. Sometimes the adjustments can be in your favor. Sometimes they can be against you. So the 7.3 is just a gross. This is what we got this year versus last year. I think probably the better number for trend purposes is the current period collections and that was still negative in Austin but it was -- or in August, but it was negative 1.3% as opposed to negative 7.3%. So if you try to strip out some of the noise associated with the adjustments, it doesn't look as bad, but still it was negative and still the downward trend on this 6-month rolling average is heading down and we're still behind all -- all the stuff we've been talking about is still true, just not as stark as a negative 7.3 when you clear out those adjustments. >> Alter: And the 2.2 million per percentage was on an annual basis or monthly basis? I just want to make sure. >> The 2.2 was an annual basis. >> Alter: The other question, page 39 of volume 1 there was some discussion of changes in the reserves and I wanted to better understand what that -- what the statement meant. So it says the office budgeted to end fiscal

year 17-18 at 62 million and year off at 62 million. The ending balances of the two reserves equal 124 million or 12% of total spending requirements in the general fund. And then this is the part that I want some clarity on, which is a \$3.9 million decrease in reserve levels relative to estimated fiscal

[11:30:56 AM]

year 2016-17 results. >> Can you tell me the page number again. >> Alter: Page 39, right above the table that use use of budget stabilization reserve. So what I don't understand is which is a 3.9 million decrease in reserve levels relative to estimated fiscal year 2016-17 results? Page 39 of volume 1 for anyone else trying to find it. >> Yeah. I think what's happening there is that's the -- maybe we need to give you kind of the accounting of this because -- so it's clearer, but I think what's happening there is actually the net change from where we estimated we were going to end the year plus any additions to the reserves we'd be making plus what we can spend out of those reserves to keep us at 12%. And the net of all that is, you know, relative to where we ended the year -- you know, when we put the budget together we're conservative so we typically end the year a little bit higher. So we budget for fiscal year '17 we would have budgeted at 12% and then we would have come in a little higher than that 12%. Then as we're crafting fy18 we're back to focus in at the 12% reserve level. If you look at how we ended fiscal year '17 verse which would have been better than what we anticipated in the budget verse fiscal year '18, the net difference is a little bit negative but we'll still be at the 12%. But we can lay that out this numbers so you can follow the accounting of exactly how we get to the 12% and why that's less than what we had ended fiscal year '17 with. >> Alter: Yeah. It's the 3.9 that is curious to me because that's about as much as we have in our amount that we've set aside

[11:32:57 AM]

as this extra money that we're trying to allocate with our concept menu. >> Mm-hmm. >> Alter: And I had understood that that money had come from savings of 1% in all these departments and now it looks like it's the same amount that's coming out of the reserves. And so -- >> That's definitely -- >> Alter: I don't know if that's just a coincidence or what but I'm trying to understand how all these pieces come together because if we've just taken money out of our reserves for that, then, we don't have the same amount of savings. And I'm just confused by the language and would like to understand the numbers so that I can -- >> The 3.9 being relatively close to the 4 million is a complete coincidence. So the city manager crafted her budget proposal with \$5 million to allocate to council's strategic outcomes. 4 million of that came from the operating budget. 1 million came from the budget stabilization reserves. So that 1 million piece would be part of this equation we're talking about here, but only that 1 million piece. Because this is a discussion -- this table here on page 39 is a S about the city's reserves of which

the budget stabilization reserve is one of them. >> Alter: So where did the 3 million combo? Is that the overtime for inspire I need to understand where the -- maybe you can't do it on the fly here, but I really do need to understand where that 3.9 went or what it means? It may not have gone anywhere. It looks to me like it disappeared, but I don't -- I don't -- I'm sure that I'm missing something in the way that this is being approached, and I'd like to better understand it. >> Sure. I think, again, we'll just -- we can do that as a budget and we provide you an accounting of it that maybe lays it out more clearly. >> Alter: Okay. Thank you. >> Mayor Adler: Councilmember kitchen. >> Kitchen: I have a question. Let's see, I have two questions. So, mayor, on page 28, there's an item g5 that's small area planning.

[11:34:57 AM]

For 750,000. So is that part of what you'll be looking at? That's page 28. >> Mayor Adler: Yes. >> Kitchen: So you'll be reviewing that one as well the one you mentioned earlier? >> Mayor Adler: Yes. >> Kitchen: Okay. All right. Then the second question is, on s2, on page 10, this one -- in our previous conversations we talked -- I thought we had agreed to combine s2 -- basically to delete s2 and just rely on s10. We had a conversation about this that -- that the mayor has an item s10 that's increase officers to implement matrix report and he was going to think through what number he wanted to put there so we were going to delete s2. So that's just a reminder that needs to happen because we agreed to do that. >> Mayor Adler: That's correct. And if, manager, you were also going to talk to us about what a five year layout of that plan might look like. >> Kitchen: Does that make sense? We're going to just delete s2 and then work with the mayor on the numbers for s10, right? Okay. >> Mayor adler:council -- Ms. Houston. >> Houston: I think councilmember pool had her light on before mine. >> Pool: I was just going to ask staff to tell us how that civilianizing and reallocation of the sworn positions worked and -- I can submit that as a

[11:36:57 AM]

question. That's that s2 item we were just talking about. If we could get a report from our staff how that worked. I think that was specific direction last year. And then we had 12 ftes added to the police budget but we did not fund those and -- is that a different line item? >> That's a different item. >> Pool: Okay. Thanks. >> Houston: That's s3. >> Pool: Look at that. It's right below it. Thank you. >> Mayor Adler: Ms. Houston. >> Houston: Thank you, mayor. The other day you made some comments and because we're all concerned about how this is going to all work and you said then all the nonprofits can startologic the councils, that's what I would -- lobbying the councils. That's what I would like us not to be in the position of. I don't know how to do it. Doesn't seem like Travis county has that problem. It seems like they have another way of doing the budget that's more focused and is not people coming in to lobby council to

approve their budget. But I just want to talk briefly about the millennial youth entertainment center. Hold on. Let me find all the numbers because they're in different places. Hold on. Mayor pro tem tovo has her light -- signed up. Let me get the numbers. >> Mayor Adler: That's okay. I have those numbers for you. >> Houston: Yeah. Because I've lost the numbers. >> Alter: Page 20. >> Mayor Adler: So the millennial youth entertainment system is c24. The bowling equipment was c21. And the upgrades to the theater was c25. >> Houston: I just want to -- thank you, sir. I just want to clarify that

[11:38:59 AM]

those are one time only? The millennial was not general fund but one time only, was built in 1999, after incident in east Austin where a young woman was killed. And so it's time for an upgrade. As you -- as I told you the other day, we have not been able to have movies because the movies don't come in the way we've been able to do it. The bowling equipment needs to be updated, and the theater could be used for a different kind of venue if we had the kind of seating and lighting in there. So I'm asking your support for that millennial youth entertainment center, and it's about \$331,000 and some change, but most of that is one time only and not ongoing. >> Mayor Adler: Mr. Flannigan. >> Flannigan: Do we know that if -- if we provide the additional av equipment and assets to the millennial youth complex if there might be additional revenue streams from it being more -- revenue streams from it being more appropriate as a live music venue? I know a lot of small business that's make quite a bit of money in the week of south by as a venue that could then fund other programs? >> Houston: I will get the answer to that and get back to you. >> Mayor Adler: Mayor pro tem. >> Tovo: Just as another follow-up, though I want to say I'm -- that's kind of on my short list of things. I think it's really critical that we make those upgrades so I'm very supportive of councilmember housto's request. Mr. Van eenoo, I hope it was in this setting last week that I asked for our staff to take a look at the \$1.2 million for permanent -- for the pay for success expenditure and to see whether that can just be identified within our reserves? N and I'm not sure if you've got an answer yet for that. That's e5 on page 2. >> Okay.

