

## Austin Energy Utility Oversight Committee Meeting Transcript – 04/28/2016

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>> Gallo: good morning again. It is Thursday, April 28 -- actually, it's not 9:00 anymore, at 9:10. I'm calling to order the Austin energy utility oversight committee. We have a quorum at this point. Thank you, councilmembers. The first item on the agenda is the approval of the minutes from the Austin energy oversight committee meeting of March 28, 2016. Do I have a motion for approval >> I'll move approval. >> Gallo: Motion made by councilmember pool, seconded by councilmember kitchen. All in favor? Any opposed? Unanimous on the dais. Do you need to -- me to say who is here, who is not here? Got it, okay. Thank you. We now have citizens communication. The three citizens who have signed up to speak are Paul Robbins, Ross Smith, ruby Roy, if you would be ready to come up as soon as the previous speaker is finished, we'd appreciate it. Mr. Robbins, if you'd like to speak. >> In September of 2014, I began a volunteer effort to investigate problems with Austin's customer assistance program, which was giving some of its funding meant for low-income utility bill discounts to customers that were apparently wealthy. Since then, the number of participants has decreased by about 17% from its high point in large part due to more careful screening. Estimated savings is over \$3 million a year that can now be directed to people that really need it. Austin energy has implemented some reforms and intends to implement at least two more that they will report on today. I support them, but more needs to be done. Austin energy is sending an opt-out letter to current

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participants with high home improvement values. While many are indeed opting out, others are opting in and still others with high-value homes are joining. Here are three photos that were auto-enrolled in just the last three please, and these were just in -- last three months just in the west lake hills zip code. Notice the last two have swimming pools. And this one, this owner, owns four properties worth a total of \$1.6 million, roughly. Austin energy is asking you to wait until the summer to implement further reforms. However, I'm doubtful that they will be sufficient. I advise you to schedule a vote this summer to decide on four reforms that need to be made to the cap tariff. One, remove multiple property owners from participation. Finding most of these will be quick and inextensive. Second, require income verification for customers with high real estate assets. Staff cost estimates to do this -- excuse me, staff cost estimates to do this are relatively low. Third, change the enrollment system to a hybrid approach with better automatic enrollment screening, optional enrollment through income verification and better outreach. Sacramento's electric utility has much more participation than Austin, and it is accomplished with income verification and outreach. And, fourth, remove discounts for high consumption. It is expensive expensive and unfair to give a discount for endless use. You inherited this flawed program

from the last council

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after 15 months it's time to fix it. I really don't want to be back here six months from now showing you better homes and gardens pictures of Westlake homes getting poor people's money. I will be here when staff makes their presentation. If you have any questions. Thank you. >> Gallo: Thank you, Mr. Robins. And thank you for the work that you do in helping us work through this process. >> Council, Ross Smith. I'm here to pitch an idea. The idea is power on demand. This is a qr code. This code got me out of my parking garage last night. You can also use it to get airline tickets or movie tickets from a kiosk. Now imagine being able to get electricity anywhere in the city on demand using a qr code. You dial into Austin energy, you plug in your account, they send you a qr code on your phone, you hold it up to a reader at a wall outlet, in a park, at a library, at a bus stop, and the outlet goes live. It stays live as long as you are plugged in and when you unplug it it goes dead until the next person comes along with one of these. It's billed to your Austin energy account. It's not free juice. It's -- or it can be billed to your credit card. Imagine being able to plug in a portable cooler at the park or electric bike at the library or your laptop at a bus stop while you're waiting for the bus. Or imagine all of the news trucks and tour bus that's line up out here and idle their diesel engines for hours on end so they can watch you or keep a band cool instead of idling their diesels being plugged into city juice and being billed for it. I'm not aware of any other

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city that's doing this but if Austin got there first it would be really cool. So I suggest that you ask Austin energy to take a look at it and report back to you. And see with a they think. Thank you. >> Gallo: Thank you, Mr. Ross -- I mean, Mr. Smith. Excuse me. I apologize. Ms. Roy. >> Thank you. Good morning, and my name is ruby Roy and I'm here to talk about item 5, which is concerning the Austin energy requesting extra temporary employees. The people who staff the customer service center should understand the very important role they fulfill as a public servant and by this I mean that the services of the call center are available to any and all Austin customers and everybody that's on the bill that represents -- everybody that's on the bill, the person that answers the phone represents the city of Austin. And the daily work of the customer service representative should improve the customer situation and make a better place -- and make Austin a better place to live. And working toward the objective of having a call center that serves the public interest I have several questions. Six -- I have several questions, and I've talked to J.J. Guiterrez this morning that has answered some of the questions but I'm distill concerned that 60% of the employees on the call center are contract employees. And I want to know -- I have -- I want to know if there's a career ladder for the call center employees after they're hired as regular employees. And when a temporary or contract workers are hired, how much does Austin energy pay the contractor or employment agency and how much is paid to the customer

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service staff? I looked up on the website the contract -- the employment agency or the contractor that they're using. It says that they're starting them with \$11 an hour and after six months they're paying them \$11.24 an hour and then after a year that they're there, as a cochlear, they're paying them \$13.50. And I want our employees to feel part of the city and proud of the work that they do for us, and I feel that when employees are proud of their job, they take ownership and if that employee is well-trained in an environment that provides employment security and living wage benefits, then that employee will

stay. And I've talked to many call center employees, and 311 and Austin energy and this is why I'm here. Some of them have worked there more than a year and they're still contract employees. So I want the council to look into this and make sure that, you know, we're training our employees and that we can keep them so we can have good customer service and all people in the city -- [ buzzer sounding ] -- Can get their answers. Thank you, all. >> Tovo: Chair? >> Gallo: Yes. >> Tovo: I have a couple questions. I apologize for calling you back up but I want to be sure I captured the information that you said. Can you tell us again the percentage that you understand to be contract employees. >> 60% of the call center employees are contractors. 40% of the employees that we have at Austin energy are regular employees that are taking -- that, you know, are getting all the benefits.

