Public Utilities Committee Meeting Transcript – 1/20/2016

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>> Garza: Good afternoon, my name is Delia Garza, the chair of the public utilities committee, it is 3:05 P.M. In city hall chambers and I'll calling the public utilities committee meeting to order. The first item on the agenda is approval of the minutes, so I'll entertain a motion to -- to approve the minutes from December. >> So moved. >> Is there a second? All those in favor say aye. >> Aye. All opposed? Three in favor with councilmember troxclair absent. The next agenda item citizen communication and this is for anyone -- you have three minutes to address any concern that is public utilities related and is not on the agenda today. The first person that I have is Donald konklan? Oh, you have -- you have three minutes, sir. >> Councilmembers, thank you once again for having me. This is becoming a pretty regular occurrence, I think, for both of us at this time. Here to speak about -- about the ongoing water and wastewater rate cases with several north Austin M.U.D. Wholesale customers of the city. I won't rehash all of the highlights, just a couple of minutes. As we discussed repeatedly this was an issue before the courts in 1989. It's very frustrating we've had to resort to the courts once again to address an issue that we thought had been resolved previously. To date there have been multiple rulings, both in the court and with the public utility commissioner all in favor of the wholesale customers. Each ruling has been very critical of the city's rate

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bases. The most recent lawsuit the city had two years to defend their practice and lost in that case. The loss was overwhelmingly in favor of the district. Through each challenge and subsequent appeal, the city is not making any progress in either their arguments or their defense. This seems very clear that the likelihood of success in future appeals is unlikely. Wasting time and resources for all parties for no progress or benefit is -- is very frustrating. I would like to draw your attention to mayor Adler's state of the city address last April. There were a couple of highlights that I pulled from that address. In it he said that nearly 36% of Austin residents are considered low income. And we have a fundamental moral and ethical responsibility to fix these things. There was discussion of ethics and transparency. He went on to say: I'm prioritizing a serious reevaluation of the business models of Austin energy and Austin water. For Austin to continue to have a great economy and support innovative business and maintain an affordable, yet high quality of life, we need these utilities to be healthy and stable. I would certainly argue that lawsuits, challenges and appeals do nothing to address that. He went on to say we must develop business models that can keep the lights on and water flowing for all of our essential needs and without utility bills becoming unaffordable and, yet, the basis of this case is exactly that. It is the

shuffling of expenses and costs associated with the city on to the utility rates. He went on to say that he was anxious to work with councilmember Gallo and councilmember Garza the chair of the public

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utilities committee and we certainly look forward to that opportunity. Ultimately, I would like those this conversation to start down the path of repairing a relationship that we have started with the city 30 years ago. Thank you. >> Garza: Thank you. Next is -- I think it says Brenda Richter. You have three minutes. >> Thank you. Dear councilmembers, on behalf of the residents I represent in north town M.U.D., I wanted to follow-up on my appearance before you during citizens communications back on December 17th. I am here again days after the Texas public utility commission affirmed its order declaring that Austin water and wastewater rates are number one, unjust and unreasonable, number two, not based on awu's actual cost and number 3 include illegal transfers of revenue from the city's general fund. As one elected official to another, I ask you to provide awu with sorely needed leadership and to direct awu on how to start complying with state law. Back in December at the same time I was appearing before you and the PUC ruled on city's motion for rehearing and the district's response in our ongoing rate case. Because of the city's pleading and our response, the PUC lowered the city's rates even further, resulting in an additional $900,000 that the city now owes our districts in refunds for overcharges incurring during the past three years. This is on top of the 25% reduction in rates and refunds that the PUC already has ordered in October of 2015. This expense, an additional million owed by the city, was a direct result of the awu staff proceeding with an ill conceived plan to appeal existing law. In 199, awu fought a similar case with a similar issue and the same result.

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The state declared that the city's water and wastewater rates were unjust and unreasonable. Not based on the actual cost of providing water and wastewater service and included illegal general fund transfers. Yet awu wasted millions of dollars fighting over basic premise of utility law that rates charged to customers should not be above the actual cost of providing service. This issue has been decided, our districts should not pay above the cost of service in our water and wastewater rates. The October 8th, 2015 PUC ruling changed the entire landscape for the Austin water utility and the residents of the city of Austin. It is time for a new utility management strategy, one that sets all customer rates down at the actual cost of service in accordance with state law. Continuing to fight a losing battle isn't how we best work together. Before this dispute, we saw the city as our partner and with your leadership we can get back to that partnership. Lastly, we want to empathize, if the city of Austin is to move forward with staff's decision to challenge existing law in district court, you will not just be fighting with four local utility districts. The city will now have to fight with the Texas attorney general who will be defending the law and the state's leading authority on rate setting procedure, the public utility commission of Texas. We urge your intervention and oversight into any decisions. We are ready to find a solution that works for keeping our residents' rates in sight with state law as well as ends a protracted legal argument at the expense and time associated with that decision. I'm almost done, one sentence, please. Two of the members of this committee have asked city staff for a public vote as we move forward in district court. I ask you, has that happened yet? Thank you for your time and leadership. We do appreciate it. >> Zimmerman: Thanks for commenting. Sorry my voice is real bad today. On the

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austincouncilforum.org. I posted a resolution to accept PUC ruling and M.U.D. Water rate lawsuit, have you examined that? >> No, I have not. >> That's on austincouncilforum.org. Please take a look at that and send your comments. >> Thank you very much, I appreciate that. >> Go ahead. >> To answer the question that you raised at the conclusion of your comments, I don't think -- there hasn't been a follow-up or a vote, although both councilmember Zimmerman and I would like to have more conversation about that in this committee or in executive session, something that we all need to talk about. >> Great, thank you very much. >> Garza: The next agenda, we're moving on to agenda item -- is there anybody else that -- >> [Indiscernible] >> Garza: Citizens communication? I have you on agenda item 6. You want citizens communication? Okay. Come on up, Ms. Almanza. >> [Indiscernible]. [No microphone]. >> Garza: So nine minutes or -- >> Yes. >> Okay. >> Thank you. >> Garza: Okay. [Indiscernible]. >> Okay. >> Okay. Thank you, councilmembers and thank you for your service. I'm Daniel Yanez with poder, the only people of color led environmental organization in central Texas. Zoning and planning -- zoning and land use planning have been described by many scholars and many studies as not only one of the root enabling causes of disproportionate burdens and environmental injustice, but also the most fundamental and potentially most

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powerful of the legal weapons deployed in the cause of systemic and institutional racism. The history of land use planning and zoning in Austin helps to explain how the unequal distribution of the environmental burr depends occurs -- burdens occurs and why these historic patterns have been the source of many environmental justice problems that confront people of color and low-income communities in east Austin. Today we present our report, drainage fees, capital improvement and equity in the city of Austin. Two. Residents in east Austin have endured major flooding over the past years. East Austin residents have witnessed the loss of life, loss of property, and property damage due to flooding in their neighborhoods. Due to the recent flooding in east Austin, poder began to look at the issues of equity regarding the use of the city's drainage fee funds for capital improvement projects. I will now give the rest of my time to Ms. Susana Almanza. Thank you. >> Councilmembers, I'm Susana Almanza with poder. And so this study on -- analyzes that you have here that I'm going to speak on briefly, this study analyzes a distribution of capital improvement projects funded by municipal drainage fees, drain fees are assessed on most properties within the city limit. Using data from the city and U.S. Census bureau, this study evaluates where drainage c.I.p.es are located, how the city determines the needs for improvements, how Austin neighborhoods contribute to the drainage budget and the demographic and income characteristics of census tracts in Austin. Results show an extreme concentration of C.I.P. Spending in downtown area. Outside of downtown, there appears to be bias towards spending C.I.P. Funds in the area parks as opposed to residential or business areas and, as you can see this map, the first map looks at the overall funding

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by capital improvement projects. At the bottom of the map, you'll see the buyouts that happen where 18% of the drainage fee spending took place in south and particularly southeast onion creek area. Then on the top map, you see the floodplain studies which appear to be mostly on ih 35 and even though they represent a small fraction of the overall spending. Active projects are on the bigger map is the majority of the -- the 55% of the C.I.P. Spending. And then what we'll look at this spending as a spending of total expenditures. We restricted active projects to those over $250,000, which account for 85% of the total spending on active projects. You can see where the areas -- 65% was spent in west Austin, 35% in east Austin, and 38% in downtown. And one downtown tract, in particular, received 31% of all of the

active C.I.P. Spending while 71% of the tracts received no spending at all. Then we go to the hot spot analysis of the C.I.P. Spending by tract. This represents the results of hot spot analysis on C.I.P. And you will see results show hot spots in two downtown tracts, the tracts that include zilker park and southwest Austin, one tract in east Austin that includes a large project on boggy creek greenbelt and one project occurring near Mckinney falls state park. There seems to be a clear bias, as stated before, towards spending drainage fee funds in downtown business area. Outside of downtown, most money seems to be spent in parks. And so even though the public is just getting a snapshot of what we found in the area, again, this leads to the bias of -- of residential, even though -- when you look at the -- at the spending, you will see

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that -- that single family pays in 29% of the drainage fee fund, multiple family 18%, businesses 37%, and parks 2% and other is 14%. But yet when you look at where the C.I.P. Fund and drainage fee is basically going west of Austin and into downtown area. I'll turn it over to Angelica Noyola. >> Poder believes the following recommendations can be used by the city to address equity issues. A, reconsider the way it assesses the need, the city should consider additional factor when assessing the need for a project. Every project has a utility cost. For every project the department does, there's another project or projects that it will not have the funds to do. Because the cost of projects does not currently enter into the city's decision making, doing fee high problem score extremely expensive projects is prioritized, doing a greater number of less expensive benefiting residential customers. In addition the problem score approach benefits bad behavior. From a drainage perspective. Areas with the high degree of impervious cover do pay more, but since they cause more drainage issues, they are much more likely to see projects funded in their area. B, residents in areas like east Austin are assessed low problem scores, despite having many drainage inlets and substandard streets that do not adequately or officially funnel storm water into the drain. Projects should be proposed to rehabilitate the roads, sidewalks and inlets to reduce the amount of on street flooding and protect residential homes and small businesses from flooding in the case of a large storm. This would affect the directives included in the WPD's budget which states that the purpose of the drainage pipeline management activity is to ensure adequate conveyance of the storm water flows through the storm drain pipeline system. Activities include the inspection, cleaning and installation and replacement of drainage pipelines and other associated concrete infrastructure. C, reconsider the way it

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assesses drainage fees. The city currently charges all residential customers based on a rate times the amount of impervious cover. And a percent of impervious cover. A more realistic way to measure impact would be to conceive of impervious cover as a cost and the pervious cover as a credit. Similar to the way residents of solar panels sell excess power to the utility. More importantly the utility should base rates not only on the individual's parcel land use by the land use of surrounding parcels. A high density apartment complex, for example, may not cause flooding issues if proximate to a park or surrounded by a lower density development. When a high dense city complex is next to others, drainage issues become extremely problematic, furthermore incredibly expensive to fix, issues discussed in this report. We would like to you study those recommendations and possibly recommend usage of the C.I.P. Funding to alleviate flooding in east Austin and southeast Austin. Thank you for your time. >> Thank you very much for those of you who stayed to listen. >> Thank you. >> Garza: Anybody else that meant to sign up for citizens communication? Okay. I'm going to move on to item 3. It's an amended cost reimbursement agreement and code waiver for whisper valley. Staff? >> Councilmembers. Just a quick little briefing for

you. As you may remember, we've dealt with whisper valley on the water side of the contracts, with the cost reimbursement agreement. Again -- >> Can you talk closer to the mic. >> Can't hear you. >> Okay. So whisper valley is approximately 2,000 acres located east of decker lake. It comprises mixed -- proposed mixed use development and including 600 acres for parks and open space. And approximately 8,600 living unit equivalent. In 2007, city council