[11:41:00 AM]

We don't. We know we have to get that back to your recollection so you'd like to get you something back in writing tomorrow, certainly be prepared to talk about it on Thursday, but we have not forgot about it, and so if you can just give us a little bit more time on that one. >> Tovo: Sure. That's great. I'm just trying to figure out how much money we're looking for. Then I wanted to say, I've been taking a look at the budget. It's not always wildly clear what has rolled into this year's budget and what hasn't, but it would be really helpful if our staff took a look at what of -- what -- within our parks department or other departments is currently being funded through general revenue that could be funded in hotel-motel

dollars in response to the resolution we passed last week. Some of that -- and I think we had this conversation sort of on the dice about whether it would be new money or whether it would offset expenses. I believe it will offset some expenses. I would name a few. Allots in last year's budget we funded -- at least in last year we funded something at the sculpture garden. I'll have to go back and see what it is but I think we helped fund staff at the botanical gardens for their friends group. Those to me have both been identified on the staff memo as potentially being eligible for the hotel-motel tax support so those are a women quick examples. The tahana walking trail, again, I need to verify but that too could be offset with hotel-motel tax dollars but it would be really helpful if we could get a sense of how much of our existing general fund expenses could be offset so that we would know what kind of space that opens up within our budget. I think there were -- I think there are a variety of different ideas, even including -- even among the sponsors of councilmember troxclair's resolution last week about how that money should be spent, but I would like to have that

[11:43:02 AM]

information for the budget process. Does that make sense? >> It does. We were having a meeting about that very topic the Friday after you passed it on Thursday, and I believe with the -- that the direction was for staff to come back with those answer brothers budget adoption, and we fully intend to do that. >> Tovo: I think the questions we primarily asked in Thursday's meeting were a little bit different. They were talking about kind of the -- some of the impacts and whatnot. I wanted to be sure we didn't lose track of what for me is one of the fundamental questions, which is what expenses could shift over in this year's budget to open up space for other needs. >> We took that away from Thursday's conversation as well. >> Tovo: Okay, thanks. It was one of those things I woke up in the morning thinking I don't know that we really emphasized that. Thanks. I appreciate it. >> Renteria: On the tahana walking trail, that was a one time, it was 75,000 for the program itself and then they hired one person and that position where they -- the person that got hired for that position had left the department, it was -- it was supposed to go on for one year to kick it off and it's going now on -- they're surviving right now with just one part-time staff. >> Tovo: Councilmember Renteria, I'm glad you brought that up because I was finding conflicting information about that. So it's your understanding that the one-time fund -- it was all funded through one-time funds? >> Renteria: Yes, except for the position itself was in the base. >> Tovo: Is in the base budget. You said it's a half-time position? >> Renteria: That position itself, that person went and got another job somewhere else, so it's a vacant position right now. They're going to fill it out and do outreach work for the macc but that's -- my understanding, that's what -- what the tahana walking trail itself got moved over to another department as a part-time trail person. >> Tovo: So I think then -- I think, as long as that position is still in our

[11:45:02 AM]

base budget and focused on the walking trail and that's been identified as a possible eligible expense through hotel-motel tax, we could pick up that salary through hotel-motel tax dollars. We just need to find out what that is. Thanks for that info. >> Mayor Adler: Councilmember kitchen. >> Kitchen: This is item -- I wanted to do a clarification on item e16 on page 4, which relates to the navigation centers. We've looked at the budget and are able to drop that to 568,000. So it's an item e16. Do you need us to submit that or can I just tell you that right now? >> You can tell us right now. We're keeping track of it. >> Kitchen: Okay. >> Mayor Adler: I want to go back for a second on something councilmember Houston just raised. By the way, I'm in support of the millennial theater as well. We have a lot of items on the -- on the concept menu that come from the quality of life commission, different proposals. And we still haven't come up with a good way to do that, and every year we get back here and look at each other and say there's got to be a better way to do this than what we're doing. And I -- I want to think about this over the next couple days, and if I can come up with some thoughts I'll post them on the bulletin board but I'd also like staff to be thinking about this, too, and colleagues. I don't know if the model that the cultural arts funding uses is something that could come into play that has both staff as well as peer review, but if we were to create a quality of life bucket that became something that we funded

[11:47:04 AM]

annually and then had a process whereby the chairs of the quality of life commissions, perhaps with some other staff, at staff direction and lead, staff involvement, where we could create a reserve that would then fund I guess four different buckets perhaps. One being major gifts over a certain amount, one being significant gifts below that, a third area being just mini grants that wouldn't require the same metrics or history in order to be eligible for, and another one that would be designed to -- helping to create capacity for those organizations. So that we could then put money into that fund and it would be a process on the back side of it to allocate that. And then the second one, if we did that, is that something or something similar to that or something different but trying to achieve the same result, could we put that into place so that it would be available for next year's budget process or would that be something that we could stand up quickly this year to be able to do? Or do we think that we want to -- last year what we did is we put aside I think \$2.1 million toward the three quality of life commissions. At that time. Because the gay and lesbian chamber was not formed yet, the quality of life was not formed yet and then we asked each of the -- each of the quality of life commissions to prioritize within that money that then they -- that then they -- they spent. But there are a lot of items here that are quality of life -- came from quality of life commissions, also some

[11:49:05 AM]

independently. And I'm still struggling to figure out what is -- as a group is something that we want to do. Mayor pro tem. >> Tovo: Yeah, I think that would be really productive conversation to continue. I know when we talked about it maybe a week or two ago, there seemed to be interest in some budget direction around the mini grant piece. So I started working on it that day and didn't finish, but, you know, I'm still thinking about bringing forward some kind of budget direction to ask our staff to kind of create a mini grants program and it would be my suggestion that we allocate some funding to it and get it up and running right away. So I guess, you know, we have several quality of life commissions that did suggest general needs, the prep funding I think is one of them and that's something that I forwarded to the concept menu and I think maybe others did too. So there are -- it seems to me we have some general needs and we ought to address them as we are the others. I'm unclear what we do with some of specific organizational recommendations, again, because we did, I thought, say last year we weren't going to -- we weren't going to allocate money that way again this year outside of, you know, an organized formal process. So it would be great to see if there is a consensus on that, on what we're going to do on that front or get some thoughts about it right now so that we're not trying to deal with it as we were last year, kind of the last day of the budget. Is it reasonable to try to allocate some funding and then have that be a separate application process? Or is there a strong -- or are we going to be considering particular organizational immigrants? Organizational grants? >> Mayor Adler: Councilmember alter. >> Alter: I a different