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And that's not -- that's not right. >> Tovo: Yeah, I agree with the points that you're making. >> The top-level managers of Austin energy make big bucks and the lower -- the lower-paying people, the ones that are really talking to the customer one on one are being paid peanuts. >> Tovo: And the prices -- I mean, the hourly wages that you cited, did you say that was from the temporary agency's information? >> Yeah. It's on the website I have a company I'll be glad to give you. >> Tovo: You instead was about \$11. >> That's right. >> Tovo: That's what the employee is making having worked for a temporary agency -- >> That's what I understand. >> Tovo: I think you get about a third of what is actually the cost -- >> The contract employees are making \$11 an hour at installing. >> Tovo: I appreciate this information. I thank you for some significant concerns and I look forward to hearing staff's response. Thanks. >> Thanks. >> Gallo: Thank you, councilmember kitchen. I just want to remind this item is not posted for discussion. >> Tovo: Okay. >> Gallo: We just need to -- it's important but we have to remember that it's not posted. >> Kitchen: I'll just make a comment. >> Tovo: Chair, isn't it related to five? It's related to the options for staffing the customer care contact center. >> Gallo: Right. I will defer to legal on this but my guess is that the questions on five probably should wait until five comes up on the agenda. >> Kitchen: Okay. I'll quickly say, since I may have to leave for that part, that I'm working to bring forward a resolution that addresses the pay level and the access to health insurance for contract workers, and I know that working with several of my other colleagues on that. So -- >> Thank you. >> Gallo: Councilmember pool. >> Pool: Thanks, chair Gallo. Just to echo my colleagues' comments and a quick question for you, Ms. Roy, the contract, contracted amount, \$11, isn't what the council

[9:22:27 AM]

has set for the bottom wage for contractors with city -- for city contracts, which is 13.30. If you could get us some information about the dates on the contracts or why these contracts -- I think it sounds like they're through a third party but they're still with the city so it sounds like we have more work to do to do a sweep on contracting for employees that -- whose work benefits the city. Sounds like we have more work to do there and, councilmember kitchen, I'd be very interested in the resolution work that you're doing, whether or not you have a slot on it, I'd still be happy to lend my support to having a very careful look at these minimum wages. I agree, the health insurance especially is very key. >> Thank you all very much. >> Gallo: Thank you. And thank you to the citizens that came to speak about -- to us today. I know it's an effort to get here so we do appreciate it. We will move to agenda item number 3, which is the general manager's report. And before that starts, I just want to say thank you to the Austin energy crews that were present and worked really diligently and hard as about 22,000 customers at least were impacted by the recent storms and just please know that that effort is noticed and very appreciated in this community. So thank you. >> Good morning, inner general manager of Austin energy. I appreciate an opportunity to present a few topics. We have on the agenda several items under GM

report, what we're trying to do here is give council some heads-up of large or unusual procurements coming from Austin energy in advance so we're not bringing these to you for action at this time, just to share information with you.

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We also have a report on our strategic direction which links back to performance management report you're going to be getting from Austin energy starting next month during this meeting as well as an update on our rate review. Before I cover that we have an update we wanted to give you on our storm response for the windstorm and thunderstorm that came through town yesterday morning around 2:30. So I've asked Elaine, our chief operating officer, to give a quick update on those responses. >> Good morning. Thank you for the opportunity to provide a short briefing, and I think we're pulling up the slides. So to lead off, we did have over 22,000 customers over the last 30 housed that a sustained outage. What that means is their power was out for, you know, a longer period of time than a momentary interruption. I'm going to just jump right in. This was a difficult storm for our teams and this is really linked to -- this briefing is really linked to what mark described. We would really like to show the utility oversight committee more into the inside workings of the utility so we can create a shared dialogue around improvement and driving performance at the utility. The storm that occurred yesterday came into town about 3:00 A.M. As I mentioned we were an hour 30 as of 7:00 A.M. We have worked that 22,000 down to 127 customers. And it really is a credit to the team members that we have that are part of this community that have worked diligently to get the power back on. I show this graph to start off with predominantly to demonstrate how challenging this storm has been. We had a large number of customers that were restored within the first few hours, but we have had a lot of small outages. We -- the winds during the storm exceeded 60 miles per hour so we had a lot of trees that impacted lines and have

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resulted in our crews really having to go poll to poll to rebuild infrastructure so I do want to thank the community for their patience. Certainly yesterday was a challenging day. I'm pleased to report that we conducted the restoration with no safety intents to the public or to our team members. This is a quick graphic of the storm. Yesterday at 2:00 A.M. You can see it was coming in, impacted all portions of the community. We had widespread outages all through the our service territory, inside and outside the city. I mentioned the wind gusts. During the storm event we had over 300 lightning strikes that were cloud-to-ground, hail, storm damage, and as I mentioned it resulted in a lot of do you understand trees and power lines. Thankfully we've had a lot of rain and you can see that by the tremendous foliage and wonderful green spaces that we've got right now but with storms that have high winds such as the one we experienced it can be very problematic from a power line perspective and we certainly did see that. This shows where the lightning strikes occurred and as you can see in the small blue dots they occurred really all over the city and so we didn't really focus efforts in one part of the city. We had all of our crews dispatched to different portions of the city bringing the power back. Here are some pictures that show the extent of the downed lines and types of trees that were falling. We had to first send in tree crews to remove the trees and then we could begin the rebuild work. Here's another one over on Johnnie Morris avenue and this extended -- we actually had A.P.D. Close off a large section of that road due to do you understand lines. This graph shows the nature of the outages and the take away here is we had an unexpected and really uncharacteristic number of small outages so we did have customers that were still out through the night and it was really a function