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approved in the Austin water utility executed a contract for wastewater reimbursement. If you could please bring up, do a little bit of comparison of what the existing contract states versus the proposed amendment to that contract. So in terms of cost reimbursement, the contract had $5.5 million for a 30-inch wastewater interaccept tore that essentially would funnel raw wastewater to the wastewater treatment plant. The proposed contract amendment, keeping that amount of funding the same -- [no audio]. No there is sufficient funding for the remaining part of the interceptor. In the original contract, $6 million was allocated for the wastewater treatment plant. We are asking for an increase of $3 million for the wastewater treatment plant and we'll get a little bit more in just a moment about the capacity of those plants. And $3.3 million for wastewater soft costs currently and we're asking for an additional $394,000 for soft costs and we'll cover that, also -- issue, also. So the request to city council will be for $3.3 million more than currently authorized by city council. In terms of the reason why that is happening is -- goes back to the actual bidding of the contract. In 2007, estimates were made for the half a million gallon per day plant. In 2013, the bids came in at $12 million, twice as much as what we had funding for. Since that was unacceptable to staff, we asked for a rebidding, redo the bid package went out again for a bid, came back at 11 million. Given that, we stepped back and too a look at the capacity of the plant and we

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decided 250,000-gallon per day plant was the appropriate amount that we could do that would get much closer to the $6 million that were previously authorized, which was acceptable to the developer except that the amount of time that it takes to design a 250,000-gallon per day plant using concrete basins, you are looking at somewhere between two to three years. Well, for the developer, that wasn't acceptable because the developer is wanting to move forward with the development as contract -- potential contracts with builders, it's in the city's best interest that the development continues and moves forward because then funding is generated to make the pid bond assessment payments that are due. So what we agreed to then with the developer is that we will do a total of $350,000-gallons per day, 100,000-gallon per day plant that will come on quick, usually will take about six to eight months. Essentially what they do, with a little bit of welding, they bring in an 18 wheeler with a wastewater treatment plant on it, set it on the site, set it up and then you are rolling. Whereas the 250,000-gallon per day plant, they are going to build those basins in place. Also similar to the water contract that was approved by council, instead of having final acceptance of the wastewater treatment plant that we're moving to conditional acceptance for each piece of the wastewater treatment plant. You will have your lift station, the lift station then pumping into the 100,000-gallon per day plant and then add the 250-gallon per day plant on top of that. An issue that is unique to this contract is that original pump and haul was not included as part of an issue. This particular contract, the developer has requested and Austin water is not opposed to providing -- having the developer provide pump and haul services at its own cost. In terms of a new wastewater

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treatment plant, regardless the developer asking for it or the city just builds it on its own, there will be a natural process of pump and haul because you don't have sufficient enough organic material at the first part of a subdivision, when you are building infrastructure, for this particular plant, in order for the -- for the biological processes to work. So you are doing pump and haul in one of two ways. Either you are taking from the influent lift station pumping the raw wastewater out and taking it to a plant, probably the walnut creek wastewater treatment plant and delivering it there. It's the same location that is used for when septic is then also delivered to that particular plant. Or your second option, go into activated sludge at the existing wastewater treatment plant, you take that and bring it to your new plant. Without the sufficient organic material, then the water treatment plant, that particular wastewater will go septic, create additional odors and hydrogen sulfide that will generally tend to deteriorate the equipment. So regardless of -- of when you have a new wastewater treatment plant, you are going to have to do pump and haul. What's different is that normally for the city, that would not begin until you have final acceptance of a wastewater treatment plant and the city in its Normal course of operations and maintenance would be taking on that responsibility. Because the developer wants that much quicker in order to have lots and houses come on quicker, they are asking for that to happen when we get the influent lift station, first phase of that in the ground. Because of that. When we have asked the developer to do, they have agreed, is that they will pay for pump and haul at their own expense without reimbursement from the city

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and will do that at their own cost. >> Could you move that down just a little bit more, please. Thanks. In materials of the funding, the initial terms of the contract the pid bond funding would be used by the developer for its construction loan, estimated about $6.6 million. For this particular contract amendment, the developer is going to use its own funding. So the developer will get a construction loan, infrastructure is built, accepted by the city and the city will directly reimburse the developer. That $6.6 million that were originally set aside for wastewater, the city will use that money and the developer has also requested that, to make the payment that's due -- help make the payment that's due in 2016, which is -- which is $16 million, 14.6 of that is due the first of July. So that will contribute towards the payment for the developer for the pid bond assessments. Then the final item really is a difference between when -- when a particular he'sment is going to be dedicate -- easement is going to be dedicated to the city, conveyed to the city, we are asking for that to be expedited to happen within six months of the execution of the contract. That's your reader's digest condensed version of the proposed amendments to the contract. I'm here to answer any questions or provide additional information. >> Anybody have any questions? >> Zimmerman: I make a motion -- you want to do questions first? >> The resolution that -- that I guess prohibited pump and haul, it did have exceptions in there. >> Yes. >> Garza: In an emergency or unique operational situation. >> Yes, ma'am. >> Garza: You spoke to -- it's a very natural thing

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and this is Normal for this to happen with developments. If it is such a Normal thing, why wasn't that one of the exceptions in the pump and haul policy? >> Well, it's Normal when you are bringing on a new plant. But in terms of generally subdivisions that are building, building to an existing line and that wastewater generally they are building as close to the line as possible because that's where we're going to be having the first phase of development. In those cases pump and haul is not required. So it's a unique situation in terms of there's not many instances that the city has brought on a brand new

package plant. >> So you think this fits under the unique situation part of that? >> Yes, we have consulted with city legal and they believe also our intention to handle pump and haul for this particular plant is within the resolution. We're just asking for that to be waived because the developer is wanting it to happen much earlier than the plant that will come online. >> Garza: It's staff's recommendation to go ahead and allow the pump and haul? >> Yes, ma'am. >> Garza: Okay. I don't have any more questions. >> Zimmerman: Just a motion to move it to the full council with recommendation to approve. >> Garza: Is there a second? All right. All of those in favor? I'm sorry, is there any discussion? >> I understand the unique circumstance of this pid, but I just again -- I really hope that we can learn from the experiences that we've had with this one moving forward and try to really, really, really carefully evaluate any other decisions to enter into pid agreements. >> Absolutely. >> Garza: All right. All of those in favor of the motion say aye. >> Aye. >> Garza: I'm going to abstain from that vote. Three in favor of moving this to the full council with staff's recommendation and one abstention from chair Garza. >> Thank you very much.

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>> Garza: Next item is 4, briefing and public comment regarding telecommunication infrastructure. I think that we have some speakers. Amanda durr. Or is it -- >> Councilmembers, could we -- address the item after we hear the staff presentation? Would that be possible? >> Garza: We do communication before. >> Okay. >> Zimmerman: Points of order. Is it possible to maybe move item 6? A little bit earlier? Maybe switch the order of 5 and 6, possibly? >> Garza: Sure. >> Hi, thank you, councilmembers. My name is Amanda durr, the [indiscernible] For crown castle, the nation's largest wireless infrastructure provider. Thank you for putting this item on the agenda and bringing staff forward to give an update, [indiscernible] After this. The progress or lack of progress it could be noted on developing a wireless infrastructure, a new wireless infrastructure policy and agreement for the city of Austin. As you may or may not know, crown castle is a public utility, a certificate of authority issued by the PUC in 2005. It should be noted that we received that public utility certification after the city of Austin actually challenged us at the PUC and we won that challenge and we were -- are now authorized as a public utility to operate within the right-of-way, in the state of Texas and to deploy these what we call small cell networks in the right-of-way in the state of Texas. Crown castle worked with the

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city of Austin after we received that public utility certification in 2005. And entered into an agreement with the city of Austin signed by the city council, signed by the mayor, as a 10-year agreement which we had assumed that we would be falling under in order to deploy our proposed small cell network within the city of Austin this year. The agreement was a 10-year agreement. We renewed it timely. So it was -- it was supposed to be in effect for another five years. But in June of last year, six months ago, we were informed by the city of Austin because of a technicality, because of a three week late acceptance letter, the city was deeming that 2005 agreement as null and void. So we decided to work with the city, we didn't pursue any legal action which we don't believe did deem the agreement null and void. We decided to work with the city. We have worked with the city staff for six months to come up with a framework and an agreement to allow us to deploy these small cell networks within the city of Austin, which are absolutely vital for public safety, visitors, residents of the city of Austin to have wireless coverage and capacity that are required in a city such as Austin, which considers itself a technology hub. We have -- we have 15,000 of these small cell nodes is what they are called deployed throughout the country. We have agreements in 100 jurisdictions and cities throughout the country, new York, Chicago, Philadelphia, Atlanta, Houston just passed an agreement. And to have to wait an additional six months,

as you'll hear I believe in the presentation that's going to follow, to have to wait an additional six months after having an agreement for 10 years, having it been deemed null and void because of a technicality, and then having to wait six months to get to this point and then another six months is really not a -- not a doable framework. It's -- it's too long of a time period. The fact is that -- is that

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this type of technology and the wireless companies who hire us to build this -- [buzzer sounding] -- They see small cell networks simply will not invest in a city, we have seen that elsewhere, where it takes six months, a year, a year and a half to be able to deploy this type of network to be able to reach an agreement with the city. The wireless companies will not invest the millions of dollars necessary in order to do that. I would ask that you please help expedite this process, we're happy to work with city staff. We want to come to an agreement with them. We would really appreciate any help that you can give in order to bring this vital technology to the city. >> Garza: Thank you, I apologize for messing up your first name. >> No problem. It wasn't the first time. Won't be the last. Thank you. >> Garza: Dave Anderson. You have 3 minutes. >> Councilmembers, thank you for hearing testimony. My name is Dave Anderson, with the enginener group, we represent grown castle. Looking over the presentation that you are about to receive from staff, first of all thank you for putting the item on the agenda, very much appreciate it. The concern that we have, as Mandy mentioned, is the time frame. I think telecommunications regulatory affairs have a massive job in pulling all of these different city departments together to figure out a policy that works for the entire city. You will see, I don't know, part of this discussion. From my experience, that -- that rightfully could take six months. But what's not in their presentation is potentially an external stakeholder process after that that takes another six months. Then potentially code amendments, criteria manual amendments, administrative rules, that takes, in my experience, six to nine months. On top of that, once that's all in place, the permit, the development of a permit, the designs, six to nine

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months. And then construction could take two to three months. So what we're talking about, from a timing perspective, is not six months. But it's more like a year and a half or two years until you have infrastructure on the ground. So the question from my perspective and my client's perspective is -- is there -- is there a safety concern now? Is it reasonable to -- to think that there may be concerns about network congestion, connectivity, within the next two years before you can actually have infrastructure on the ground? Those are the kinds of questions that I put before the committee today as you -- as you listen to the presentation that staff will make. They have a massive -- they have a massive job in getting all of these departments together and developing a city-wide policy. No doubt about that. Our concern is that it's going to be a year and a half, two years, before you actually have something on the ground and does it make sense to put something in place, at least in some part of downtown, that could help ameliorate problems, thank you for your time and your consideration. >> Garza: Thank you. Is staff here? >> Good afternoon, committee members, I'm rondella Hawkins. I have a short presentation about wireless infrastructure in the public right-of-way and on city infrastructure at the request of the committee and status of the city's efforts to develop policies. >> Garza: I'm sorry to interrupt you. I keep meaning to ask this before. We can't hear up here very well. I don't know if there's -- there's something not turned