[11:51:05 AM]

topic if you want to continue that. >> Mayor Adler: Let's stay on this one then for a second. Councilmember Houston. >> Houston: The African-American quality of life did not do individual grants. What they were told to do, they put the money in the buckets and hopefully that money will be located based on the buckets and then they'll go through the process. >> Mayor Adler: All right. I think there were several commissions that did it that way. And we could go through and we could pick our priorities from within that. I'm not sure, since there's over \$7 million in things that are just associated with quality of life that we're going to be able to reach to fully fund those requests. And, one, I would like for us to be talking now about the longer-term vehicle that we might be able to stand up so that it's not ad hoc so that there's actually reserves for this or something like that. But in any event, money we put in there I would like for us to actually come up with a way that we do this on an ongoing basis and to think about trying to set that up between now and next budget and then the conversation that would be helpful for me would be whether or not it made sense for us to stand that up if we were going to make that general allocation now, whether there was a vehicle that we could apply if we were going to do that, would we go back to the quality of life commissions, again, the same way we did last year? I mean, generally speaking, I think we should be trying to come up with topics and not individual vendors. That said, the next question for me is, are we going to be picking individual things and setting our own priority on

those as individual items as part of the budget process? Or do we want to approve an allocation and then go back

[11:53:07 AM]

to staff and to the quality of life to prioritize? Because when we got lists, I don't think they were prioritized for us. They're lists of just real important projects. Yes, councilmember Garza. >> Garza: Cities have -- it's kind of new, but I'm sure y'all -- it's participatory budgeting. Why can't we create a similar project here when it would be specific to the quality of life asks? I know other cities, I think New York has done it, I think other countries have done it as well, but it's just -- I mean, similar kind of to what we're already doing with our quality of lives, but allowing citizens to have more of a say in what this does and we could create the different buckets, health, cultural arts, workforce development, and through some process created by staff, you know, we go back to the quality of lives and say -- get their feedback and then have public forums and have that feedback. But I think it is, it puts us in a very difficult position where, you know, we've been getting emails and every single one of them I say, yes, I'd love to fund you, but, you know, unfortunately, I -- we're limited and so if there's a way to, you know, take the politics out of it, I think that would be great, and I think participatory budgeting is a way to do that, to let the community decide and that's how we grant these different grants or mini grants or, however, you want to do it. But I would say my preference is to allocate the funding this time because this is the third year that we said we were going to do it differently, and we haven't. So if there's a way to allocate the funding and then have staff come back with some kind of a recommendation on how we -- how we allocate that funding that we already allocated.

[11:55:07 AM]

>> Mayor Adler: Okay. Mr. Flannigan, then councilmember pool. >> Flannigan: I'm concerned about setting up funding buckets for the quality of life commissions. I've had contact from folks that consider the task force on siffities to be a quality of life commission but the veterans commission is a quality of life commission, that the women's commission is a quality of life commission. I'm concerned about that as a model and I don't think we do that at all right now, where we set up a funding bucket and then have a commission say the HIV planning council, which is a different email, I would be very concerned about doing that. I like councilmember Garza's idea about exploring a more participatory budget. When I get with some of the LGBT community members, I met with the chair, I communicated that I think they have more work to do before we start funding their recommendations. They just got formed. They haven't done their quality of life study. They haven't even held any broader community meetings yet. I think there's more work to be done there and the chair agreed with me on that. As far as the LGBT commission



is concerned. But the directive I gave them in the beginning was that I wanted to see requests prioritized and they just haven't had the time to do that. And I think there's a larger question to be asked of the commissions, which is not so much what new money would you like us to spend, but are we spending money now that is not reaching your community? So it's not just to say add one or two or three or four ftes or fund this program or fund that program, but help this council explore the things we decided ten and 20 years ago that we're still funding, that are still being funded, that are still increasing their funding, and making sure that those programs and those operations are appropriately available to the whole community. That's the type of work I'm

[11:57:08 AM]

hoping to see from the quality of life commissions. Certainly that's the conversation I'm having with the lgbt commissioners as we try to grow what this new commission does, but I think not just looking at how do we assign new money to the work for these commissions, but how do we better engage these commissions to evaluate the spending we currently do. >> Mayor Adler: Councilmember pool. >> Pool: So I think some of what councilmember Flannigan is saying was also kind of in my mind, the lgbtq quality of life commission is so new, and, you know, they're doing really good work but it does take time, and I wouldn't want any of these groups to be at a disadvantage simply because they're newer. I would like to also say that some of what councilmember Garza is saying also sounds right, which is having additional participation from the community, although the entire budget process has room for the community to give us their input. And I do think that many of the boards and commissions actually have budget hearings and take an input as well. And that supports some of the recommendations that we get from the various boards and commissions. But having said all of that, it isn't necessarily all across the board and it's standardized so as far as participatory budgeting I don't think we have actually done that yet and it may be an interesting pilot to look at. I also don't want to waste any time or lose any time. We still have these in front of us. So my question to staff is -- and maybe you guys could answer this right now, when we put the grant -- when we put the chunk of money in last year for quality of life, it was a little over 2 million,

[11:59:09 AM]

right? How did that get -- how did that in the end flow into the community through rfps or through grants or how did we procedurally spend the money, and do we know what topics they were spent on? >> We we do. We could provide the specific list back to council, but it was the list that came through the quality of life commissions, and on the staff's side we're making sure we're adhering to all state purchasing laws. If it's an item that requires an rfp, making sure that we're following all those

requirements. >> Pool: Did you all send that -- excuse me, and I apologize if you already sent that to us and I just missed it among all the other documents that we've gotten. Have we seen how we spent it last year with the block grant approach that we took? >> I don't recall that we actually sent you the details. We may have. I know there were some memos to council early on about that process and I can't remember if one of those memos actually said here's the specific list of items. But either way we'll make sure to recirculate that to you or make sure we give you the list of specific items that were funded last year. >> Pool: And if you could pass along as well any evaluation criticism or pluses and minuses that may have attended that to see if that process worked, how that did. >> I can offer you one from having been to all three quality of life commissions and talking about the process with them is -- the LGBTQ I didn't talk to, but the other three that participated in the process, none liked the process of giving everybody the same lump sum dollar amount. They thought there should be a more thoughtful process for how those funds were allocated, maybe some criteria or something. But the concept of just giving the three different commissions the same dollar amount was not well received by any of the three for different reasons, but none of them liked it. >> Pool: That's really good information. And the last thing -- and so

[12:01:10 PM]

I think we do need to talk about that and try to figure it out and we may not be able to do it before next week. But your point about allocating the same amount of money to each of the eq Ls is probably not the best approach either. We should be looking at the work they're doing and what the priorities are and making sure that we sufficiently fund all the things that really need to happen on all of the lists. And I know those are qualitative decisions, and those are hard decisions. And then the last thing I would say is having sat on an allocations panel, a recommendations and allocations panel for the parts commission for the cultural arts grants for a number of years, that is a very intense and intensive process that has significant staff involvement. So if that is a model that we want to explore to see if it applies in public health or quality of life or other kind of social service type contracts we probably should make sure that we understand fully what it is that we're doing and whether that -- how that changes the jobs and the hours that our staff have to put in. We may need have additional full-time employees assigned to that. >> Mayor Adler: Ms. Houston? >> Houston: And when you send out the information, I remember some of that was one-time-only funding and not ongoing funding, if I remember correctly from last year. >> I think it was all one-time only. >> Houston: So if you could make sure we have that information. I agree with participatory budgeting but I don't think that's fair to do that this year. That may be something that we need to think about how we structure that and do that for the next budget cycle. What we need to do now is figure out what to do now with the organizations that did what they were asked to