[9:28:30 AM]

of just the widespread nature of this storm. Ous to demonstrate level of commitment, we cancelled as soon as we saw the storm we cancelled all routine worked and rolled all of our crews, 42 crews working throughout the day, to restore power. We had all of our tree contractors out. We answer almost 8,000 trouble calls, which are tied to 585 individual incidents. When you look at sustained and momentary outages this storm brought over 160,000 customer interruptions, so while it was a very short storm it was extremely intense and I really have to give credit to Dan Smith and all of our line crews that did a tremendous job getting customers back on. This is the last slide I would share. That's all really focused on the distribution system. We also experienced some transmission line outages and those closed in very quickly but just wanted to provide a brief update on the storm. I know some of your offices from time to tomb get questions about outages, and we just want to redouble our communications and make sure that you know that we are committed to high levels of reliability. When you look at our reliability indices they're some of the best in the U.S. We have top quartile and decile performance and it really is a team effort to make sure we maintain those high levels. >> Gallo: Thank you very much. We appreciate that. Before you continue, Carol had signed up for speakers and it wasn't on the original page so when it was refreshed her name -- councilmember Houston chair Gallo, I have a question. >> Gallo: We are not posted for this item, I have been informed by legal, posted for the presentation just made so we're unable to allow from my understanding from legal that we should not have dais questions on that. >> Houston: Okay. >> Gallo: Carol. And I apologize for not having you as part of the speaker group. >> Good morning. Thank you, madam chair, Mike Martinez, councilmembers, my

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name is Carol [indiscernible], I'm with Texas rose ratepayers organization to save energy. You may remember I came here last month on March 28 to talk to you about what is called the residential service pilot programs tariff included in this year's budget. At that time I was awaiting a public response to a public information request to find out when this tariff was discussed at any board, commission or other public meeting. Since that time I've gotten the response the reason why nobody remembers it is because nothing ever happened. It was included in the budget without pointing out any of -- as a special case. We also have a presentation at the electric utility commission meeting in March and found out this wasn't very popular, it was in effect, that there wasn't much up take on it. From what I gathered from the discussion at the electric utility commission meeting is that first of all they should have had public discussion because lots of people had ideas on how it should be done to make it better and the second thing is that the intention is that the tariff is supposed to expire at the end of this fiscal year, which of course is September 30 of 2016. My new issue is that in the rate case, the tariff is included in the rate filing package and it has an effective date of October 1, 2016, which means that if the rate filing package is approved as it's been presented then this tariff would continue into the future. So I have some questions. Number 1, should the rate filing package, you know, somehow or other be amended to remove this tariff or to state

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that there was no intention for it to move forward past the end of this fiscal year? That could be done. If the rate filing package is approved and a budget is approved and if the two don't have the same information in them, which one rules? So I -- this is something that I wouldous like to see resolved, and - I would just like to see resolved. I have contacted Austin energy about it, and I'm waiting on a response because I really would like to see thissous put to rest by -- just put to rest by either making a statement

in the rate case that this is a known and measurable change, that we know it's not going to be going forward, that the rate will not be in effect, that would take care of the whole problem. Hopefully I'll be able to come back next month and tell you that this has been settled. Thank you. >> Gallo: Thank you very much. So we'll continue with the general manager's report. >> Morning. >> Gallo: Before you start, may I ask you guys a question? At one point we were able to do the closed captioning on the reports and I've noticed that we're not doing that anymore. For our hearing -- >> As request. >> Gallo: As requested? Okay. So -- >> Because it sometimes gets in the way. >> Gallo: It does? It impacts the visual but I think as we have a hearing-impaired community that -- that I think the request at least from this chair would be that we always do it for our meetings. >> Okay. >> Gallo: Then we need to make the council aware that if we need to make those requests. I noticed during the budget it was not doing it either so we will make that -- we would like to make that request of our meetings then please. Thank you. Excuse me. >> Good morning. As I had stated earlier, what we're attempting to do is give the committee heads-up of large procurements or peculiar

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procurements in the future. We're not doing for action from you this morning as this is just for your information. So the first one you want to bring up is we expect on may 5 at the council meeting to be bringing forward an rca for a hearings officer contract and what Austin energy does is we provide customer administrative hearing services nor Austin energy -- for Austin energy and these are a variety of issues that can be held here including utility bill disputes, alarm system permits, red light offenses, vicious dog offenses to name some of them. We've been doing this administrative hearing for well over a decade. And what we're doing here is we're bringing forward an rca that will have two hearing examiners and our idea is that by having two we can have more flexibility to meet our customers and citizens' needs. So this is also a recommendation that came out from our advocates in the summer of 2015. The next one I want to talk about is our rca will be bringing forward on may 5 for collection agencies. We use collection agencies for our inactive accounts so these are accounts that are no longer customers of the city. We've been using collection agencies since 2001, and using what we call a tiered approach since 2007. These collection agencies they work with our inactive customers to establish payment plans which we cannot do since they're no longer customers. We send about 1800 accounts a month over there, roughly about 1.5 million in inactive accounts or inactive accounts. And this includes both business as well as residential. Part of the contract requirements is that, a, does management review of the activities of these agencies. And that the collection agencies are only paid when they collect money from the customers and that is included as a percent of the debt recovered. The next one I wanted to