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on or -- >> Okay. That's better. Thank you. >> Can you hear me now? Is that so just as a matter of introduction, you know, currently there are telephone, cable and broadband providers, like your AT&T center, grande communications, Time Warner capable, Google fiber that has a wire line infrastructure in the public right-of-way and on electric distribution poles and some street light poles. The wireless communication infrastructure includes the small cell antennas, distributed antenna systems and wi-fi systems which are not currently accommodated in the right-of-way, but there is a demand for enhanced wireless and data services, which is driving the demand for additional infrastructure to support better coverage and growing usage. These small cells and distributed antenna systems are being used to increase the wireless capacity to keep pass with all of the growing demand for services, the demand for wireless data for all applications is projected to grow at an annual rate of more than 60% for an 11 fold increase 2014

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and 2018. We are all using our smart phones and all of our devices on wireless and we know what our demand is. Cities are not required legally to allow placement of the wireless infrastructure in the right-of-way or on poles. There have been multiple wireless providers that have contacted Austin energy and various city departments with requests to install and attach various iterations of wireless and wi-fi systems which consist of relatively small antennas and ancillary equipment. The requests have been primarily in the downtown area. Because of the demand and the events and -- and that's been the focus of the -- of the request. These installations, they are both underground and overhead. Use knowledge the right-of-way. They use our infrastructure such as our utility poles, street light and traffic signal poles, city-owned property and buildings, or even the installation of standalone poles. The equipment for these systems, there are radio tranceivers, antennas, fiberoptic, just to demonstrate that there's -- there's multiple need for space and equipment to house this equipment. And the decision to allow infrastructure in -- what's an already crowded congested right-of-way and poles, it requires careful consideration for public welfare and safety considerations, just as those of -- that the industry was expressing. I just wanted to show you a few pictures of some traditional installations. To the left there is just your rooftop antenna, wireless communications. The middle is cell tower and on the right is an electronic pole and distribution that shows the multiple attachments in the community space. So there's a lot of, you know, the poles have large demand.

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The wireless communications infrastructure, it includes four basic components. Just wanted to show you what type of equipment that we're talking about. These are some pictures from communities across the country. Yes, there are systems that have -- cities that have these distributed antenna systems, small cell systems, but this just shows you the variety of installations. The one near the historical house, there's a picture of the pole with the equipment. There's a -- it just shows, this is supposed to just show you the variety of installations. Now, the one on the right that has the ah in the right hand, bottom right-hand corner, that's a picture of these -- fairly new to the marmite, is a street light pole that has integrated communications. New to the market. So it's a street light pole, but also can accommodate communications which is a fairly new innovative technology that is certainly to be looked at. Especially in areas where you are concerned about esthetics and great streets, for example. Or great streets project. You know, we have internal needs for wireless communications, enterprise-wide we have a demand for additional capacity. We are looking at, we want to support all of the various smart city technology projects that are underway, whether it be transportation, energy management. We have a public wi-fi mesh and it's in need of upgrading and we want to expand that network just to help address

our digital divide issues, increasing connectivity for those maybe east Austin, but also just expanding and making a more robust system. We certainly support the

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envision deployment and realize the value of services to meet the bandwidth needs for our city and our businesses and consumers, but there is not currently a city-wide integrated policy, regulations dealing with the use of the public right-of-way or our street and light poles or traffic signals. This next chart is just -- it does show the -- the various city departments that are involved. It's -- it's a -- certainly a -- certainly a large number of departments. Who all have a vested interest and they all have their own interest, so we are working through -- we will involve all of these departments. We've formed a task force. The -- as far as kind of where we're at. It is complex. It requires coordination with all of the various departments and, of course, the external stakeholders. Austin energy is -- is developing standards for wireless attachments to the utility poles. Which didn't currently exist. We've got departments, directors, that we have a task force to evaluate needs and develop this comprehensive policy recommendations and to look at, you know, coming up with efficient model and solutions so that we can meet both the city's needs, the public needs and the private -- the private sector needs. And we have been looking at other strategies of other cities. There's been Houston, recently aadopted an ordinance, there's -- there's cities across the country all faced with this, with the -- with the demand and the request. By companies to install these systems. And we're collecting other pole attachment agreements and, again, we're -- this

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new street light pole with the integrated communications infrastructure, that's just an example of -- of a possible solution for -- for maybe real crowded areas where there's not room. We put a timeline of six months, you know -- this is a focus of -- of all of the departments and that would be hopefully -- I don't want to -- I know the time is of the essence to these companies, but again this is a very complex and complex matter. And -- oops. And I did want to add that -- that we, you know, we developed -- we have a couple of companies that have come to Austin to build a, you know, a new broadband network, you know, to each household. It's a very huge undertaking. We are very -- we were very successful in coming up with policies to helping them to streamline a process for them to build out their network. A much more wider undertaking. But I know that we can come up with -- with a good solution and come back here to -- to the public utility committee. In that time frame. Thank you. >> Garza: Any questions? >> Kitchen: I have a question. Can you speak to the relationship between this task force process and the testimony that we heard about the particular contract with -- with crown castle? >> The relationship of the -- >> Kitchen: What I mean is, the timing. What you are -- what you are saying is that in six months, you can present back to us the proposed -- approach to the regulations and things like that? Or are you in the meantime working with crown castle on their contract or -- I'm trying to understand the relationship between what they were testifying about. >> I think a part of the

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internal working group would be to engage with -- with the -- with the -- with the industry, with the providers, to get a better understanding of what their needs are. Because different departments have been approached and talked with providers. But we need to have -- I think that would -- that the engagement with the providers during this process, the six months, would -- that would be -- would be part of it. We're not working with another agreement with crown castle at this time until we get the standard master -- I don't know what you call it -- master agreement for right-of-way or pole

attachments. >> Kitchen: Okay. >> That would serve for crown castle and the other -- the other pending requests. >> Kitchen: Okay. >> Garza: I guess it would be helpful, can you speak to the ordinance? Was there an ordinance in 2005 that granted some -- what is staff's understanding of where that stands now? >> Yeah. So back in 2005, the city did -- city council approved license agreements with next communications, the integration of the antenna system. We had the right-of-way agreement approved but there was not a pole attachment agreement. Nextg never did obtain a pole attachment agreement with Austin energy. And there was -- there was -- at that time, there was no movement, there was no appearance that the provider was ever going to deploy services. And then crown castle purchased the -- purchased the next and we did not receive an acceptance letter, which like three weeks after deadline, our law department deemed this is null and void and we do not have the authority, the authority to -- to -- to extend it. And -- and, of course, technologies have changed since 2005 and some of the

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template from that agreement can help serve the development of the new policies. But we really -- we need to really update -- update it. >> Garza: Can you speak to the concern about possible safety concerns and not having this service available? I think he mentioned -- someone mentioned police and fire. But police and fire don't use wi-fi. They would use some kind of direct -- >> They have their own wireless communication system. Perhaps it was the concern of public safety of -- of people -- that could not get cell service or data. >> Garza: Uh-huh. >> Zimmerman: Can we hear from -- >> Troxclair: I mean the concern about public safety is if I have an emergency and I don't have service on my cell phone, I can't make an outgoing call. >> I can't call 911. >> Yeah. Yes, it is. Of certainly we want to address the public safety concerns. Susan? >> Hi. Susan gross, I'm with Austin energy. And there are numerous safety concerns related to wireless infrastructure, but they are on both sides. They're on the side of the communications and wanting to have available and effective communication infrastructure, but there is also concern on the other side and that is that we have a very rigorous communication infrastructure already in the city of Austin, we're all familiar with the number of projects that are going on in Austin that are adding communication lines in the city streets, both through boring and on utility poles. So public safety concerns associated with additional infrastructure are we have a crowded right-of-way, we would be adding additional facilities, I think as some of the pictures have shown, there is pretty significant infrastructure associated with the wireless devices. So -- so, yes, there are

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public safety concerns, but they are on both sides. And the concerns are is there enough communication infrastructure and the city does acquire internet services already at the current time. Perhaps there would be advantages in the future if there was more wireless infrastructure, but that was one of the issues that we would be looking at. >> Troxclair: So I just want to understand the, like, practical implications of the situation that we're talking about. So we have some infrastructure that already -- that can be -- that is permitted on right-of-way but that doesn't necessarily support a wi-fi network and then some infrastructure, the infrastructure that -- help us understand the difference between what is currently permitted on the -- in the public right-of-way and what isn't. And what the benefit would be to having the second type of infrastructure added. >> Well, the current infrastructure that's required to be -- it's required to be accommodated in the public right-of-way, of course, original it was just telephone service that evolved into cable, video streaming, the state franchised communication companies such as Google, that have wire-lined facilities that are on utility poles and in city streets. Wireless infrastructure is associated with the antennas, we saw pictures of the cell towers and that's more of the traditional service that supported cell phone service. Those are large installations, they have several miles of

coverage. What we're seeing now is because of the additional usage of cell phones and other deep data needs, there's a need for smaller antennas located in the more densely populated areas of the city. Those can be installed

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currently. You'll see them on roof tops. You'll see them on city-owned buildings. The question is where do they go in the right-of-way? [Multiple voices] >> Troxclair: So the traditional cell towers and things are owned by the individual companies not in the right-of-way? >> That's correct. On private property and some are on city property as well. >> Troxclair: Are there -- when we're talking about having potentially allowing the wireless infrastructure on -- in public right-of-way, that would -- it would improve wireless service or would it improve wireless service? >> It would allow additional antennas in the densel poly lated. The question is where you put them. The size has gotten smaller so what was not technically feasible a few years ago is at least within the realm of consideration today, but there does need to be electric service to these installations, backhaul capacity. They have been looking at possibly putting these on traffic poles, on street light poles. The question is is there adequate fiber to support these signallations, what would be required to -- installations, what would be required from a traffic perspective, from the esthetic perspective. The city has spent the last 10 years developing a street light pole that is considered a great street street light pole. That is a tapered, fairly slight intrusion into the public right-of-way and that was considered beneficial for the city overall. If the city wants to consider the beefier street light pole that accommodates small cell or other wireless infrastructure it's not

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going to have the same appearance at all and it's going to be fairly large. The pedestal on those is around three feet by three feet and at least 44 inches tall. So it's a large structure in in -- in some instances city sidewalks won't accommodate that because they potentially conflict with A.D.A. And other city requirements. >> Troxclair: Okay. Sorry, just a couple more questions. Have other cities in Texas -- we can't be the only city dealing with how to accommodate growing demand for wireless services. What are other cities doing to -- doing to make sure that they have wireless coverage? >> Actually, in the state of California cities have been mandated by state law to allow wireless and you will actually be kind of surprised. You will go to San Francisco and you will see very large boxes on utility poles and some large structures, but that's because it's required by the state. In the state of Texas it's not required. Houston I understand has just entered into it. It's on a very preliminary basis. It's very new technology to be able to shrink the size of the facilities. There are numerous technical hurdles that have to be overin order to determine where to place the facilities and to ensure that the city's concerns are all addressed. >> Troxclair: And I think councilmember kitchen already asked this question, but you said six months would be the time frame and then come back with a recommendation? >> That's correct. >> Troxclair: Thanks. >> Kitchen: I wanted to follow-up. So the recommendation that you would be coming back would be to confirm that that would be -- for the rules or ordinance that we might need to take action on, is that the thinking?