[12:03:10 PM]

do. And now once again they're going to be on the shortened of the stick. And this happens over and over again in my city. And some of the concerns on all three is some of the people who currently get funding, the legacy funders that we give money to over and over again do not have the cultural sensitivity or capacity and they're not getting deep enough into the community where the people who are on the quality of life commissions feel like they're able to get deeper into community and get the services to the people that are in need of them, the ones that are bypassed are not engaged or not trusting because the people are from another culture and don't understand some of the -- I've said this before. A microaggressions that poor people suffer regardless of how good anguine tent they have in their heart. So the issue today is how do we deal with the fact that every year they get the short shrift. Every year, the two years I've been on the council. We can start forming how we do it this year, but we have to deal with how we do it this year. >> Mayor Adler: And I agree and I want to hit them both. Not only the selection process of what we spend money on, but the fact that because it's being handled at the end of the budget properties it turns into one-time funding instead of recurring funding. Doesn't get built into the budget. I think we need to institutionalize a different way of feeling with -- of dealing with those things. So I would urge everybody to think about that more and see if we could come up Thursday and talk about ideas of how we proceed on that one thing, and I like the mayor pro tem's suggestion to try to actually nail some of these decisions if we can on Thursday before we get back. I could come prepared on

[12:05:11 PM]

Thursday with some priorities that I have. If we each came up with priorities for five-million-dollar budget, if we just assume if everybody wanted to say if we had five million to spend, not saying we have five million to spend, but just what would that look like if we shared that with each other, that might be helpful. Mayor pro tem? >> Tovo: I think I would highlight this as an area where we're going to need to spend more work and time after the budget process on how to allocate funding and best use our quality of life commissions. And it seems to me some of the needs that they're identifying really need to fold into the city manager's budget because some of these are public health issues like prep access. I would - what would worry me about allocating funding specifically to the -- I can see it working out well in one way in that there is some specific allocated funding for each of the quality of life commissions so those needs will certainly be met. On the other hand, some of them really are -- should be considered within the regular departmental budgets like prep access, which we've been talking about now for at least two years. I know my staff have been meeting with individuals in the community. Councilmember Casar's staff have been in those meetings as well and we talked about it at health and human services. And our staff seemed interested in it. To me that's something that is being reinforced by one of our quality of life commissions, but is central to the work that our public health department does and should be considered within that need. So I don't know how best to proceed. I just know that we're probably not

going to be able to figure out the bigger picture in the budget so I think we just -- if we could earmark that for some more policy work after the budget and just figure out what we want to do this time. And since I guess, three out of four followed -- did raise those needs as general concerns, I think we could treat them as the other

[12:07:11 PM]

general concerns that are also on their list, but also with like an asterisk next to them because they're not coming forward just from a councilmember, but also from one of our commissions. And then figure out with regard to the specific organizations whether there's some allocation we can give toward that need and then specify some budget direction to help formalize that process. But again, I would look to the councilmembers who have forwarded the specific organizations as to whether that's a fair manner of doing it or whether they have an alternative on that front. >> Mayor Adler: Councilmember kitchen? >> Kitchen: I don't know that I have a solution, but I have a question. So -- and then a point. One point I would like to make is we also have a senior commission and we have an age friendly plan that we've adopted, which is the senior commission's quality of life plan. So I'm not suggesting at all that the senior commission -- the senior commission's needs overlap somewhat the other quality of life and they're also a newer commission. They're a little bit older than the lgbtq, but they are definitely newer than the other quality of life. But nevertheless, they are a commission that has brought forward recommendations to us and that's something to remember. So my question really is on how we do the budgeting for the different parts of our departments that are different departments that are impacting these quality of life initiatives. Do we have any policy direction that states that a certain percentage or certain quality of life issues or -- I'm not sure how to state it -- are definitely funded. Do we have any kind of policy like that in place? So we don't?

[12:09:14 PM]

Okay. That's one thing that we might consider as budget direction going forward. It's just an idea. May not be a good idea. But we don't really have any direction to our budget funding that really makes these quality of life initiatives a priority. So I think that whatever we do this time because as councilmember Houston saying this comes up every single time and we have to deal with it as this part of our budget instead of baking it in or building it into our budget that we need to think of some way. We created an equity office and we did funding for that. A percentage of our -- of our budgets for quality of life. Just an idea. I'm just thinking that we need something that does not have this land back on the council trying to find money to add it again in the future. >> Mayor, I did want to say we had a request for qualifications processes through the health and human services services funding. And definitely you all could give

some policy direction for priorities for that funding and then that way it takes it out of the concern of having this organization or that organization be named and lets the staff go through that process with, as councilmember Flannigan was talking about, what are the services being delivered, what is the city getting for those taxpayer dollars? How do we track that those benefits are actually reaching the people that they're supposed to reach? And then also making sure, as councilmember Houston has mentioned before, that we are funding city programs and not necessarily the health district's programs that are focusing really on

[12:11:14 PM]

the part that is the city's and that the city taxpayers are obligated to take care of. >> Just in regards to that item that a lot of that comes down to how council chooses to fund them. So things the council chooses to fund on an ongoing basis we've always as staff rolled that in as ongoing funding. So we assumed that council wanted it to be ongoing as opposed to things that council chooses to fund on a one-time basis we take that as direction that council wanted it one time, not ongoing. And aid has been another one of those issues. We have several million dollars that aid would like us to continue funding, but for the last few years the decision has always been to use one-time funds for that purpose. >> Mayor Adler: Councilmember alter? >> Alter: I share councilmember kitchen's concern that we also look at the seniors commission and the task force on disabilities and the women's commission. I just think it's important to remember that they've also made budget requests as well. Not to beat a dead horse but as we go through the public services contracts and we look for additional money, that's where the money; and just to take as an example, and I don't want to debate this right now, but I just want to keep the number in front of you, the fire department's overtime went from \$7 million in 2014 to \$21 million in 2017. That is \$14 million that we could be spending on all of these other things if we were not in the situation we are in now. And so as we tackle the budget and we tackle the public safety contracts, if you want to know where the money is to do these other things, that's where it is. 70% of our general fund is spent on public safety and a lot of these other things that we want to do contribute to public safety

[12:13:16 PM]

and we do have to think about how we move forward with those. And to that end I understand we do not have an executive session this week on the public safety contracts, we have a mediation that's taking place on the 7th with fire and I would ask that we have an opportunity with the ability to have the ability Monday, Tuesday, Wednesday if we need it to have an executive session briefing on the mediation or any other elements of the public safety contracts that would come into play with our budget discussions. I don't know whether we will need it or whether we have anything more than we

have to wait until we get those contracts on making certain decisions, but I do think we have to keep in mind that we have an opportunity this fall with three public safety contracts that we are negotiating to set the stage with being able to access this money or to have access for police, fire, whoever else in terms of their officers. But there are elements of these contracts like the productive time being used for vacation, some of the other things that we've highlighted, that really do just cost money that could be spent on public safety elsewhere in the budget. >> Mayor Adler: To that end on Thursday when we meet, would it be possible for us to pull aside in executive session for us to ask questions related to the public safety contracts as part of the budget process? >> I'll ask Ann and have her get back to you. >> Mayor Adler: Thank you. With respect to those contracts, we're going to get a report and proposals from staff with respect to the public safety contracts after we do the budget process so I would anticipate that we might very well have budget amendments that are being made on September 28th in response to what happens in those contracts.