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inform you about is on may 5 we'll bring forward an rca for power transformers. This is a large contract, about 105 million is what we're expecting for 3-phase power transformers, these are very large transformers we use to take power from our lines and step it down for the voltage we need for distribution systems. On average we install five to eight of these per year and because they're engineered products we have a long lead time we have to order these from so we'll be bringing forward an rca for that. It was competitively bid and this is really an outsourced growth, modernizing our grid and meeting growing demand. The last one is commercial meters which we expect to come you to before June 9 and that will be about \$11 million. This is part of our effort to update our commercial meters. The latest technology allows us to collect data and to use flexible multi tiered rates, help inform us during outages, alert us to detected theft and insulation issues. This is going to be a sole source purchase

because this is the only manufacturer of meters that complies with our network metering system at this time. Again, this is part of our grid modernization efforts. So we expect -- expect those rcas. We have a presentation on our strategic direction. As you may have heard for well over a year we've been working on developing a strategic plan within Austin energy that helps us fit imagine Austin's initiatives and so our vice president of energy market operations is going to present that strategic direction overview that's going to be followed by vice president mark Dreyfus will give you an update on our rate review

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process going on. Is there any questions? I'll move forward? >> Gallo: Council, are there any questions from the council on -- at this point? >> Houston: Chair Gallo, I want to thank you for giving us the heads-up on this request for the rca. >> Sure. If you have any questions in advance of those we'd be glad to answer them. >> Houston: No. I'm just saying thank you for giving us the heads-up on the amount of money and what you'll be asking us for so people are aware those big-ticket items are coming up. >> Appreciate it. >> Gallo: Thank you for that comment. Anyone else? Okay. Thank you. >> Good morning. Vice president energy market operations and resource planning. Khalil shalabi. At next month's committee meeting as part of the general manager's report we're going to be presenting key performance indicators. These are broad-based, high-level indicators that show the health of the utility in a holistic fashion. We want to start showing you different parts of the operations, of the utility, and for you to be able to measure or see the measures and hold us accountable for how the utility is doing across the board. This report will be delivered to you next month. And ahead of this report what we'd like to do is show you sort of the groupings that these key performance indicators rise up to. So they have some sort of logical grouping across the -- across the utility. So one of the things that we did as part of our efforts to develop a strategic plan which hasn't been put out yet is to look at sort of future themes

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that we, as a management team, would like to be held accountable to and strive towards. I don't think you'll find anything surprising here, but these are sort of the four themes that are going to pull us towards the future. Customer value and I'll explain a little bit more what customer value is. It's more than just customer service. It has to do with every single decision we make at the utility, every single investment, whether capital or o&m and how that flows all the way to the customer. Looking at various energy services, that includes expanding programs and service offerings. We have several right now, but we'd like to know what the customer wants and deliver that to them. Innovative technology, that's been the story of our industry, modernizing the grid. We've done a lot of efforts here and we want to continue that. And of course, you know, last but not least is environmental leadership. We've been a leader across the United States when it comes to our environmental portfolio, but this also encompasses internal workings of the utility. So not just our generation fleet, but we'd like to look at -- and under the as you piss cyst of the city's sustainability plan, you know, what our internal carbon footprint is, water consumption is et cetera, et cetera. What we did is group these kpis under six overarching goals. I'll just step through them very quickly and if you have any questions at the end I'll answer them. The first goal -- and this is in no real particular order, but financial health. That's really the bedrock of the utility. Everything flows from there. You know, in the age of very sophisticated financial instruments, you know, we're still an entity that thrives on high debt ratings, issuing

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cheap debt, investing our capital and did he appreciating it over a long period of time and we believe that model will continue the health of the utility going forward. In support of financial health, the second goal will be business excellence. This is the internal workings of the utility and goes to things like culture and holding ourselves accountable for the monies that we invest in the utility and also the culture that we have for our employees when it comes to safety, accountability, and customer service. The third goal is customer collaboration. So we're seeing really an industry that was sort of a push industry. We'll tell you what we're going to give you, to an industry that now says the customers are telling us what they want, and went to respond to that and that's what the customer collaboration goal refers to. In support of customer collaboration is grid modernization. The way we will achieve this customer collaboration is really through technology and when I talk about technology it's both -- when it comes to grid type technologies, like the smart meter rca that we're going to bring forward on may 5, that's part of a grid modernization effort but also on the information technology side what we're finding is a lot of the customer collaboration tools are embedded in it-type technologies that allow us to interface with our customers better and to use some of the data we get back from our smart meters. Number 1 is environment, and I think I explained that in our value, future value statement but, again, it's to continue our generation resource plan goals, you know, which we will update every couple of years and continue our March towards 100% carbon-free utility but also internally to measure ourselves with our own emissions whether it's, you know, employees commuting, water consumption, all that kind of stuff.

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And last but not least is employee engagement, and nothing -- none of this is gonna happen. We're still kind of an employee-intensive industry does none of this happens unless we have the right skill set, right employees that are engaged and willing to do and achieve these goals. Just a couple more slides to talk about how this sort of plan aligns with the city of Austin. We're a department of the city and our vision and values have to align underneath the vision and values of the city, and when it comes to the mission, we've had a longstanding mission to deliver clean, affordable, reliable energy and customer service. We looked at that mission. We still like it a lot. The only thing we did is we added safety. That wasn't in there. So that was the only change, and we put it first because that's what we want to do is take care of the safety of our employees. And as far as values, we will be sticking to and adopting the values, pride values of the city and they're consistent with what we need to do to achieve the goals that I talked about. I think -- so these are from imagine expanse that's probably the overarching document, vision statement for the city itself. What we did is looked at the programs in imagine Austin and we tried to map them to things that we're doing already or plan to do at Austin energy, and I won't go through every one of those. You'll have the document. But just to show that, you know -- that the document that we will be putting out is consistent with the documents that are already at the city. And I'll answer any questions if you have any. >> Gallo: Councilmembers, are there any questions? No? Okay, thank you. >> Thank you. >> Okay. We -- I ask legal the question about whether we can continue