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>> Correct. Policies, procedures. You know, a general direction for the city whether or not a public solicitation would be in order or some other vehicle. >> I just wanted to confirm that at that point you would be ready with some recommendations as opposed to just an update. >> That's correct. >> Kitchen: Okay. >> Garza: As part of the process to bring forward that possible policy on this, will you be

engaging stakeholders like crown, castle or is that part of the process? >> Absolutely. >> Garza: Okay. Does anybody else have any questions? All right. Thank you. >> Thank you. And at the recommendation of councilmember Zimmerman we're going to take up item 6, which is briefing and public comment regarding fire demand water charge practices. And we have a couple of speakers. Marcia stokes? Is it Luisa bond? And Walter bond? You have nine minutes. >> All right, thank you, councilmembers. I'm here today along with my neighbors to discuss Austin water utilities escalating fees for meters and the larger demand for

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communities with fire meters. I will be asking council to take action is that the right button? I'm a homeowner at arboretum, a garden community. Our water bill fixed cost per home is now almost $65 per month before we use one drop of water. That's the 47% increase over last year. A fire demand meter is required when only one water line is available for both fire and domestic needs. The eight by two fire demand meter consists of an eight inch fire meter needed for our six fire hydrants and a domestic use two inch meter for a five-eighth inch private meters. There are no other water connections on this system. If we had an additional water line to separate fire and domestic use, we would need only the two-inch meter. There are no additional charges for having a separate fire line. Austin water acknowledges that we do not use the eight inch fire side meter for domestic use. This is state understand a letter to Marcia stokes from David wanders, Austin water, dated November 18th, 2012 in response to citizen communication at the August and October 2012 water and wastewater commission meetings. For communities with this type of fire demand meter, the eight inch fire side of the meter is used to determine rates charged. Prior to 2009 this was reasonable given fixed charges covered primarily meter maintenance and administrative fees. However, Austin water changed its revenue strategy in 2010 towards the higher fixed cost structure rather than a usage base structure, resulting in additional fixed charges.

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Fire protection charges were introduced in 2010 while minimum fixed charges were introduced in 2012. We saw a 464% increase the first year and the increases kept coming. Our monthly fee, which was originally $3.80 per home in 292009 has increased to $12 per home: The main reason for the drastic increase in our individual unit rates is these new fixed charges were applied using the fire demand meter eight inch component of our meter instead of only the domestic use two-inch component of our meter. I don't know how you make this line up. By doing so we will pay an extra $24,000 this year for a meter that is in reserve for fire and never used. We have paid a total of $72,000 extra since 2009. This practice is punitive and places an unfair burden on small condos like us. Minimum fixed charges were created to make up for lost revenue due to water conservation. Arboretum parks average monthly usage is 106,000 gallons. At multi-family rates the two inch meter charge of $149 would be about 29,000 gallons or 27% of our actual usage, which seems to be a reasonable drought surcharge. However, we pay the fire meter eight inch charge of $1,488, which represents about 292,000 gallons or 273% of our actual usage, which is excessive. Our eight inch 744-dollar fire protection charge is 488% more than the six-inch 126-dollar fire protection charge, which is not the

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gradual increase you see in other charges. So an eight by two and 10 by two fire demand customers have even more disproportionate charges than even the six by two fire demand customers. Customers

with separate six or eight inch fire lines only pay the rate of their domestic meter for fire protection charges, not the size of the fire line. We are paying fire protection for our fire line size because it is metered. Fire demand meter customers were the highest per unit rates are shown in this table. We have included a partial list of 104 compiled manually from city records, which is in a separate attachment. In order to make these charges fair, reasonable and affordable for multi-family communities with fire demand meters, we are requesting a budget amendment for fire demand meters to reflect their domestic use. Arboretum park's new domestic charge would be less. For comparison current rates for the cottages condos with a separate fire line and a three inch meter is $4.95. A duplex rate is $12.85 per unit and the single-family five eighth rate is $10.55. The budget amendment follows. Fire demand meter sizes six by two, eight by two and 10 by two will be charged the two inch meter rate for the following: Retail monthly meter equivalent minimum charge and multi-family monthly minimum charge. In addition, multi-family customers with fire demand meter sizes six by two, eight by two and 10 by two will pay an incremental monthly fire demand meter maintenance fee to cover the incremental cost of maintaining the fire portion of the dual purpose meter as follows: A six by two would pay 131.82. An eight by two would pay

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276.96. And a 10 by two would pay 396.60. This equals the original meter charge for the larger fire meter component mines the meter charge already included in the retail monthly monthly equivalent minimum charge. Since fire demand meters are treated differently when calculating impact fees this concept of using domestic demand or the two inch meter to calculate charges is not new. The second option offers some financial relief for those smaller communities with the highest financial burden per unit. If you grant variances for communities paying higher than $50 per unit, the yearly lost revenue would be $46,000. Each customer must confirm they do not use the fire meter for domestic use by verifying usage on their water bill. We have attached a draft budget amendment and a variance request for your approval. Questions? >> Is there a paper copy of what you're proposing. >> It should be in the slides and those two -- the draft amendment should be at the back of the slides. >> I think it's behind that staff presentation. >> Garza: Did you have any questions, councilmember Zimmerman? >> Zimmerman: Has this been given to staff? Does staff already have this, the Austin water utility? >> They should. >> Zimmerman: Hold on. I'm going to ask them.

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>> I'm sorry -- >> Zimmerman: I'm going to ask them to comment on this. Thanks. >> Garza: All right. Gale Smith? You have three minutes. >> Yes. I should need less than that. Thanks for letting an extra person talk. I just wanted to kind of summarize what Marcia was talking about. I moved in in 2009 and it cost me $4 a month. In 2010 it went up to $21. By 2012 it had gone up to $30. That's when Marcia started approaching different parts -- agencies and approached Austin water to try to get some alleviation from that. She spent more than a year and a half on that. In 2013 it went up to $37 and now it's up to $65. That's quite a large increase. But I also would like you to look right now at this. She showed you something very similar to this, but I added a little bit to it. This shows you -- and I color coded it to show the monthly charge per family, the first blue one is above $60. The next one is above 50 and then above 40 and then above 32 and then down to the 20's. In our request for a variance we were asking for the top three, which would mean the 60's and the 50. I also added on the side there the yearly charge per family because when you talk about $65 a month that's kind of ugly, but when you talk about $808 a year, I'm a retired educator, what can you say? And I also included there

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the cost if we went with the two inch as was requested in the amendment, putting just those two condos in above 60 it would cost 35,500 basically. If you added the 50 it would be about 10,600. If you added the 40 it would be 24,804 and in the 30's it would be so on. And if you come down to the very bottom, if you even gave relief in some way to the $20 a month and above, it would be a loss of $118,000. The interesting thing to me is that Austin water when they sent us letters about it talked about the fact that there were 120,000 fire demand meters. We're looking at very few right here, but when you add up the loss to Austin water you will notice that it's close to $200,000. So the people that are providing that money for the $250,000 that they'll lose, it's basically us. And these smaller apartments end up paying very, very small rates. And so that's why we're asking for a variance and that's why we're asking for you to look at least the 50 and the 60-dollar a month. >> Garza: Thank you. >> Zimmerman: Did you mean to say 1200-meters, not 120,000? >> Where was I? >> Zimmerman: I heard 120,000. I think you meant 1200. >> I just turned 70 and golly, it's getting worse and worse. >> Zimmerman: I have that problem too.

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>> I don't know which one I said that on. >> Zimmerman: I thought I saw a number of 1200 in here somewhere. We have 230 something thousand meters total in the city. And the -- >> The fire demand. Total meters. So you think you can dance it's around 1200 that you're talking about. >> Yes. I thought that's what I said, 1200. Okay. >> Garza: Thank you. Bob parmlee? I apologize if I said that wrong. You have three minutes. >> How do I do this? Just push the right arrow? Okay. How do I get this back down? There it is. So I'm the -- let me say the first line. Austin multi-family homes are subject to regressive and discriminatory water taxation. And it is a tax because it's not proportional to cost. And it's not a fee because it's involuntary. I'm the treasurer of cantera vista, the hoa which was at the top of those lists, which might be the worst and most highly taxed. Because of my time I'm going to skip through this. We are a modest community, 18 condominiums. The average selling price is about 155,000 last year. The average property tax is 3400. Square footage is about 1450, so that helps you put in your mind that these are modest homes occupied by people of relative moderate means, okay? There are two levels of injustice in this scheme, in this taxation scheme. The first one is the fact that you have to spread the amount of money, the tax, in this case the demand meter tax, over different Numbers of units.

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In our case cantera vista, $1,213 monthly tax right now, divided by 18 units leaves us with $67.39 per unit and of course I guess you know that this tax is apportioned down to the individual units and the occupants, whether they are renters or owners, they pay this. The south fifth condos also use a six-inch demand meter, but because they have 54 units, their tax is only $22.46. The second injustice is even worse and that is that all homes and multi-family communities are subject to these much higher taxes than single-family homes. Why? Can you slide this up a bit? Okay. I'm not sure -- there, thank you. So here we are with 150,000-dollar home, tax $83 a unit and average based on water bills that I've got my had notes on, the 350,000-dollar home taxed $17.40. Doesn't make any sense. So we can go -- I guess you all heard the story of the gordonian knot, we can talk about the background and what happened and why we ended up at the place we are, but it doesn't make any sense. Who stands with the residents of multi-family homes in Austin? The existence of this system in itself raises questions, frankly, about the competency of the Austin utilities management and it also exposes stunning indifference on the part of the Austin city council or at least the Austin city council members that supported this in the first place. I

work for a fellow named Al stein at motorola. He was the general manager of the semiconductor products division. [Buzzer sounds] May I finish? >> Garza: Yes. >> He would send me --

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he would send me a note on this complaint or something. He had two words attached to it. Fix it. So with that only coming up with all the solutions for it, let me ask you guys, please fix this. Thank you. >> Garza: Thank you. I think those are all the speakers unless there's anybody else here who didn't have an opportunity to sign up. I think we have a staff presentation? If you can pull up item 6 for Austin water. Good evening, councilmembers, I'm David anders, I'm the chief financial officer for the Austin water utility. I'm here to provide you a little bit of background and issues related to the fire demand charges that you were just hearing about. Just some background. From an historical process the water meter charges have always been charged at the larger size meter for either a fire demand meter or even a compound meter. We have in our system fire demand that's an eight by two, like was shown in the arboretum park, but then we have a lot of other compound meters that are two separate meters and we have always for as long as I know charged at the larger size. The cost of service rate study in 2009 looked at fire protection costs specifically. Previously before 2009 we felt that the allocation of fire protection cost was actually underallocating to especially to some of the higher meters. Obviously some of the hire demand meters, whether it be a compound or not a compound, were -- have significant

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fire demand concerns. You can take -- you have a 10-inch meter for a Samsung, their fire demands are significantly more needed as far as gallons per minute, those kinds of things. So we felt like that we were undercharging the larger meters for fire protection. And during that cost of service rate study all of the customer class representatives got together and they looked at that issue significantly and came up with some of the new fire demand charges that we have in our rates today. Additionally the water revenue fixed fee increases that have been mentioned as well, you might be aware that over the last three to four years we've had some significant increases in our fixed charges while we have reduced some of our volume charges at times as well. Prior to 2012 we only had about 11 percent of our revenue that was charged through our fixed revenue. We increased that in 2012 to 17% by initiating that for what we called a revenue stability fee. That particular fee and the impact to customers was what created and spurred the joint committee that was created by the council at that time to look at some of those issues of fixed fees and other rate issues. Want to give you a little background on the joint committee. In 2012 the council convened that joint committee. We spent over 15 separate meetings on discussions on all -- on some of the rate things that Austin water has. The fixed revenue was recommended to increase from that 17% that it was up to 20%. And then we also had some rate structure changes and a creation of a revenue stability reserve fund. And then in 2014 the