[12:15:18 PM]

Because there will be a lot of decisions we're making that a fair amount of money are going to be there. So as we think logistically as big issues and we talk about the quality of life commissions a second ago, there might be some issues that we don't address now, but that we address right after we get those final contracts in. We could address the issue potentially of the staffing changes on police. We could address senior exemption, we could address our reserve balances. There might be things that make more sense for us to really hit hard at that point in time. I don't know. I'm just throwing that out as one possible way to approach the the month. Mr. Flannigan? >> Flannigan: Just to add on I see that budget in the same way, that we will make a decision next week, but it will not be the end of it because so much is flexible because of the union negotiation. So I think there will be ongoing conversations for a lot of the stuff we're talking about. But on the quality of life commissions and the seniors commission, the veterans commission, all these commissions, I'm concerned continuing the process that we have now and it seems like nobody likes the process we have now, but I don't know that it's a solution to set up a process that doesn't in essence put the commissions in a place to understand the trade-offs. If we just have the commission to make recommendations they will make all the recommendations and we see that from every commission. And it's very easy for the commissions to do that. But finding a way if it's participatory budgeting, if it's some other model that we can find maybe the commissions need to be work together a little bit more. Maybe they need to be coordinating their asks. Maybe if it was five percent different would solve this commission's issue and finding more ways to get there where we're not

[12:17:19 PM]

getting 100 recommendations from quality of life, and if you only get three here are the three. Right now we get all and then it's up to us to make the difference and the choice. That's what we're elected to do, but I would like to see -- I think the commissions would appreciate having a more active role in the difficult decisions that we have to make on this council and not just feel like they have to make all the recommendations and contracts cross their fingers on which ones get funded. >> Mayor Adler: Ms. Houston? >> Houston: I'm going to beat a dead horse which I do every time we talk about the budget, I think. How do we bake into the impact of the hurricane on sales tax revenue, construction industry, the need for building materials, labor, how that will shift from here to the areas that are most impacted. There's a looming war that we might be engaged in. There's still no -- no decision on what the federal government is going to do with their budget in October. There are so many moving parts I feel like we're being clowns trying to juggle, not literally, but figurely, trying to juggle so many things that are not in the control of this city council and how do we mitigate against those risks that I see that are out there when we're still talking about spending five million dollars. >> I think we could see the sales tax dollars potentially head down. One thing we know from history is there's always a dip in sales tax. We never have nonstop growth. There will be years of decline at some point in the

[12:19:20 PM]

future. I don't know when, but I think it comes down to a matter of resiliency and how resilient and strong does this council want the budget to be to guard against those items? I think the budget that the city manager has proposed with the 12 percent reserve level, six percent emergency reserves and sticks percent stabilization reserves is a resilient budget, but it could always be more resilient. We've had on a number of occasions discussions with this council if the reserves were during these periods of long economic expansions, if our reserves were to go beyond the policy level of 13 or 14 or 15 percent, then when there is that decline they could come down to 14, 13 and then 12 without ever having to go below the 12 percent. But that would be a decision from the council that you want to build in some resiliency during the strong times that your economy requires. But again, we hear you on those concerns. I think right now my greatest concern would be the sales tax situation since we have been on the down slide and we're not currently at our projected level for the current fiscal year and we're not even currently what our estimated level is for the end of the year. And that could be a million or two million dollars. One thing I could tell you is typically when we've seen those drops in sales revenues it's not like a slow, gradual drop. It will go from being currently two and a half percent this year to negative five or negative 10. It generally has not been like a slow you go from two and a half to zero to negative two, negative four. It's not a slow decline like that. Usually the recovery is a slow decline and the drop is exactly that, a drop. So if council were to decide that you wanted to bolster your reserves with some of these funds, I certainly would think that would be a prudent decision.

[12:21:23 PM]

>> Houston: I don't get the sense that the council wants to do that, but I'll keep bringing it up. And the other thing is our staff has done a remarkable job in trying to get us to the city manager's budget and have we ever as a council asked our non-profit friends to see if they could scrub their budgets and come up with the same one percent reduction in services. I know when they come and talk to me I ask them have you ever considered, understanding the financial situation that this city finds itself in this year, have you ever considered just coming to us with we can make it on what we have rather than it increases by so much. Has that ever happened in the city of Austin? >> Not that I'm aware of. Certainly not in my time here. I would say too that there's maybe a slightly different budgeting dynamic in the sense that as part of our budget development process we do build in to our proposed budget wage increases or other cost increases for our departments. So if we ask them to make reductions to their budget it's from that starting point. We typically have not been building in inflation area increases for our not for profit agencies that we fund. So for them to make a reduction it would be like a true reduction from their current level of funding. >> I'm sorry, no one is here from social services, but I thought the social services grants were were on a three-year cycle and there was some percentage built in for -- >> For growth? >> Houston: For growth. >> Yeah, I don't know. I'm getting a nod that we'll have to find out on that. >> Mayor Adler: Mr. Flannigan? >> Flannigan: Just from that point, councilmember Houston, I know when I was running the lgbtq chamber of commerce there was a point at which the budget got so tight that they cut like five percent. We were forced to live within our means and the city did do that at one point. I don't know how frequent it happens, but it's not unprecedented.

[12:23:28 PM]

>> Mayor Adler: Councilmember pool? >> Pool: I wanted to do two things while we're still here and -- how late are we staying today? >> Mayor Adler: 1:00 is a hard stop. >> Pool: My staff has put together one pagers that have the different budget items that I am sponsoring and there's two on each page. Everybody can take one of those. I just wanted to walk through these really quickly. Everybody can have one of those. Improving health and equity for Austin children and you'll see on there, access to healthy food in public schools and then that's item H 23. H 21, access to playgrounds for children with disabilities: The second page has two items, educating residents on Austin assets. Item C 27 we talked about no today, educating residents on tree preservation and conservation. And H 22, which I talked about in some detail last week, connecting children with nature in the eastern crescent. And these pages give you some additional information that you can read at your lure. And the -- leisure. And the third page with two items, improving city operations, the grafitti abatement efforts, that acting city manager Sarah Hensley has been promoting and a leader in creating a cross-functional work group within the city to improve our grafitti efforts. And G 15 goes to the ems software to improve patient outcomes piece that we also talked about last week. When I talked these up last week I mentioned to y'all that I wanted



to come with a source of funding for these items. And so I want to hand out a little bit of information about that as well and then also let you know that

[12:25:31 PM]

this-- the total dollar figure on these six items is more than the amount that I have found. So this is not intended to cover everything entirely, but it is a down payment on that. We've talked in the past about our 380 agreements which are incentives. The domain happens to be in my district and I have been up there a number of times in the past couple of years to do ribbon cuttings and to enjoy the retail and the restaurants that are at the domain. It is indeed a growing -- completely meeting all the goals of economic development for the city. And I'm really proud of that. And it is because they are doing such a bang-up job at the domain and because it is in district 7 and because we have touched around the edges of the 380 incentive agreements in the past and also because I have campaigned on reducing our eliminating or not granting incentive agreements then I was looking specifically into this one and I passed around a sheet that shows you all of the economic incentive reserve fund agreements that are currently in place. So I will be bringing a budget reduction item that would not pay the domain property tax abatement which those numbers show to be \$466,204, and then the sales tax which is a little over \$1.5 million. Just in case you all may be wondering about how this all works, the contract allows for the rescission to occur at any time with no negative consequences to either party? We had a question back last year, I think it was

[12:27:32 PM]

question number 50, that talked about that very specific option. And the question 50 says each agreement includes the option for the company to terminate at any time. This has no negative impact to the city. They have been voluntarily terminated in the past and there was one with Home Depot that the city terminated because they didn't follow the terms of the agreement. And I further have the settlement agreement document from the court that goes to the cause of Brian Rogers versus city of Austin and the egg management LLC. And my staff can get you copies of that if you want to see it. At the top of the second page it talks about in the event of a rescission following the city's failure to appropriate funds and make payments pursuant to the amended 380 agreement owner shall not be entitled to recover any damages from the city, return of any amount paid from the domain fund or return of other amount expended by owner in furtherance of the project. So I bring this to you all in a very deliberate manner for a couple of reasons. The domain -- this is for the original portion of the domain, not the latest expansion of it. It is also not with the entity that we had the agreement with because that entity has sold to another property management company. So I think it was an endeavor

that had the agreement with the city that had the agreement to the city but sold to Simon properties a number of years ago. So I bring this to you knowing that economic development and the support of our retail establishments in the city are doing great.