[9:46:39 AM]

the meeting even if it's briefings when we lose quorum. I think we've just lost quorum at this point. No, we don't. We have councilmember troclair. Thank you. All right. Continue. >> Good morning, madam chair, members, mark Dreyfus, regulatory affairs corporate communications. Very brief update on the ongoing rates proceeding. As I mentioned last month the rates proceeding is moving full speed ahead. We have outstanding participation with 23 formal participants from every customer segment of the customers who are served by Austin energy. We have been going through the discovery phase of our



proceeding, as you know, in any legal proceeding there's an opportunity to ask questions of other parties and we had eight weeks for the parties to ask Austin energy staff questions. We respond to those questions in -- with a ten-day turnaround. We had 39 sets of questions and it was in total 163 individual questions, and we have made 90 legal filings in response to those questions. This is an enormous effort of the Austin energy staff. We essentially have a war room of ten full-time staff who are managing the intake, the collection of information from all across the utility, and the turnaround in ten calendar days to get that information out. And the questions have involved every aspect of the issues that are part of our recommendation. Next steps. Next week is an important week in our proceeding, where the 23 parties will have the opportunity to file testimony, responsive to Austin energy's recommendations. We expect the form of that -- some of that -- some of those filings to be in the very formal q&a style of a standard administrative legal proceeding, but we've also invited all members of our

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community to participate so we anticipate that other filings will be more informal, more like statements of position and we welcome customers to the -- the involved customers to participate in whatever manner they are able. That will also begin the discovery phase, where Austin energy can issue questions on the participants' testimony. We'll have two weeks for that on May 10 is the cross-rebuttal deadline. That means that parties can ask each other questions on their testimony. I anticipate most of those questions will be about the cost-allocation issues that are the -- the allocation of costs to different customer classes so they'll have a lot of interest in questioning each other on that. The rebuttal testimony is due May 20, 17 days after we receive the testimony from parties. Beginning on May 31, for four days, we'll have a live hearing with cross-examination of all the parties and then on July 15 the impartial hearing examiner will provide his synthesis of the information and recommendations to y'all, July 15 for the recommendation to y'all. The following electric utility commission meeting will provide an opportunity for the public to come in and meet with the electric utility commission to give them their input on the impartial hearing examiner's recommendations for the electric utility commission to provide for you, and then you will all remember that we have scheduled five work sessions and public hearings for you -- for you in August, with a final decision dated for you on August 29. Next month, we will -- when we're here for the utility oversight committee, we'll have received the testimony and provided our rebuttal to that testimony, so I anticipate that we can give you a little bit more of the

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flavor of the issues that the parties are interested in discussing in the proceeding. >> Gallo: Councilmembers, are there any questions? Councilmember pool? >> Pool: The list of new meeting dates, do those include the meetings that we're having for the rate case discussions or are those only for this oversight committee meeting? I guess that would really be for the chair. >> The item that was posted for today, for decision for today? >> Pool: Yes, item 9. >> My understanding is that is only utility oversight committee meetings. Yes. >> Pool: Okay, good. >> Gallo: So the -- that will -- after this discussion and report, general manager's report, then we'll go to nine and they will make a presentation on nine. And so we can ask questions at that point on that. >> Pool: That's great. Because he was talking about that, so I wanted to make sure. >> Gallo: Yeah. >> Pool: Hopefully we'll also have the other dates we've talked about for the rate case discussions. That would be great. Thanks. >> Thank you. >> Gallo: Any other questions, councilmembers? Okay. So we will -- is there any other information under the general manager's report? Okay. So now we will move -- we're going to skip around a little bit. We're going to move to -- edge into item number 9 since that is the only action item on our agenda today. And

that's amend the 2016 meeting schedule of the Austin energy utility oversight committee. Councilmembers may remember at the last meeting we discussed some possible changes to Austin energy committee meetings and staff -- I think staff has asked that we reconsider some of the scheduling and so they're going to do a presentation on that for us. Thank you. >> Good morning. Jeff, director local government issues probably to elaborate, we're here just to ask that you approve an amended schedule. We've looked at your regular meeting schedule and your budget meetings and so on and

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so, therefore, we've got a proposed schedule under item 9. It changes three dates. The rationale behind those three dates is we're moving June 23 -- we suggest moving June 23 to the Monday. That's because that is your last meeting of the month before your summer break, and traditionally it's quite a packed agenda. >> Gallo: Could I make sure that the council has the one sheet proposed meeting change? Does everyone have that? Just so -- okay, great. Thank you. >> The second date is September 22. You only have two regular meeting dates in September. The first and then the 22. Of course you have budget reads the week prior so, again, we expect that September 22 regular meeting to be quite robust. And then the final change is we propose eliminating the December 15 committee meeting. We will be meeting just two weeks prior on November 30. So we ask for your approval of this revised proposed schedule. >> Gallo: Councilmembers, are there any questions on the schedule? Councilmember pool, did you have a question or were you going to make a motion? >> Pool: Well, I'm going to ask a question first. >> Gallo: Okay. >> Pool: So can you also read in for us the dates that we have agreed on for the rate case discussions? >> Well, I don't have all the dates but I can tell you August 8 and 15 which are committee meeting dates on the proposed schedule includes -- those are work session. >> Pool: On the rate cases? >> Yes. >> Pool: And the briefings we've been having are included in our regular meetings so I guess my real question, are there other meetings that we need to make sure are on our calendars other than these for Austin energy issues? >> I'm not sure if there are additional meetings other than this associated with the rate case. I have -- it's my understanding that those meeting dates have already been reserved by the budget office and we will