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city manager reconvened the joint committee to again look at some of the increases in fixed charges related to some of the significant revenue shortfalls that Austin water had experienced over the last several years and continued to experience over the last few years during the extreme drought. The 2014 joint committee recommended that we transition our fixed revenue from the 20% to 25% over the next two years. In 2016 we implemented the first phase of that transition and we're at 22 and a half percent in fixed revenue and we would increase that in 2017 as well or propose that to the full 25%. There's also some other transition of some of our rate blocks included in that joint committee. The fire demand issue

that is brought forward today is actually for the arboretum park condos is something that we looked at several years ago. It actually came up as the citizen talked about in about 2012, 2013 at our commission as well as during the joint committee process. Arboretum park has 39 customer -- actual residents or homes there. They do have an eight by two fire demand meter. In 2012 that fixed charge was $1,170 per month. In '13 we increased that to $1,462. In 2016 as you've heard tonight that that is currently $2,534. I wanted to mention that the $2,534 that we are currently at, and that increase, is not generally related to fire protection cost changes. What it's related to is for us meeting the minimum percentage fixed charge for the multi-family class. We have I think it's

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close to about 20% -- the multi-family class has to generate a certain amount of fixed charges and then the rest of their revenue would be collected through the volumetric charges. When we implemented this higher fixed charges we also actually -- if you go back to I think 2015, the volumetric rates for multi-family actually went down even when we had a rate increase because we were putting more of revenue collected from the fixed fee as opposed to collecting it from the volume fee. So as the fixed fee goes up the volume rate goes down. And in that year we actually reduce the multi-family rate downward for the volume charges. So that needs to be taken into account as well. And similar to the citizen that talked earlier, Ms. Stokes, the 64.97 is a charge per condo when you take that amount and divide it by the number of home. You know, just to compare as you've heard from some of the citizens, the five-eighths inch water meter that is typical for our residential customers has a fixed charge of 7.10 per month, but they also have a tiered fixed fee that is also part of their rates that can range from $1.20 to 27.35, depending upon the amount of consumption within that month. So the maximum that a typical residential might pay would be about $34 per month in fixed charges. You can see that differential. The customer -- as hear some of this tonight the customer requests in 2013 was to consider a couple of options. One was sort of a fire demand cap program for some of the -- maybe the

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low volume users within the multi-family class. Or reclassify the fire demand meters to charge only at the smaller meter size at that time. So we did an analysis of that particular -- the second one where we would reclassify that to a smaller meter size and so we have around 1200 compound or fire demand meters, the combination of those. And we felt like that if we were going to charge on the smaller size that we would have to bill all of those 1200 customers at both -- at the smaller -- regardless of whether they were fire demand or compound. The reduction in revenue was around $250,000, and all the other customers within that class would have to make up that $250,000 to make that revenue class neutral in that rate design. So we would have to take a look at that. It would sort of shift some of those costs from some of the higher fire demand meters with low Numbers of units to some of the other multi-family classes, possibly with higher number of units in there. The fixed charge goals would still have to be met, so even if we reduced that fixed charge to be based upon the two inch, then we would have to either increase the fixed charge to meet those goals and then the volume rate would have to shift as well. What this would do is shift some of those fire protection costs to some of the smaller meter sizes. And that's where we were before 2009 and where we felt like we were improving in 2009 cost of service allocation. So in sort of closing,

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our Austin water recommendation is that we are in the process of beginning a solicitation process for a cost of service rate study to be conducted. We're also soliciting for a residential rate advocate that we will start our cost of service rate study in 2016 in the next several months. Fire protection costs, allocation and recovery is definitely a topic that is generally discussed during the cost of service rate study. Fixed charge revenue and how you handle those. A customer classification issue is also usually in the cost of service rate study. And something like a small multi-family or small commercial class could be discussed that could help solve maybe some of these problems. But during this process we have all customer class representatives. We develop a public involvement committee and all customer classes come together to discuss each of these issues and how they might be impacted by these kinds of policies or these changes in policies. So it gets everybody at the table so with that our recommendation would be that any of these fire demand meter charges or changes would be reviewed during this upcoming cost of service rate study. We would anticipate that rate study to start in the spring of this year, finish the spring of next year, so that hopefully our 2018 proposed budget rates would be based upon the new cost of service rate study as we go forward. So that would be our recommendation, is to sort of keep those discussions in that rate study as opposed to trying to fix it prior to that study. With that, I will answer any questions that you might have.

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>> Zimmerman: I guess that I don't have a question. I have more of an objection. I don't think that relief is going to be nearly soon enough. I guess we'll have to take this off line and work on it. I think they need some immediate relief from these very, very high charges. So ... [Applause] >> I'm curious what I think they asked for a waiver or something. There was a nobody it would cost if they went down. Would that -- would it require I guess a budget amendment. >> If with he were to change any type of a fee schedule or rates, it would require us to -- to conduct a public hearing, before council. And then a budget amendment to change that fee schedule prior to the budget process. If those -- if we were working through some solution that could be done more in the budget process, then it would go through the Normal proposal of rates, the public hearing during the budget process would take care of that requirement. >> Garza: Okay. Does anybody else have questions? All right. Thank you. >> Zimmerman: Thank you. So that was 6. We'll go back to 5, which is briefing and public comment regarding the schedule and status of floodplain map changes. And I don't -- let me see if we have speakers. I don't think we have. No speakers. So is there a staff presentation? >> Thank you, councilmembers, I'm Kevin Shunk the floodplain administrator in the watershed department. This is the first of three briefings that we've been requested to bring to you. This one about floodplain

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mapping changes, the two others which I think couple together very well will be kind of a floodplain 101 in addition to an update on the onion creek floodplain study and mitigation study, which we're going to get some feasibility results back from the mitigation piece in February, so I think maybe on march/april time frame when we'll work with you, with the coordinator to come back on those items. Go ahead. >> Kitchen: March/april is a little late. If you have results in February, I would like us to hear those results as soon as possible, particularly if we're in a situation where we have to consider buyouts. So -- so I would be happy to work with the chair and see if we can figure that out because -- because definitely we need to consider what next steps might be as soon as possible. >> Sure, absolutely, thank you. So as far as the, pardon me, the floodplain mapping changes, I just wanted to go through a very brief evolution of a floodplain map an up until about maybe 10, 15 years ago, these paper floodplain maps from FEMA, called flood insurance rate maps, was how flood information on FEMA maps was distributed to the

public. While they're great documents and yes, we do indeed still print them, we have come a long way in the floodplain management community and through FEMA in how we present information to the public and make it available for people and FEMA has their map information service online that you can go online to see FEMA map information and then the city of Austin has created what we call flood pro, atxfloodpro.com where people can go to that website and floodplain information on their properties or other properties within the city. Floodplain maps and the dissemination of the information has come a long way to the digital age nowadays. So what do these maps provide is really a key question. And I put the first bullet

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on here because that's -- that's the main focus of floodplain maps and floodplain information is to better understand flood risks. In a community such as Austin where we have significant flood risks, the point is to try to communicate to the public what the flood risk is to them. Also for a city in our department, watershed department to understand flood risks so we can create mitigation solutions. The flood risk allows people to come up with flood safety and preparedness plans for themselves and their family. In addition floodplain maps for FEMA, help FEMA run the flood insurance program for the sale of flood insurance through the -- through the national flood insurance program. The city uses these floodplain maps and floodplain information for mitigation projects. In addition, when we have floodplain studies on particular creeks, when use that information and quite often do use that information for their development projects itself. In addition, the floodplain maps help us to improve our regulations, the floodplain management regulations and some of the floodplain information is actually used in the -- in the enforcement of some of the environmental regulations in the land development code as well. Why do these maps change? Because they do change over time. Not just the maps change, but the flood risk changes as well. And, again, let the -- I left the first bullet in there because the reason they change, if over time for some reason or another, we have identified that the arriving is different than the current maps, the current information, we want people to understand what the actual flood risk is, so that would be a reason that we would definitely want to change it. Some of the ropes that floodplain maps -- reasons that floodplain maps and floodplain risk changes are listed here, topo graphic data can change, maybe changes in the channel that occur or better date that we get to obtain some of that

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topographic information. Again some of the calculations we use are always improving so we are using better technology to better assess flood risks. Sometimes the level of detail for a particular stream may not have been as intense as it maybe should be, so we'll maybe look at a stream in more detail or maybe study some tributaries of a stream and we may not have been able to look at in the past. And then, obviously, sometimes floodplains can change due to mitigation projects that the city may build, some erosion that may happen in the area or some of the development in that particular watershed. So -- so how do these floodplain maps change? Basically the watershed protection department, typically what we do floodplain changes are done through our engineering consultants on the floodplain mapping, modeling, rotation list. That list as it exists today has three consultants on it, we will use those consultants to do our mapping studies. And those projects are typically funded through the drainage utility fund. But as an example, I'll bring up here in a moment, sometimes we do get some matching grants from FEMA to do those. Always when we are doing floodplain studies, we're coordinating that information with FEMA because not only do we want to have the information internal for the city of Austin for our development regulation purposes, but we want the information to be reflected on field flood insurance rate maps for people to use that information and get that information from the flood

insurance side as well. Again, the example I'll talk about here in just a minute is going to talk about the extensive public notification process and meeting process that the city of Austin goes through, which is well above and beyond really what is required under the standard FEMA process. In addition to -- to those things, as far as -- as far as why floodplain -- when floodplain maps get changed, it's really a simple or typical to the way the watershed protection department selects mitigation projects. It's a prioritization

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process when we try to decide which floodplain studies are we going to do next. That may involve maybe the age of the study, maybe some development potential in the particular watershed, maybe some areas that we know that there are some flood risks that maybe aren't on a map that we want to be reflected. So the most recent floodplain map changes and early there's -- this month our director did send out a memo to mayor and council kind of talking about these most recent map changes. The most recent FEMA map changes for the city of Austin were on January 6th of this year. Those are the watersheds that you see there that we studied in the graphic on the other side indicates that the watersheds in the hatched area with the council districts some of the roads there outlined as well. So this overall project was managed by the city of Austin, through its entire process, from the time where the engineering consultants from the rotational list were used all the way through the FEMA, what we call the comment period and then up to a point of creating the actual FEMA map product itself. Typically the city wouldn't have been involved in the last two pieces, but we were involved with it in this case, we felt it was better process for us because it really condensed the time that those things got done, so we felt it was -- it was a good move for us to do that. The total project cost for this was about $3.1 million. And we did get a $1.1 million FEMA grant for the study, so $2 million coming from the drainage utility fund to fund those studies. So the public outreach that we did for that -- for these changes that happened, we had three public meetings September of 2013 -- since September of 2013. Through the evolution of the process of floodplain map changes, at a certain point, the engineering and mapping piece is complete, then we have to start through the federally mandated process of changing a FEMA map. That process can take a couple of years. So in mid 2013, the

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engineering information was complete and the city of Austin was using that information for those studies to regulate the development. We went out to the community, we had three public meetings, sent out about 11,000 mailouts to folks that were in or near those floodplain areas that came to those and folks came to the meetings to learn about the floodplain changes. The appeal and comment period is a standard process that FEMA goes through, a 90 day appeal and comment period. That happened mid, early to mid 2015. Again, FEMA has a process in certain mandated publications, publication that you have to put it in, the city again kind of went above and beyond what the FEMA requires because we wanted to get more word out to the community, so we had multiple publications and we had some Spanish media that we put it into as well as the statesman and other media outlets. Again we did another 11,000 mailout to let people understand that the appeal and comment period had started so they could provide comments to FEMA about those items. Through those public meetings, we had an email distribution list which had a couple of hundred emails on it, we have been sending updates to that email distribution list quite a bit to let them know how the process moves along. One of the most exciting pieces of this floodplain map change process that we haven't done in the past is we created a floodplain changes website and it allowed people to go look at the floodplain changes, but obviously the biggest question that people have when they see a new floodplain is, well, how did it change? What

about did the old map look like compared to the new map. It allowed people to see exactly what the old map was, the changes from the new map. It was very apparent from red floodplain, that was new floodplain. If you had purple, that was old floodplain that remains floodplain and if it was a green area, that means it was old floodplain but it won't be within the new map. So it was a really successful tool for us this