[12:29:35 PM]

And at the same time we have a shortfall potentially in our revenues in order to allocate them elsewhere throughout our budget. So I wanted to bring for your thought and contemplation and some discussion this one particular item that happens to be in my district. >> Mayor Adler: Councilmember troxclair? >> Tovo: I was just going to chime in to councilmember Houston's comments, I believe. So holding the funds in reserve is g-13. That's the right number? I know you've said that you didn't -- it didn't seem like the council is interested. I know that a councilmember Flannigan had posted support and I'm happy to co-sponsor that item as well. There are some occasions that we need to be -- we need to start thinking more about preparing for a potential eventual downtown and that that would be a good way to start. Ed, can you -- I'm interested in the idea that you mentioned about increasing the level of reserves. It seems like that would be a prudent thing for the city to do in order to reduce the impact on city services and workforce when we do have a downturn. Is that the way you would recommend doing it, just submitting a concept item that would increase our stabilization fund to what 13 percent this year, 14 percent the next year and 15% the year after that? >> I think those numbers you just throughout out would be hard to achieve. One percent would be roughly 10-million-dollar increase in our reserves. Another key decision that council has to make every

[12:31:36 PM]

year which is part of your own risk tolerance is your sales tax assumption. Staff always like to say we maintain a conservative posture in regards tousles taxes. I think both of the last couple of years council has chosen to be a bit more aggressive than what staff initially proposed and not only did we not hit council's number, with you did not hit staff's more conservative number. Another way to achieve that would be to be more conservative about next year's tax growth that we will see next year. We put the proposed budget together anticipating to get to three and a quarter percent this year and another three percent growth next year and that was based upon the data we had when we put the budget document together. We might have changed that recommendation had we had that negative 7.3% number prior to putting the budget together, but we didn't. We do not yet know what the September number will look like. So that would just be another way to do it, just to lower that sales tax assumption, take a more conservative power about what the future economic growth is going to look like. Because then what happens is if you project three and you get three, you're spot on. If you project three and you get zero

that's not very good. If you protect zero and you get zero, that's not a problem. If you project zero and you get three that's good news. I would rather come back to you with good news that we could beat our conservative estimates and the last couple of years in sales tax I've not been able to do that although overall over the last couple of years we've been able to realize some savings from our departments and overall our revenues. We've had growth in other revenues that have been able to offset the lower than expected sales tax numbers. >> Will that be the case this year as well? >> I certainly hope so. Right now the budget that we put together, and we're not folksing that we have to -- forecasting that we have to dip into reserves to keep things balanced. We're a little bit ahead of where we thought we would be for our property tax

[12:33:36 PM]

revenues. That's one that we could be pretty close to. It just comes down to our collection rate and how much prior period collections we get -- we recover in a given year, that's the only part of the guesswork that's involved. Sales tax is the one that's the most volatile and most difficult to project, other than development services, that's another very volatile one. Right now we're not -- we're not concerned about the budget we've put together for fy18 and the assumptions we're making about how we'll close fy17. We're not concerned about hitting those estimates and having to come back to you midyear and saying hey, we need to rethink this. That could happen. Sales tax when they drop they drop pretty rapidly. It could be a shock like hurricane Harvey. We don't know how that will ripple through the economy yet and there could be international shocks that affect that. You see after an event like 911, massive drop in sales tax revenues from those external shocks. And we can't always predict those things. All we can do is take a more conservative posture to better position ourselves for them if they occur. >> Troxclair: And if we take a more conservative approach to the sales tax projections and we come in ahead of the projections, we mind me does that -- where does the additional revenue go? Does it roll into the stabilization fund for the next year? >> It does. >> Troxclair: So there's no -- so practically speaking the money, whether or not we set a goal of getting to 12 and a half percent this year or whether we reduce the sales tax projection in order to come up with the equivalent of -- and end upcoming to five million dollars in the positive, the money all still goes to the stabilization. I guess the difference is without a change to the

[12:35:36 PM]

reserve policy, or a specific intention that we're going to try to increase the level of reserves, then the sales tax money is available for spending in the next fiscal year. You're going to draw -- you would drawback down to 12 percent. >> Absolutely. There's no place for the revenue to go except for the

stabilization reserve. There's no authority for staff to spend those monies without council authorizing the appropriations. So any excess revenues over and above what we expect in the budget go to the reserves for the council as part of the next budget cycle. >> Troxclair: Maybe I didn't answer the question clearly enough. I'm trying to understand if I'm going to submit a budget concept to do one of those two things, and maybe I just do both and we can continue to talk about it. The difference is that the money all goes to the same place to begin with, but the difference is when you come to the next fiscal year if we have a policy that says we're going to keep 13 percent in our budget stabilization versus we just happen to take a more conservative approach with the sales tax funds, under the first scenario that money would stay in budget stabilization fund under the sales tax approach the money would be available for spending and would most likely be spent in the last budget cycle. >> Yeah, I think there's two issues. One is do you want to be more conservative on your sales tax projections and then the other is do you want to change your reserve policy? So again, we've had some discussion last year and then in this year about changing that sales tax reserve policy. I think the policy that we have before us is a good policy. I think it serves us well. The rating agencies understand it. I think it's a good policy. It's just a matter of when you talk about our current policy due to strictly adhere to it or do you allow it some flexibility to be -- for us to adopt budget beyond our reserve policy. Again, so that when the economy does take a downward turn we have a little bit more wiggle room than we

[12:37:38 PM]

otherwise room. Even where we currently are, even if the economy took a downturn, we are in a good position. 12% is roughly \$12 million of reserves. We would never want to take those all the way down to zero, but I think we're in a good financial position. Again, it's a matter of risk tolerance and how resilient we feel that the general fund budget should be. I mean, from a reserve basis from a financial person, more is always going to be better, but financial people also understand the community demands and need to provide services. >> Troxclair: If we do go into a downturn turn and we dip into the stabilization fund and then we're only saving 11, 10, nine percent, does that impact our ratings? >> I think it's a matter of how we react to that. It's a complicated question, but I would think that if a rating agency saw our sales taxes drop and saw that our reserves for one year were going to drop maybe to 11 or 10%, but that this body took the action necessary to readjust our budget, to make cuts where the cuts needed to occur, I don't personally think that would be a huge issue as opposed to we're going to pull down reserves and we're going to kick the can down the road in terms of making tough choices so next year we maybe have to pull our resources. That more than the reserves will take a slight hit and they're kind of there as the budget stabilization reserves. So the reserves are there to allow you some stability to your budget during the economic down times, but there does need to be -- they would want to see the leadership of actually taking corrective action to avoid that being an ongoing trend. >> Troxclair: And if we were -- if over the next few years we could get closer to 15% then we would have much more flexibility and much