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double-check and make sure but I think that the five meeting dates that you requested have been set. >> Pool: Okay. >> With the addition of these utility oversight committee meetings which will cover some of that material. >> Pool: Okay. So they show on our calendars as budget meetings. >> I will check with the budget office. >> Pool: That would be great just so we can identify them. Okay, thanks. >> Thank you. >> Gallo: Thank you for that question and the clarification. Were you going to make a motion? >> I'm sorry. I don't have the pages. I don't have the five dates. Can you tell me what they were? >> Gallo: So it's my, in, mayor -- it's my understand, mayor, under the current schedule June 23 would be changed to June 20 and September 22 would be changed to September 19. And it is my understanding that staff has confirmed that there are no conflicts with council committee meetings on those changes. And December 15 is being eliminated. >> Mayor Adler: Thank you. >> Pool: All right. Councilmember pool. >> Pool: I'll go ahead and make the motion that we approve these with the added -- so that we can also have some additional discussion, with the caveat that the meetings that are on Thursdays, should we need to have council meetings on those days, those council meetings would start at 1:00 or after, and that's the substance of the conversation that we had on this topic at our last Austin energy oversight committee meeting. >> Gallo: Thank you for that clarification. Is there a second to that motion? Councilmember Zimmerman. Is there any other discussion? Hearing none, all in favor? Any opposed? It's

unanimous on the dais. Thank you. We had -- I just wanted

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to, before we go into agenda item number 4, the following agenda items will all be briefings. But I just wanted to make a comment on agenda item number 8. This is the update from city manager Ott regarding the process to fill the position of Austin energy general manager. As you can tell, that seat is vacant upon the dais. City manager Ott, nor any of his executive team is present at our meeting. And since the beginning of March, we have had posted on our agenda for an update from the city manager regarding the process to fill the position of Austin energy general manager. And it was important, I think, for this committee to not only have that information ourselves, but also be able to hear that in a public venue so that the Austin community -- can also be updated on the process of filling this important position. Last night, I think all the councilmembers, at about 6:30, got an email from city manager Ott saying that he would not be here, that they were at an executive retreat. And I apologize to my councilmembers, because I know that there were some questions that some of the councilmembers did want to ask as far as that process. So at this point in time, if there are some questions or concerns that you want to address, this would be the opportunity to do that. Otherwise, we will not be having an update on agenda item number 8 from the city manager's office. Councilmember, any other questions?

>> Tovo: I appreciate the context you provided. I thought we were going to have an opportunity to talk to the city manager about this this morning. I didn't realize until we got that memo last night that many of our executive -- I guess the entire executive team are out of town. You know, I'll just say that I am receiving some questions from community members about the extent to which salary was a consideration for some of the candidates. And so I look forward to talking with our city manager about how the individuals -- how the finalists were selected, the extent of their relevant

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experience. Because that, too, is something I'm hearing from community members, the extent of experience the candidates have had is transferable to a much larger utility. And so those are conversations I guess we'll have at another point. Thank you for making space for had this on the agenda. I'm disappointed we can't have a useful discussion about it. >> Gallo: I am, too. >> Pool: I've been hearing concerns, and I have concerns about the compressed schedule for the discussion and the recruitment process. A number of us are unable to make the may 2nd open house walk around meet and greet. We did not know about -- my office didn't know about that date until, I think, two days ago when we got a memo from human resources. My guess is that the community probably has not had sufficient time to hear about the evening sessions that would be available. I note, too, that some disappointment in the size of the communities that most of the finalists are coming from, we have a population of 58,000 in one, 161,000 in another, and 103,000 for a third for a city the size of Austin, that's a big leap in the size of operation. So that is also a concern to me. What I would like to suggest, since the city manager is away, I might raise the possibility, maybe our mayor would have the opportunity to have some conversations with the city manager about the schedule and maybe we could sort of reevaluate what's happening here. I don't know if the mayor would have the time or -- to take that on. But I might make that suggestion. >> Gallo: Would you like to respond?

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>> Mayor Adler: Be able to do it. >> Gallo: I think one of the questions that I would have asked the city manager, also, was what has been the public outreach from the standpoint of letting the public know

about the may 2nd meeting. And at this point, I've not -- I'm not aware of anything that has gone out. So, I did attend the animal services director's open house to the community, which was attended pretty robustly by the community, with applicants. And we want to make sure that if we're doing this for the community, that the community has a chance to be aware of it and attend. So that would be wonderful, mayor, if you could take on that conversation for us. >> Mayor Adler: Yes. >> Gallo: Thank you. Any other comments or questions? Councilmember Zimmerman. >> Zimmerman: Thank you, chair. My request would be that the summary bios that I do have in the background information, the summary, of course, it's interesting, but I'd like to request that we get the full resume for these professionals. It should be a minimum of two pages, and could be more, so we get a better idea of what their professional and technical background is. So I'm going to make the request that those resumes be given to the committee. >> Gallo: Okay. Councilmember pool? >> Pool: And we may want to have the resumes of some of the folks who have been culled out. I have some suggestions that I put in writing, and I can provide them to the mayor, and also most them up on the message board for additional input from folks, and that would be of use to anyone. Okay. Great. We'll do that later today, and pass it along to the mayor. And mayor, thank you. >> Gallo: And thank you, mayor, for taking that on as an assistance in the communication. Reminding the committee that this hiring process is basically the city manager's hiring process, that this is one of the positions that the city manager is responsible for hiring. So, we are there to provide

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comments, but the process is a process that the city manager will be -- will oversee is and be in charge of, so, just to remind all of us that that's how this is set up. Any other questions? Okay. Let's go back to agenda item number 4. Transition of customer information system hosting services, support, and maintenance. Thank you. >> Good morning, Yolanda Miller, deputy purchasing officer. We are briefing you on a project that Austin energy is working on with the Oracle corporation. We are bringing this project to this committee because of our effort to better align our it purchases with new requirements within the state of Texas. The most obvious change that you will see in the future is that we will endeavor to bring more I.T.-related multiyear annual contracts with expenditures exceeding \$1 million separately from the aggregate authorization we bring in the fall. With that said, Elaine Kelly Diaz, vice president of customer account management, will present on behalf of Austin energy. >> Good morning. I'm Elaine Kelly Diaz, vice president of customer account management with Austin energy. And as Yolanda Miller mentioned, and as mark mentioned in his GM update, we're coming to you to give you some background and information on a purchase that will be coming to the electric utility commission on may 16th, and then for -- council action on may 19th. The request will be for contract approval for an agreement with Oracle to host, support, and maintain the city of Austin