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time. Impacts from that most recent study, again from the flood insurance side of things, it affected about 2200 properties, where -- that used to be in the floodplain, were no longer in the FEMA floodplain and vice versa, 2400 properties that weren't in the floodplain then moved in. In the picture you can see there, the large red area that's actually the grover tributary of shoal creek, it wasn't studied previously, we knew there were flood risks there that we felt was important for people to understand, which is why the area was all red because it was not floodplain previously. Then some of the areas, the elevations changed. So just because the floodplain shows up as purple, means that you were in the floodplain and you continue to be. Maybe the depth changed, so maybe it's a foot higher, maybe it's a foot less. So the map try to help people out with that information as well. So some of our ongoing and plans, floodplain studies right now, the ongoing studies is the onion creek study, main stem all the way from the Colorado river all the way up to the Travis hays county line. That includes some of the tributaries of onion, little onion, bear and little bear and Rinard. Studies in the near future, eanes creek, harpers, waller, west Bouldin. Waller would be a study once the tunnel is complete, it's a letter or map or vision floodplain study process to get the FEMA maps to show exactly what that floodplain in the lower section of waller will look like once the tunnel is fully functional. Then planned studies out into the near future is Williamson creek and Barton creek. >> Kitchen: I have a quick question. I know you all presented to the flood mitigation task force the other day, but I think I read that you were still on track for sometime in mid February to have the feasibility part, if I'm using the right term, of the

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analysis for that upper onion creek. Is that -- did I read that right? >> You are exactly right. >> Kitchen: Okay. All right. Well then my fellow members, I notice that we don't have a committee meeting until April 20th. So depending on the results of that feasibility, I may need to ask for either a special meeting or just to go straight to council. As you might remember, this has to do with the upper onion creek area, there were a number of homes that were substantially damaged this that area and we are hoping for an engineering solution. But I don't know -- but we may have to consider some other options. So -- so I will work with the chair and see what we can do. >> Garza: Okay. Anybody else have any questions? I had a couple of questions. So was this -- is this feasibility study, that tied to -- to the priority of -- of -- what am I trying to ask here? Watershed projects are prioritized because onion creek was the most flood prone, that's why they were number one on the list. Do these new maps change that priority list, is that basically what councilmember kitchen was asking about. >> New floodplain maps can certainly change priorities in general terms. If it was set in the map and a depth at six feet in a house and a new floodplain map comes out and shows only four feet, risk changes, priority might change. But on the upper onion creek side of things, the priority for that project is already extremely high. We are not anticipating this floodplain study to change that significantly. What is going to come out of this, not only is it a floodplain study to get new flood risk information for onion creek, but the study itself will look at some mitigation solutions for the upper onion creek area, basically from I-35 down to later creek.

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So -- so the slaughter creek. The scope of work had the results of that typically -- still the preliminary engineering piece of it would be complete late 2016, we have since added a scope item to the study to come up with some more high level feasibility analysis that we'll have from the consultant at the end of February and then we'll be coming back to talk to you guys about what those are. >> Kitchen: Can I have follow-up? So our next committee member is February 17th. Are you thinking your results won't be until the end of February? >> That's correct. >> Kitchen: My concern is that we're trying to mitigate the future flooding in that onion creek neighborhood. They already, as with other areas that already were scheduled for buyouts and this area has not been, they experienced both much those flooding -- both of those flooding events and there were a number of homes, smaller number of homes, but there were a number of homes that were impacted. So that's the reason for the urgency of the engineering studies. Okay. >> I was just trying to get some clarification. You said that -- that the maps were redone in -- or public comment was taken in 2013 or -- there was a public meeting of some sort. But these are -- are you saying that -- that these are new maps? There's a new floodplain map. Are the homes that are now in the floodplain that weren't, how are they -- what's the outreach to them to let them know you are now in a floodplain, you need to get insurance. Does FEMA do that? >> On the insurance side of things, when the community does new floodplain maps, typically lenders hear about those changes that are happening and they may go through another review of all of the products that they have, all of the loans that they have. Or sometimes they will just do a periodic review every

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three years, every five years. They will go back and see, let's go back and look at Austin, we did floodplain changes, let's see if any of these policies that we have, these loans that we have, might now require flood insurance from FEMA. So that's on the private side. Now the notification that they are now on the floodplain, we have done a lot of that notification and outreach to folks and we continue to do that. Just to let them know that they are now in a floodplain. >> Garza: Okay. Because that was a big issue during the flood. Some people said their mortgage company told them they were no longer in the floodplain so they stopped getting the insurance. Then happened the other way too, but anyway. Does anybody else have -- could we maybe bring this back in March? For a meeting in March probably would be good. >> Garza: Sure, yes. >> Zimmerman: Thanks. >> Garza: Thank you. I think the next item is 7, briefing on the water billing audit. I don't think -- let me make sure there's no citizens communication. No. Go ahead. >> Good afternoon, councilmembers. My name is David an Ders, assistant director and chief financial officer for the Austin water utility. I'm here today to provide a summary of the meter reading and meter testing audits, along with the billing system audits that will be presented by Austin energy. These relate to -- to water billing concerns that we're expressing in past meetings of the PUC.

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As far as the water meter reading and meter accuracy testing audits, after the November public utility committee meeting , Austin water utility solicited for consultants to perform these audits and we selected utilworks, strategy utility consulting as our auditor. And they were conducting and have conducted the audits over the last couple of months. Here to provide an overview of the results. The scope of the meter read audit is that the consultant would reread at least 1,000 residential water meters and they would do that on the same day as our current city of Austin corix readers. These were spread throughout all 10 council districts. The auditors would take photos of the meter box, the meter and the actual meter registered reading, along with any date and time stamps of that read for comparison to the corix reads. Our auditors would prepare a report on audit procedures and results including analyses and

meter issues and determine a meter read accuracy percentage. I believe the council, there was a council memo that came out yesterday evening that produced some of the information that we are presenting today. It did not include a report. This final report of this meter read audit, but that has been finalized distributed to you I believe in your package today with the PUC and will also be distributed to the council hopefully already has been distributed this afternoon. So the final report from utiliworks should be there for you to take a look at as well. As far as the meter reading audit sites, they were spread out amongst all of the districts, here is sort of a graphical representation of the 11063

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reads that we took during -- during December and early January. You can see that they are spread out over many of the districts and in certain areas that we -- we wanted to cover. We did cover the lost creek area because those were high customer complaint areas, as well as the river place area. And those areas as well. So we took specific reads during those areas that we could -- so we could cover those. You can see there's also a by-district amount and they range from around 100 per district to up to about 165 per district, depending upon what was available and what reads that we were able to obtain. Some of the meter read audit results, 1163 attempted meter reads over eight days in December and January. We had to come back in January for one cycle, which was for the river place area because it actually happened before the auditors could mobilize and be able to catch that area. So we did pick up that area in the January -- end of January. As I mentioned all council districts were represented. Out of these 1163 attempted reads, there were 19 or 1.6% of those reads that could not be recorded by the auditors. And these were due to either a foggy or cloudy scratched lenses or meter pits that could not be located. In fact about eight out of those 19 reads that could not be obtained were due to meter pits that could not be located by auditors. You can imagine that -- that corix reading those every single months knows exactly where those meter pits are.

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Our auditors could not find those and therefore could not get a read on those. Also, you know, sometimes a corix did get a read for all 19 of these reads. We verified that. And some of the reasons why that might happen, too, is like for especially a foggy lens or something, you might go out in the morning and read it, try to read it at 8:45 in the morning, and it's cloudy or foggy because it's a little bit cooler and then if corix came by in the afternoon, it was nice and warm on some of those days and then they might be able to get that read or -- to be able to see that read as well. So those are some of the reasons that could account for those 19 that were not -- audited. And then there was an additional six or about .5% of these audit reads that we removed or the auditors removed because they took a picture of the meter read on every single meter that they tried to and when they, you know, looked at those reads, when they come back, it was -- the photo wasn't a resolution enough to be able to see the actual read and so because we couldn't verify it 100% by photo, we felt it was appropriate to just discard those particular reads. So those 25 were issues out of the 1163. So that leaves us with the with about 1138, almost 98% of what we tried to get, we were able to get a read by both corix and the consultant. Just to sort of break that down, it's not on the slide, but about 981 of those 1138 reads or about 86% were the exact same read between the

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auditor and corix. So the time -- there was no water used between the two different times of the reading and -- but it was exactly the same. Then there was another 142 reads or about 12 and a half

percent that consisted of a very small variance in the difference in the read. And you can imagine we weren't following corix reads or they weren't following us, so there was a difference in -- in time that these were read. So if you saw that there was a difference of an hour or or whatever, you would say, okay, well that's -- that seems consistent with the difference in time stamp. And so those 142 were looked at as well, but so that's about, you know, 90 -- 98% of those 1138 reads were basically were either the same or a very small variance in the difference in the reads. Bu there were some differences found by the auditors of 15 reads or about 1.3% of the total 11:30 reads were determined to be what they call discrepant readings where the reads between the corix readers and the auditors' were variant enough that it wasn't consistent with the time differential that we saw on that particular day or it was significant in the difference. And one of the -- what we saw on those 15 and looking at those is that most appear to be keying areas within potentially the corix reads or just transpositions. And I provide an example here of one of the 15 that corix read 6909 as

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the read, and our auditors went out and they saw 9609. And they were able to take their photo of that particular read and they were able to vary fixed charges that the audit read of 969 was the correct read because they had a picture verification of that. So obviously that seemed to be a transposition of that particular read. One of the things that's interesting about that example, I'll continue to use that example sort of to talk about the next bullet where that difference in that read resulted in a 270,000-gallon difference because of that transposition. And because of that it hit our billing system high-low trigger, and it was actually lower, the transposition made it lower than what was necessary. So it hit that high-low test within our billing system that requires review by Austin energy to look at that. They will send out a reread or take appropriate action. In this particular case they actually -- that high of a volume difference triggered that. They went out and reread that fairly quickly and basically they got the same read as the audit 9609 I believe when they reread that is probably within that same day or the next day because that was such a large variance. It's one that Austin energy would have prioritized to identify and make sure that's -- identify that reread and fix it before that bill went out. So that process worked. The -- one thing I'll go back to mention on the 1138-meter reads, the auditor did calculate an

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accuracy -- average accuracy of those particular reads because not every single read was exactly the same. There was some very small differences. Some of that was due to time. But they calculated a 98.86 percent average accuracy when comparing corix with their photo verified audit reads. Moving on to the meter accuracy testing scope, our scope of work for these consultants also asked them to witness the Austin water utility staff removing 30 meters from owe residential meters from our system. Those are spread out from each council district, basically three from each council district. So our auditors had staff go and go out with two separate crews to remove those meters during that day. So they witnessed about half of those 30-meter removals and they were also then supposed to witness and assess some of that processes that we used in removing those meters as well as the next day they came back into our -- our meter testing facility and they witnessed our testing procedures and assessed our equipment that we were using. And then would provide a report on that. We also asked them to go an extra step too so after reading-- after testing those meters at the Austin water utility we shipped those 30-meters up to their independent testing facility. It was in New Jersey. We shipped those 30-meters up there. They tested those again and then they were to provide us a report of the assessments of the process, equipment and some of the accuracy testing of those meters.