[12:39:38 PM]

more cushion than when you say make cuts and take corrective action, we wouldn't as long as we were still above -- we wouldn't necessarily have to make as drastic of cuts because we still had more flexibility. I'm trying to understand how important you think this is because I know -- I know you've said that of course it's a policy decision and you understand the needs of a growing city and all of that, but in previous budget discussions you seem to be supportive or seem to be a little bit -- like trying to tell us that it would be prudent for us to do this. And I know it's always easier to spend money than it is to save money. That's true in our personal budgets, it's true in our city budget as well. But how on -- how seriously should we take that? Because I got the impression from previous conversations that it really was something that we should look into if we wanted to protect ourselves from the certainty that we will have to make cuts when the downturn -- when we do have a downturn. I know you can't predict -- you can predict if that will happen and will happen. You can't predict when that will happen or how severe it might be. So I know it's hard for you to weigh, but I guess going into this budget cycle, seeing that we're having lower sales tax projections and seeing some of the signs that I would think would maybe indicate to us that we should put a priority on trying to save some money, what are your thoughts on that? >> Maybe a little bit of an order of magnitude might help you think through this some. We're assuming a three percent growth in sales tax revenues. That's roughly \$6.6 million.

[12:41:39 PM]

It wouldn't be completely unprecedented if things headed south and we had a 3.3% decline next year. That would be negative \$6.6 million. So in kind of that slight switch between a positive three percent and negative three percent you're talking about a 13.2-million-dollar swing. So that sales tax projection is really key and it could move the needle quite quickly and could impact your reserves fairly quickly, that \$13 million would be more than a one percent hit to your reserves, roughly a 1.3% hit to your reserve levels so you could quickly find yourself down to 10.7%. But of course staff would I think come back to council with a corrective action plan to soften or mitigate the impacts. There truly is not a single best practice. There are triple a agencies will reserve policies not as strong as ours and there are apple a agencies with reserve policies much higher than ours. I kind of look at it if you are a fully built out city, you're just not annexing, not growing, you're at a steady state, whatever population level you are and your service levels that's pretty much it. Maybe eight percent is plenty. There's not a whole lot of shocks. Also depending upon the structures of your revenues, the cities that have much more of their heaves coming from stable sources, like a utility transfer or property taxes, less need for that cushion. We are anything but built out. We are growing dynamically, very dynamic city. Lots of things happening.

I think that's kind of the conversations that the city manager when she was cfo and we were discussing the financial policies, landed on the 12 percent. I'm sure we could find some

[12:43:39 PM]

big cities. I know we have all this research that had a 15% reserve level. But there just isn't a single best practice. I think our current reserve policies are good where they are. I don't think they really need to change dramatically, but I just think it should always be understood that there always is the option that council have to say, do you know what? It looks like things maybe are heading downward in the near future. So maybe it's time to take that reserve up to 12, 12 and a half or even to 12 and a quarter. Let's start moving it up toward and give us more resiliently, maybe more cushion should that happen. But again, that's a good policy conversation to be having. >> Mayor Adler: Councilmember Garza? >> Garza: What concept item did you refer to that you asked about in specific? >> Troxclair: It's G 13 on page 37 and it talks about holding four million dollars in fund money in reserve and a million dollars of one-time funds in reserve. >> Mayor Adler: My notes indicate that G 11 and G 13 both deal with reserves. I don't remember what G 11 was? >> G 11 was my proposal to put 1.5 million in reserves. I have specifically identified that for dealing with resilience with respect to state and federal funding, but that is an approach where we might not take the full five million and take the full portion of it to put in reserves for whatever we deemed the most important approach might be. But that was also why I was asking the earlier question about the reserves being reduced by 3.9 million and trying to understand what that impact. So I look forward to that question being answered. >> Houston: Mayor, excuse

[12:45:41 PM]

me, councilmember Garza, I just wanted to respond to that. That was to be put in reserve until after the first of the year to see what happens with the federal budget with the sales tax revenue and then we could do a budget amendment and reallocate that if it looks like we're still on par. That was my hope. >> Mayor Adler: Councilmember Garza? >> Garza: Councilmember Houston, are you -- so the suggestion would be to hold on to that until the beginning of next year. And so any other concept item, I guess what you're proposing, let's hold on to that money, but then you have other concept items. So are you saying but if we decide to not hold on to it, this is where I would want to allocate it. I'm open to the idea of being more conservative because of the many things that we've discussed -- I think it is because we have a bucket of money to spend, with you don't necessarily have to spend it. When you spend the money, you don't spend it personally, you put it into savings. So I'm open to the idea of holding on and seeing what happens at the national and state level. >> Mayor Adler: Mayor pro tem? >> Tovo: I had a relatively quick question and then a broader one. On page 4 of 37 we had a an opportunity to talk about

this last time. But I think I forgot to ask or didn't hear the answer to this question. On E 19 it talks about how the fees would be allocated back to the departments. I'm assuming on items like E 19 and others where the allocation goes back to ae

[12:47:42 PM]

and err and et cetera, but if that prompts an increase in fees that you would report in a back to us in the same budget area. So do you know if any of these reallocations at this point are at the central level where they would prompt a fee increase in any of those departments? >> No, we would definitely report that back to you and these items are not of that magnitude. >> Tovo: Even collectively even if we did all of them included in the concept menu with these reallocations we still would be at a point where the fee would increase in these enterprise departments? >> Not at this time and we've been checking with them. >> Tovo: Super. Thank you. I guess I'm still trying to think about what we do on Thursday to try to -- to try to make some sense of where we go with regard to budget adoption. So I don't know if it would be helpful to talk generally today in our last time what individual councilmembers priorities are in terms of funding. It sounds like some may advocate for reserving that additional five million dollars rather than spending it. I think we have some really challenging choices ahead of us. So I for one it would help me if I had a sense of where people stand on a particular budget items. Councilmember pool brought forward a potentially -- a potential 2-million-dollar item that would give us 2 million not just for this year, but also for subsequent years, but I'm not sure how many subsequent years. >> 10 years. >> Tovo: 10 years from today? >> Pool: Yes, it was a 20 year agreement. >> Tovo: That's helpful to know. Some of the items that are rising to the top of my list in terms of priorities are those in relationship to the items I've placed and councilmember kitchen also has several. To begin to try to address some of the needs relates to those who are experiencing homelessness, so those are high priorities for me. I know after going through

[12:49:43 PM]

our strategic planning process that was also something that rose high as a council priority. Things like smaller dollar items, the removal of architectural barriers, this is something that councilmember kitchen forwarded from the senior commission, but to me as I said last week that's an anti-displacement strategy that I think is smart investment. As I've indicated, the items at the millennium center I think are critical. There are certainly other critical needs. Those are the ones that are coming up or popping up on my list. And continuing our commitment to aid to helping keep those -- if we cannot -- it's my understanding that if we cannot come up with and identify some funding within our budget, those after school programs at those schools will cease to exist so that is a pretty critical need for this year's budget

cycle as are the parent-teacher support specialist. So I don't know where we're going to find money for even just all of the priorities that are on my short list. I'm getting a little stressed, though I think we can get there and I hope fund as many of these needs as possible. On all of our lists. >> Alter: Mr. Mayor? Ms. Pool, thank you for bringing your item up. I would very much like to learn more. Perhaps legal can provide us their take on the approach and help us to understand any other issues that we need to be aware of should we choose to pursue that item on the domain and changing that process. >> Yes, I'm sure that we can provide you some information about that. It is an issue that has come up before. I know that folks are listening and getting ready to provide you that. >> Alter: Great, thank you. And I wanted to clarify for F 8 along the lines that that's the item that myself,