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utility billing system and customer information system. This will be a 36-month initial term contract with two 12-month extensions and an 18-month holdover, 6 1/2 years total, although we don't project going on that far. This will include transition of the maintenance and support of our current customer information system from our current vendor, which is IBM, to Oracle. And the product that we use as our customer information system is already Oracle customer care and billing. The cost will include the infrastructure and necessary system enhancements, and it will allow us to upgrade to a higher software version to increase functionality. >> I wanted to go over, and give an overview of ccmb, as most of you were not here in previous contract approvals for our customer information system approval. Oracle customer care and billing, as I mentioned, is the software that does all the utility billing and customer

information for the city of Austin utilities. We use it to produce over 5.4 million bills on an annual basis, recognizing about \$2 billion in basis for seven city of Austin metered and fee-based services, including, electric, water, transportation user fees, and drain average fees. -- Drainage fees. We have over a thousand users. It's a robust, flexible use utility billing system used across the United States and globally with other utilities of similar and even larger size, including Jacksonville electric, which is very similar to Austin energy's structure, Las Vegas Las Vegas water, and pgne. It was selected as our billing

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system in 2009-2010. We started using the system in 2011 with our current vendor, IBM, and they are our provider. They did the system conversion, integration, and they provide ongoing annual maintenance and support. In 2011, Oracle only provided the software. They were not involved in the space of providing maintenance, support, and infrastructure to this level. So that's why we didn't go with them originally. The current contract with IBM ends in November 2017. There are two one-year extensions taking us to November 2019. And the IBM, Oracle, and ae have been in discussions for about the past year to transition IBM's role over to Oracle. So, this would allow us to eliminate IBM as the middle man for some of the expertise and functionality, and products that they offer, and work directly with Oracle. And how we will do this is the city of Austin will terminate our current agreement without cost with IBM, and initiate another contract with Oracle through the dir procurement method that will take us to the end of the current contract of November 2019. One of the reason we're doing this is it allows us some cost containment for the next 6 1/2 years. It locks in some costs. And current contract and transition costs with the current vendor are unknown and expected to be high. And we also -- if we continue with the current vendor, will have to invest some more money to upgrade and improve some infrastructure. Those costs will be part of this Oracle agreement. IBM is partnering with the city of Austin and Oracle to transition the system operations and oversight. We'll have parallel runs of the system to make sure everything is up and running, and it's seamless to the end users and customers. And again, Oracle will be our new selected vendor for support

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and maintenance enhancements moving forward for the new three-year term. They'll provide us the necessary infrastructure, any version upgrades, and the good thing about this is it's Oracle products, hosted on Oracle infrastructure, supported by Oracle, so we're going to the folks that built the system and are the experts in it. Some of the benefits -- this will allow an immediate transition to a more robust infrastructure. We're on a table infrastructure now -- a stable infrastructure now, but this gives us a more robust capacity to add on new programs and new data as technologies across all the utilities -- with the city change. As I mentioned previously, it will eliminate the middle man. It allows us to directly source for the appropriate resource, and that's for both support, maintenance, and any functional changes that come across. Instead of waiting to go through the a vendor to potential go back to Oracle, we'll be working directly with Oracle. This will improve our disaster recovery functionality for all the customer information in the utility billing system, as well as harden and improve some system database security. We'll have system monitoring and visibility into the system, and into the operations of the system, which is a plus for our employees that help manage this contract and the bill production and run of the billing system. And it will improve customer and employee experience. We'll have these upgrades. We'll have new versions. And with each new version and each new upgrade, or as we recognize new functionality, we can have that added in. This gives us close collaboration with Oracle and other utilities, direct collaboration with them to find out how they're operating or using the billing system to their advantage. And basically, this is just a vendor transition. We'll be ending the contract with one vendor

and allowing another vendor to pick it up. That's all we're doing here.

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We're not changing systems. We're just transitioning the vendor for the Hoster and the support and the maintenance. It aligns with the original IBM contract end date of 2019, but what we would like to do is go ahead and, once this transition is approved and the project is underway, issue a new request for proposal to allow other companies that also offer infrastructure hosting, support, and maintenance of these type utility billing systems to respond and potentially become a new vendor around 2019. Are there any questions? >> Gallo: Councilmember Zimmerman. >> Zimmerman: Thank you. Could we go back to page 4 quickly? And I have some experience professionally with complicated software systems. The second bullet talks about ending the IBM contract that would have run to November 2017, and ending that early. And it says here, you mention the current contract transition costs are unknown and expected to be high, but are waived with the transition from IBM to Oracle. >> Yes. >> Zimmerman: Could you talk about that a little more? >> In the original contract -- did not -- it left it open-ended with regard to transitioning out to the new vendor. It said those costs would be negotiated. Since IBM and Oracle are partners in the business, and they're partnering in this transition to allow us to go to Oracle to continue on and do some upgrades and some things, they've agreed to waive any costs that would be associated if we, you know, go with Oracle and partner in this venture. >> Zimmerman: So it's great news if it's true and we don't have any costs. That's fantastic. >> Yes. >> Zimmerman: Let me go to the next page, on page 5. There's a bullet item here on page 5 that says vendor transition with no budgetary impacts. That's not necessarily the same as saying no cost. Because if you had already