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As far as the results of this test the meter accuracy of those 30 done by Austin water and by the audit testing was very comparable. We basically had the same type of results as far as each meter is tested for three different flow rates so you get three accuracy flow testings for each meter. Each of those were very consistent doing all of those 30-meters. However they did show that 11 of the 30 water meters that we took out failed awa standards and they failed -- all of them failed because they were underregisterred consumption. And this is what we would expect as you have a meter out in the system that might be 20, 30 years old or older, they typically will tend to slow down and not speed up. And we would expect that. That kind of information, that's 30% of the meters that we tested -- it gives us information on going forward on any meter replacement programs and those kind of things. The meter exchange procedures, as our technicians went out and took those meters out they did provide us some input on how those procedures could be strengthened. There's some consistency issues between two different technicians. And just processes that we can improve and use their information to improve those processes. And similarly they suggested that our accuracy testing equipment calibrations could be strengthened to ensure annual calibration and Austin water does an annual calibration, but they use the manufacturer to do that each year. There wasn't any, per Se, weights and

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measures, state agency thing, and I think they do that in New Jersey. They don't have that kind of testing procedure, but our manufacturer does use the weights and measures standards for the equipment that we have as we calibrate that. Wrapping up the meter audit, both of those, the meter read process produces mightily accurate of meter consumption for billing purposes. Almost 99%. And a small percentage do have discrap antsy in think reads, some of it triggering the high-low test that have processes at Austin energy to address. The meter accuracy testing audit resulted in comparable results. The failed meters were generally underregisterring and we do have some information that will help strengthen our processes as far as meter removal and meter testing going forward. With that I'll turn it over to Austin energy to talk about the billing system audit. >> Hello, Elaine Kelly Diaz, vice-president of management with Austin energy. So the billing system audit -- we selected a cpa firm back in November and the purpose of the billing system audit was to randomly review a billing segment. We reviewed all segments for bills generated between January and September 2015. Those were provided to the certified public accounting firm. Out of those build segments they provided a segment and provided the bill selection, we provided the hard copies to the cpa firm to review. The scope of their audit was to validate that our

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customer care and billing system calculates the total correct consumption based on the meter read starting and tiers the water consumption correctly, proposes the appropriate tiered rate according to the tariff and calculates the tiered rates correctly. We also asked the auditors to validate customer assistance program discounts if it was applicable if a customer was enrolled in the cap program. The statistically valid sampling covered 162 bills, which were reviewed, the water segments, with 90% confidence and a four and a half, five percent tolerable error. And the end result, which I believe you have been provided a final copy of the audit report, showed no inaccuracies or incorrect Billings identified. >> Let's go to audit reports next step. Austin water and Austin energy will continue to analyze the meter read data that we have and try to strengthen our read accuracies and we would expect to provide feedback to the corix meter readers, sit down with them and let them look at some of these

results so they would have that feedback as well. And of course, we will continue to analyze our meter accuracy testing data and strengthen our processes as we go forward. Obviously these meter audits were a part of the high bill concerns that we've had over the last three or so PUC meetings. I want to highlight those again. Basically we looked at systematic checks, water pump acknowledge and verifying customer usage during this extreme dry period last summer. We feel like the metering system with our

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metering audit is accurately measuring consumption. Meter read processes provide a high accuracy rate of reads for billing purposes. And there's a process in place where those issues come up either through meter read keying errors,tron positions or those kind of things, as they hit the high-low or skipped reads, Austin energy has a process to fix those. You heard the billing system is accurately providing those customer bills from the reads that are submitted. Other cities have experienced similar consumption patterns resulting in high bill concerns. You heard a lot of the central Texas cities all had high bill concerns during this same last summer as well as even some of the north Texas areas had similar concerns. You know, Austin water and Austin energy have really worked close together through over 23,000 customer contacts and over 5,000 escalations to provide the customers with an appropriate process for review. Most of those have been handled to date, but there are still some that were continuing to work and we'll continue to address any customer concerns that are they might have. We put together this graphic that just sort of provides sort of a visual summary of some of the audit processes and some of the things that we've done over this time and some of the accuracies that we see. The customer consumption that we compared, we compared in lost creek and river place were very consistent with the master meter data and in fact that was around 97.9% accurate. When we were looking at the meter accuracy tests, we looked at water flow -- basically matches those metered water, but where they didn't it was actually underregisterring, but that was a 93.4%

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accuracy on those meters. Of course, then we also looked at the meter read audit, as I mentioned was looking at those 1138 reads. And those are about 98-point '99% accurate. And then the bills once they get those reads, are billed at the appropriate rate and verified by the billing system audit as 100% accurate. So that sort of sums up where we have been in the high bill concern area and where we are now. And with that I and Austin energy will be glad to answer any questions that you might have. >> Garza: Thank you for that presentation and for the various presentations you made before this committee because it is a big concern for austinites when they get a really large water bill and can't understand why. So I really appreciate y'all doing these additional audits and providing this report. I haven't had a chance to go through the final one obviously so I might after this offline ask some more questions. But with regards to the memo, the January 19th memo talks about the almost 24,000 customer calls. And of those we're down to about 15 escalated cases. I'm just curious is there a category for, I guess, customer still disagrees? Because I could see where a customer would have called in and said this water bill's not right and we do -- we take all these steps to see and they're told it's right, it's right, it's right. I guess I would just assume that then it's closed. It's no longer escalated. Do we know a number of people who still strongly believe that they were billed wrongly? >> We don't track by that number. So we do track, meaning

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we've resolved and done everything to check with Austin water and checked and the bill is accurate. There is an administrative review process through water and I believe David can speak to that. And those 15 cases I think that are still open are lingering because these Numbers were through the beginning of January. So they're probably just working through the process waiting for irrigation audits or other things to close out. >> Garza: Okay. >> Kitchen: Can I follow up on that? So is that -- I don't know enough about your process. Is it possible to go back and provide the number that the chair asked for? >> I don't know if -- we don't necessarily track if the customer is satisfied or not. >> Kitchen: So you wouldn't have that data element? You don't capture that data element in your records? >> No. >> Zimmerman: Sorry, I've had a bad voice here from allergies. I have a couple of quick questions about the auditors. Did they use the same hand-held device that the corix meter readers use? Do you know what that is? They walk around with the hand-held device and they punch Numbers in? >> No, they did not use that hand-held. They used either their own or I believe I saw some of the photos they actually had cards where the actual read was written on the card and then the photo actually had a picture of the meter register along with the card that they had. And then I presume that they compiled those reads from the field into spreadsheets that they did their statistical analysis. >> Zimmerman: Okay, the reason to me this is very important is because I think part of the issue here is when you have that hand-held device you mentioned that the auditors could not find some of the meters. And so the hand-held device that has a skip code that you can enter. And part of what I

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wanted to know out of the audit is what happens when the skip code is entered on the device? Does that properly transfer from the hand-held device into the billing system? That's part of the auditing question. And if the auditors did not have hand-held devices, it's impossible to test that. >> Correct, they did not test the skip codes. They validated the meter reads that were received. Now, if a skip code comes in off the hand-held device the vendor has another attempt to gain a read. So we do have the process through our billing process to -- we want the valid read to bill off of. >> Zimmerman: To me that was the point of the audit -- you're right, there is a process in place, I understand that, but the point of it was to make sure that protocol and process was being done as expected, and that was the purpose of the audit. Does that make sense? Because I do know the process, yes, it is there, so you audit to make sure the process is being followed. And if you don't use the hand-held device, you can't audit that part of the process. >> And a reminder, a very, very small percentage of our bills are estimated based off cannot obtain a read or skip code. >> Zimmerman: Okay. It's a small percentage, but it's thousands, thousands of meters, right? 1.6% of 230,000? It's a couple thousand meters? >> 3,760. >> Zimmerman: Thank you for the math. >> Just to add to, I don't think any of the 1138-meter reads that our auditor got, none of them had any skip codes associated in that because we would have seen that in the analysis that corix did not get a read while they did. >> Zimmerman: One other question. Just one more question. I think the other issue was back in may and June when we had the record-setting rains, my information was there

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was a big turnover in the corix employees. And what happens when you have a guy who has been reading the same route of meters for years question read them very quickly and never missed one. When you bring in a new person they can't possibly finish the meters, they have a couple hundred to read. They can't get them finished in a day. It's physically impossible. Or they can't locate the meters. The point being the individual that you pick, whether you pick a ringer with 10 years of experience or new, if it's been six months, who did the readers that the auditors compared against, was it somebody

brand new or someone with many years of experience? >> We would have to look at the routes to make sure. >> We didn't specifically analyze that in our scope of works, but we do have information on which routes, which addresses. So that would be some of the additional data analysis that Austin water, Austin energy would continue to do to look at some of those items to see if it would help us provide feedback to corix. >> Zimmerman: Thanks. >> Troxclair: I want to ask about the -- actually, first I want to ask about the presentation when you say the conclusions, those are Austin water's conclusions, not necessarily the auditors' conclusions. >> The audit conclusion, what was in the presentation was based upon the conclusions of the auditor and in their report. So we took everything from that, rather than having the auditors come up here and present their full report and us present some of the other issues we said we would summarize our reports and have our auditors here for any questions that they might need. >> Troxclair: For example, when you say meter system is accurately reading consumption, that wasn't

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a conclusion that the actual audit drew. You are looking at the data that the auditor provide you, provided you, and Austin water is making that conclusion. >> Those are good examples of some of the sort of conclusion that we would have as well, reading some of those conclusions of the audit report to provide the PUC the best summary of what we have. >> Troxclair: Okay. I just wanted to clarify. I want to talk about the discrepant readings. There were 15 readings that were found to be substantially inaccurate out of the sample size of 1,163 reads. Which is -- well, okay, which is about 1.3%. But in the summary conclusion in the actual audit it says current water meter reading contract with the current meter reading service provider requires the meter to be no more than one error in one thousand reads and the skip reads to be no more than five skip reads per 500-meters. So if the standard in our contract says that we're not supposed to have one error per 1,000, this is significantly more than that? >> Yes. And there was some discussion. The meter reading -- maybe Austin energy can speak to this as well. The meter reading contract that we have that requires that one, that results I think in about a 99 and a half percent accuracy rate, which is extremely high from an energy standard or at least high for an energy standard. So yeah, we got 99% so we were a little bit lower than that. That's some of the things that I think we would continue to feedback to our corix readers as far as what these were. And corix readers have not seen this data and

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have not seen the specific 15 reads. We haven't got to that point of providing that feedback. But that would be something that Austin energy and I would sit down to do. And we could provide that, that that's not meeting the contractual requirements. I don't know if Austin energy has any more to say on that. >> And we do measure the sla's for the contract on per month basis and charge back any cost as applicable. But as David mentioned, we have not had time to sit down. The final report is fairly new, I believe within the last 24 hours. We'll sit down and walk through this and determine if there can be any improvements. >> Troxclair: Right. It's fairly new to me too. I just got it when our meeting started today. I was just trying to read the summary and conclusions. I think that's a really important point because if we have a contract that says our error rate. When you look at this number, 1.3% of meters having errors, it doesn't seem like a lot, but we don't know what to compare it to. We don't know what the industry standard is. We don't know whether the number should be higher or lower than that. But when I looked at the summary and conclusions I saw that we do have a standard and that standard is one error per one thousand reads, which is 99-point nine%. So there's a pretty significant difference there. As someone who works for Austin water I wouldn't turn around and draw the conclusion in my presentation that the metering system is accurately measuring consumption. I would turn around and

say hey, corix, there's a problem here. We have a meter reading discrepancy that's way higher than what we agreed to in our contract. >> And if I may also, the vendor has a chance to obtain the initial read and then the first reread. So some of these are resolved in that whole reread process. So it's not 99.9% the first time.