[12:51:45 PM]

councilmember pool and mayor Adler put forward about \$500,000 for recreational lighting for parks. We asked last week if Austin energy would be able to help fund that and that was one of those items that we didn't get clarity on. Do you have any information on that? >> Not at this time. I think that I know Mr. Lumbroski is here and we can get ready on Thursday and report back on that. >> Alter: That would be great. And I wanted to discuss -- I think there may also be an item that councilmember kitchen had put on there for manchaca, S 4 where she may have a similar question about that. But I do want to just call attention for Thursday that there are some items that don't actually increase the costs of where the departments have identified that they can reallocate so some of the same trade-offs are not necessarily there, that we still have to be mindful of any fees that get implemented and we have identified. I know from things that I've proposed there have been several of those that could be viewed in that way and there are also some items where we might have thought that -- like the capital idea development that there are other ways to do it so the general fund implications are much smaller than that. So we should just keep that in mind as we move forward. >> Mayor Adler: When you say other ways to fund some of the capital idea you were thinking about what? That was the reallocation that took it to the different departments? >> Alter: Yeah. And it's on page 4, e-20. And mayor, I think you had a similar item on the next page that had it all as

[12:53:48 PM]

700,000. When we submitted e-20 originally the staff came back with this allocation. As a way we could allocate it and not come out of the general fund. So that was out of the staff initiative there. >> Mayor Adler: Got it, thank you. Mr. Flannigan. I'm sorry, Ms. Kitchen. >> Kitchen: I was just thinking back on the mayor pro tem's question about how we proceed on Thursday or whenever -- the question I think was raised whether or not we're going to try to start voting before Monday or just wait until Monday. And



then how we proceed. So to my mind there's a couple of budget that things fall into that might -- buckets that things fall into that might be able to be addressed that way. The questions we still have outstanding about major pots of dollars, one of those being the hot tax. The police budget is another area. So if we could dig into those and help us understand what's available to us, as well as the dollars that councilmember pool has identified. So maybe that's one items that we really dig into on our -- in our next meeting is all those potential pots of dollars or additional dollars that we might have access to. So that's one thing. And then the other thing is that as councilmember alter mentioned, there are a number of items, a few items where we're really talking about reallocation or some kind of approach that really isn't a dollar impact. Perhaps we could dispose of those also. And I would be willing to vote on those this week or I would be willing to do them Monday morning depending upon what people want to do. I'm thinking we may be able to take those and get to them sooner.

[12:55:51 PM]

>> Mayor Adler: Mr. Flannigan. >> Flannigan: I was pulling up the contract to better understand it, I think the sales tax piece is 15 years and the property tax is the 20 years, but it's based from the date of certificate of occupancy so it's not the date of the agreement. I think there's probably just a couple of years left on the sales tax side and five years more than that on the property tax side. I don't know if any staff knows when that co was issued to know how many years left there would be. Or if we can look it up. I just wanted to provide a little bit of clarity to that. >> All the information regarding the domain agreement is online in the economic development department portion of the website. And I'm sure they can get you the information about exactly how much time is left on those agreements. >> Flannigan: Yeah, I was able to pull almost all of it up just sitting here, but the co date is the database that I'm missing. >> Mayor Adler: I guess as we look through -- >> Pool: I'll just refer back to the question 50, which is what I was basing my information on. Staff had provided us an answer last year, the domain year 1 was 2007 and the final year was 2027. So although it may not be accurate, that's where I drew my information. We can always get more recent information. >> Flannigan: 2007 is the co year, 20 years from that is the property tax abatement. >> Mayor Adler: I would say that -- I'm sorry, manager? >> Just wanted to say staff is working very diligently on the questions about the hot tax that was asked last Thursday. I cannot commit at this time of having that ready by Thursday. We'll certainly try, but it may not be ready for Thursday. We are working as fast as we can to get it there. I just want to lay out that expectation that we do intend to deliver it before budget, but we're pressing the time clock. There's only 24 hours in the day, not 25. [Laughter]. >> Kitchen: Does that relate also to the question that mayor pro tem asked

[12:57:52 PM]

earlier? Or is that a separate question? Regarding the items that we're currently paying out of our budget that could be considered for hot tax? >> We're working on all of that. >> Kitchen: Okay. >> Mayor Adler: one question that might be helpful on Thursday would be if we did the hot tax as it was proposed by the task force, how soon could we get that money on the ttpid, even if you don't have answers to allocations, the timing question might be important. The question of the domain has come up each year that we've been on the council, and I think before that, too,, and I'd like to have I guess staff's evaluation. I've always thought that it was really bad policy for us to enter into a deal with someone and then back out of that deal after they've acted with that deal. If I were to make a deal prospectively with the city and the city was doing that, that would impact the deals I would do with the city. So I think there's some credibility of the city that is present. With respect to making our time most valuable on Thursday, I'll try and would invite colleagues to do what the mayor pro tem just did orally, which is to kind of lay out, you know, if you had \$35 million to spend, where would you do that and wanted to report back to the council so that people could see that, that might be helpful coming into Thursday and into next week. Councilmember Garza. >> Garza: I guess I'd just ask as we make that list, we remember that we -- we've had resolutions that were

[12:59:53 PM]

passed not only by our newish council and previous councils and I will say it's the public health and increasing funding for health and human services, you know, there's different ways we get stuff included in the budget. We do it through resolution throughout the year or this is another way, is when we add these -- one person adds something to the budget concept list so we have this long budget concept list but we've had past significant support. The health and human services funding was either a 10-1 or 9-2 vote, in addition to putting money in our affordable housing trust fund was also a pretty significant majority vote. And so, you know, as we're making -- I know that there's new things that we all want to fund and we wish we had the funding to fund all these new ideas, but there are things that we haven't funded which are ifcs on this concept list that we still haven't even gotten close to funding and so let's -- I hope we remember those as we make our priority lists. >> Mayor Adler: Any other concluding remarks since it's 1:00? Ms. Pool. >> Pool: I'd just say that 11 of the 380 agreements have been terminated since they were first begun without them running their full terms and Facebook and national instruments are two of the ones that were terminated. And of course if the agreement does in fact allow for the city to terminate, we would certainly only do it according to what the terms of the agreement are and understanding that the agreement is signed by both parties. So if we do have the ability to terminate it any time as the city, then that would have been an element of the contract that the various entities had agreed to. Back in '07 our economic situation was very different than it is in 2017. We can all remember that we were heading into a fairly

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significant recession at that time and I can completely understand where the council might have been looking to lend a hand in the form of an incentive to a group that was about to break ground and commit significant dollars. And so we need to keep in mind the context when these agreements were written. And then I'd just say I appreciate staff -- definitely staff should -- or law department should come and talk to us about it. I will not be here on Thursday so if I may ask that the significant conversations about the hotel-motel tax venue the 380 agreements be held until money so I can be here. I may be able to follow along. I'll be out of town. But if it's at all possible, it may actually work out fine for staff given the amount of work that they're already doing to pull information together. Thanks.

>> Mayor Adler: Okay. Anything else? All right. It is three minutes after 1:00. This meeting stands adjourned.

[ Adjourned ]