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It's 99.9% within the day and a half or two days you get to fully read the route and go back and verify and get anything that you couldn't get, clarify any reads, attempt to look for any skipped reads, those types of things. We might be comparing a little bit different scenario. So the vendor technically would have had another chance to go back and get those reads. Total if they were doing that, that should be reflected in the audit. You. >> And that's something that Austin water and Austin energy need to sit down and talk about the process and verify if that happened. >> Troxclair: Okay. Because with that standard to councilmember Zimmerman's point, with this standard of 1.3% of reads being inaccurate citywide that's the total of over3,000-meters being read inaccurately. So it is a big number. I mean, it's a big number when you look at it citywide. I hope that you will follow up. It concerns me that the Austin water drew a conclusion when there were no issues when there is clearly an issue with me. I hope you will follow up with the vendors and make sure the issues are addressed. >> Kitchen: I would like to echo that and I think for our perspective it is helpful for us as councilmembers for you to point that out to us. I know you are doing the best you can because you just got the report. But just for future reference before drawing conclusions like that, it just helps us instead of us having to pick this out and thank you, councilmember troxclair, instead of us having to pick that out and ask you about it. It's much more helpful to us if you just flag it for us. So of the 15 discrepant readings, the report found that only three triggered the Austin water high-low test. Basically the automatic trigger that y'all talk about when somebody has an unusually higher low bill where you automatically go and reread it. Only three of those 15

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triggered that. So is there -- do we need to reassess what that trigger is and make sure that we are encompassing inaccurate reads? >> And also I believe in a recent package that you would have received is a response because there were several questions to the high-low process and how that -- so we do have a group of folks that are looking at that within Austin energy within the billing system. We're rolling in water. We definitely have issues with seasonality in Texas between watering and non-watering seasons, irrigation and non-irrigation seasons. So we need to investigate those parameters. We are within what other utilities using our billing system use, those high and lows. But we're going to keep looking at is there an opportunity to kind of compress those a little bit during certain seasons to try to catch more. >> Just add to that. The three that actually did hit the high-low test on the billing system, there were an additional two that are actually either reread or I believe one was a leak. So there was an identified leak so the customer might have called in and then that bill was adjusted. So that would have been the reason why there might have been a discrepant reading between the corix reading and our auditors is that that leak was continuing during that time frame between that. And so subsequently that customer went through that leak adjustment policy time frame. So some of those were handled -- obviously if the variance is a few thousand, it's not going to hit that high test or low test trigger. While that meter read might have been off for whatever reason, maybe a

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transposition or a keying error, what you would expect is the next month that they go out that that is resolved. Obviously if it's a very small amount that's something. If it's a big amount that's an issue because obviously that is some of what our customers have said during the last several months, whether it's estimated or whatever. So most of these were generally small variances, but just more variant than what we expected within that time frame between the two reads. And it required that further research on our part. >> Troxclair: Of the 19 meters that could not be read, do you know how many of those couldn't be read because the person couldn't find the meter and how many couldn't be read because of the foggy, cloudy or scratched lens? >> There was about eight of those meters that were -- couldn't find the meter pit and the rest of those were basically either foggy or unable to obtain it because of foggy or full of water. There was a couple that were full of water, those kind of things. But there's about eight of them where meter pits could not be determined. >> Troxclair: Okay. I hope that when you do follow up with the vendor you include a conversation not just about the discrepant readings, but also the ones that could not be read because if you add those 1.2% that couldn't be read and 1.6% that were discrepant readings, citywide that's almost 7,000, 7,000-meters. I understand that the ones that don't have -- could not be read because they couldn't find them -- >> The 19 -- the corix got those in, the 19

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reads. It's our auditors, unfamiliar with the locations of some of these and unfamiliar with the service territory couldn't find it or could not obtain that read. >> Troxclair: Sure. I understand if they couldn't find the meters. There's nothing that we could do about those. But it is -- it is -- I think that a homeowner who got an unusually high bill, who looks at this -- who goes out to their own meter and can't read it because there were several -- we had several complaints and pictures and photos from if people who say they can't read their own meter so how possibly can corix be reading it? And then the auditor is finding that they also couldn't read the meter. Yes, it's possible that there was an unusual weather condition that caused one to be able to see the number and one not to. But it's also possible that there are some Numbers that are appearing when the meters are just unreadable. If you have a scratched meter, that's not because of weather. I don't think that you can say it was the auditor's fault they couldn't read them. It's still unusual when they visited the meter on the very same day that so many were supposedly read but then were not -- were able to be read by a different person. >> I'll have to ensure the process for the auditors, what equipment was provided and so that is another thing that we need to look at, those 19 and verify, you know, if it was -- where the auditors [indiscernible] With a meter pump. We need to look at that. >> Troxclair: Do we have to have this on another public utilities agenda or where do we go from here? I for one am going to be interested in hearing the follow-up discussions between Austin water and corix because I do think that there are some things that I hope Austin water will talk to corix about. So I can either follow-up with that on my own or we can have a follow-up with the committee.

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>> Garza: I know there are still some concerns, but this is the fourth or fifth time we've had a briefing on this. I am concerned about a press release just sent out saying that even when staff is telling us they still need to look at the audit report closely, then we're sending out a press release saying that everything is a-okay. So -- so did you have have -- >> Kitchen: Well, I don't know what the best way to do this is but, you know, the bottom line for us is -- what's next? You know? So there's a set of -- I think that may be what you are asking about. There's a set of findings, you know, from this audit and we've had some conversation here about, you know, you guys need some more time to look at some of those. But what we need to know is what changes might be indicated. And so, you know, normally I would say that that

should come back to us and we should hear it. But I could certainly understand if -- if there's another way to do it that would be preferred. Because I will -- I will want to hear, also, what the next steps are. So I don't know what y'all's [indiscernible] Is. Preference is. Maybe we should confer. >> Garza: We'll talk about that. >> Kitchen: We'll talk about that. But the point being that I think there is an interest from all of us, because we want to know what the next steps are. So you learn this information from the audit, you are still analyzing it, but what happens next in terms of does it indicate any changes to you and, if so, what are those and when might those happen. So -- >> I think we understand that -- that you have also filled the need, concerns and questions, but our offices are still getting phone calls about this issue. And it's really hard to not be able to give a real explanation and say "We're waiting for a report back, we're waiting for a report back." So that's -- it is a concern

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for many, for some of our constituents still. So thank you for what you've done thus far. >> Kitchen: Yeah. I would just follow up and related to that, you know, it's -- it's helpful for us to be able to let our constituents know that there's been a lot of work that you all have done to try to get to the bottom of it, but we've got to finish the loop, you know. To finish it, we need to say okay we've done all of this unless, showed us a lot of good things, also showed us a few things that need the follow-up and we just need to know what those are. So ... >> Again, I hate to sound like a broken record. I hope that the things that need follow-up, you will follow up with our vendor about. If we have a contract that outlines those things. It does concern me, seeing this press release right here, I mean, if I'm corix, I'm like okay, great, we're doing a great job. When really what I'm hearing from you, what I'm seeing in these Numbers, there are things that can definitely be improved with our meter reads. So I just hope that we can have a unified message when it comes to that. I good he is that I would just say for those who are watching who want to know what else we're doing, I have met with director mzaras, we talked about outside of this audit, what we could -- the changes that we could make policy-wise moving forward to kind of allow people a one-time forgiveness or some kind of cushion or some kind of assurance that they really want be blind sided when they have not been irresponsible water users. So he's working on some information for me and we're going to follow up shortly and then I hope to bring up a policy proposal forward to the committee. >> Kitchen: Good, thank you for doing that. I look forward to hearing some ideas from you. >> Thank you.

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>> Garza: The last agenda item is discussion of future agenda items. Is anybody -- >> Kitchen: Well, I had mentioned, I had mentioned earlier the -- the results from the upper onion creek engineering analysis. And so should we take that up right now in terms of when we can do that or do you want to think about -- >> End of February? >> Kitchen: End of February, but our next scheduled meeting is not until April. I really don't want to wait that long. So I don't know what the -- I don't know how everyone else feels. But -- >> Zimmerman: I would like to see that in March. If we could. Have a March meeting. >> Kitchen: Maybe we substitute the March for the April. >> Zimmerman: Or both. >> Kitchen: Or have both. >> Garza: I would be open to both, either substituting or maybe even possibly having a presentation in front of the full council I think would be appropriate, too. Are you looking to make a policy decision? >> Kitchen: Yes, we will have to make a policy decision. I don't know what it is yet. Because it's going to be anywhere -- actually, it may just be something the staff can handle, I don't know yet. But what it should tell us is whether or not there's an engineering solution that can be done in upper onion onion creek subdivision on whether there's an engineering solution that can be done, but then we'll have to understand is that within what -- what staff's existing authority or do they need something from us to do

that, is there funding needed? And if there is no engineering solution, then we have to address the -- the concerns that those homeowners have brought to us because there's a number of them that have been substantially damaged just as other homes have been that we have bought out. And this area has never been considered a buyout. So there will be a range of policy options, but I don't

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know what they are. And that's why I -- I would kind of like to -- I think it may be more something for me to do in committee than to bring straight to council. >> Garza: Okay. Let's look at the calendar and see where best to fit that in. Anything else? >> [Indiscernible]. >> Garza: Will, do you want me to read your suggestions? Okay. Resolution to accept the PUC ruling in the M.U.D. Water rate lawsuit, a resolution to immediately move from stage two to stage one and eliminate Austin water utility's general fund transfers in fy 2016-'17 for water bill reduction, parentheses 7% or so. Just councilmember Zimmerman it was my understanding that my staff worked with your staff and suggested that the M.U.D. Water lawsuit would be best probably discussed in executive session. And so it was my understanding that -- that you -- your staff was going to look into that and decide whether you wanted to hear it in executive session and that you -- councilmember troxclair could join you in that request. >> Zimmerman: We wanted to have two discussions. One in be approximate, and then obviously some other discussions in executive session. But there still should have been a public discussion on it because we have some consumers who also feel strongly they are being overcharged on water. And the PUC agrees that the wholesale customers are being overcharged. But that's a topic that I think that's very important to our community and -- and I think it has a bearing on the overall billing for water in the city. That's why I wanted some public discussion on it. >> Garza: Okay. And then the -- with regards to the water restrictions, I know there's some public input happening right now, that's why we thought best to wait until after that public input happened.

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So I believe it ends in February. The public input ends in February. So -- >> Maybe March would be a time to bring that back. >> Sure, yes. >> Finally, the -- the forecast budget is being worked on. So if we wanted to have input, we need to give them some direction on whether we would like to see the option of removing the general transfer so that we would have a lowering of water bills, by up to 7%. It's one of the things that we could look at in the forecast budget. >> Garza: Okay. Let me see what else. >> Troxclair: On that topic, I had requested that an issue related to general fund transfers for the utilities be added to our next Austin energy committee meeting. So I don't know -- I think we are -- I don't remember what the date is, but we are discussing, not this month but next month's Austin energy meeting, so maybe we can coordinate on that. If we're all there for that discussion. >> Kitchen: Maybe just do it there. >> Troxclair: If we need to have a separate Austin water discussion, we could do it here, but -- >> Garza: Okay. If there's no other comments or concerns, we're adjourned