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budgeted some amount of money, you could say there's no budgetary impact, but there could still be a high cost. >> The budgetary impact means -- the cost to provide support and maintenance through Oracle is a net against what we were paying IBM and other associated contractors and vendors to provide the same services. >> Zimmerman: So what is that roughly on an annualized basis, our budget? >> Just for support and maintenance, around \$6 million. 6-\$7 million. >> Zimmerman: That seems like a lot of money. Six to 7 million. >> It's hosting, running of the billing system, coding, producing the bills, milling of the bills. >> Zimmerman: Wow. >> It's a very . . . It's a very small cost for all the work that's done in that utility billing system. >> Zimmerman: Okay. Thank you. >> Gallo: I have a question, too. One of the concerns that we continue to hear in our office is when we have a part -- when we have utility customers whose income is based on receiving social security checks or disability checks, often the billing cycle -- did you know we were going to ask this question? The billing cycle does not correspond in a way that they are allowed to get their check, deposit their check, and then make the payment. Our understanding with the previous system is that that could not be changed. I am hopeful and would love for you to address whether in this new system we'll be able to change the billing dates in circumstances like this. >> Sure. And it's the same system, but what we have been is working on some pilot programs for a "Pick your due date." And we think we've come up with a method and a way to allow that to happen. There have been some changes recently in the system that allow for that, so hopefully we can bring that back to you. >> Gallo: So we would be able to post that for a briefing at our next meeting, to have an update on that? >> Probably July.

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>> Gallo: Okay. Thank you. Councilmember Renteria. >> Renteria: Yes. Years back, we had a major

problem. Y'all were doing something with the billing process. People got double billed and all that. And y'all did some kind of transition. Have you really looked into this transition now, and, kind of, guarantee us that that's not going to happen again? >> Actually, I'll speak to several things on that. Yes, yes. None of us want that. In 2011, when we switched from one billing system that was over ten years old, that was very simple with regard to how things can happen with rate structures and some of the engines that underline that billing system, so ccmb, which is very complex, we rolled in numerous processes from other city departments and utilities. At the same time, in 2012, all changed our rates dramatically. We had a lot of things happening at the same time, we were wondering is it the system, the rates, the internal process. We had several things happening. It wasn't all the billing system. It wasn't all the rates. It was a combination of things that just happened over about a two-year period. Those have been resolved in the last two to three years. And really this is just going from -- again, we're just eliminating the middle man. We're going directly to Oracle, who are the experts who we call in when we need help and aid anyway, so we're going to those folks. And as I mentioned, we're using a three-month parallel run to ensure that there's no issues before switching over. But really, it's just a transition from the folks that host it, the infrastructure that the system sits on, from one vendor to another. And then we're working directly with the experts. So, nothing is changing. Customers won't get new account Numbers. You know.

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None of the methodology changes. It's all the same look and feel to the end users, to our folks who help the customers. >> Renteria: I have another question here. Also, you were mentioning that y'all was going to open the contract for hardware maintenance service, when you were saying you were going to open it up to other vendors? >> Before 2019, we would issue a request for proposal for the system hosting and the support and maintenance of the Oracle customer care and billing software, because there are other companies that provide similar services. So it could be Oracle that is one of the respondents, or numerous other companies. >> Renteria: Okay. Thank you. >> Gallo: Any other questions? Councilmember. Councilmember Houston. >> Houston: Could you tell me just a little bit more? And this may not be the right time -- a little bit more about the pilot program that you're thinking about implementing? Because I agree with chair Gallo, is that if we could help people who get their social security check on the second Wednesday of every month be able to get that check before their bill comes -- before their bill is due, or if they're retirees and they get their check on the last working day of the month, so that we don't have this situation. This is impacting a lot of people in our community. And if they could just be assured that they get the check, the bill comes, and then they can pay their bill, rather than going through this just ridiculous process -- mine sometimes comes -- you know. I'm not going to go into that. [ Laughing ] >> Houston: But this is critically important to seniors and retirees. >> Yes. Good morning. J.j. Gutierrez, vp of customer care services. And Elaine and I are working to be able to deliver a "Pick your due date" option for our customers. And we've been working on it for several months at the urgent --

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at the request of this council. And what we've done is we've actually tested it out, our process, on several customers. And so what we're trying to do is thoroughly understand that the change in due date doesn't impact their bill or the accuracy, or anything with regards to how they pay. And so, once we've had a few months of those tests under our belt, we will be confirmed and convinced to bring that to you as a program that we can offer up for our customers. And so we do need a few months of that test to get us to the point where we can bring that program to you. >> Gallo: And so we look forward to that

presentation in July. We will post it on the agenda. And hopefully at that point, it will be a program that's been vetted, tested, and ready to push out. Because as councilmember Houston mentioned, I know her office, and our office, too, have heard lots of concerns about the difficulty in managing resources when there are limited resources. Mayor in. >> Mayor Adler: I'm looking at page 3. Will you talk about the interoperability of this? There was one councilmember looking at technology among the different departments in the city, and different operations that are set up that have different platforms. And some comments that we've received about the ability for the city to speak to itself across departments, or across silos, or across . . . But I read this to say that this is a system that doesn't have any of those issues, that it speaks to all of the departments, and we're not going to have a situation down the road where we're saying we have a communication issue internally within ourselves. >> No. And, again, for the billing, it's the seven services across the larger utilities, transportation, and drainage. The 17 departments, they could

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include some law enforcement. It might be the library. There are other, smaller entities or departments that use it for different needs. But nothing should change with those regards. Processes will still be the same. >> Mayor Adler: Okay. So this is the only billing system that the city has across all departments. >> For those utility services. There may be other billing systems that are used for parking, or library fines, or other things. But for the core utility services, this is the system. >> Mayor Adler: Does it make sense for us to have one billing system that does all -- that operates for all the billing systems, or no? >> Could you clarify the question? One billing system for utility services, or one billing system for all city . . . >> Mayor Adler: One billing system for city billing, however and wherever that happens. >> That might be very challenging, just because of the nature of the -- you know, different types of fee structures and things that might happen, different collection efforts, different things. Utility services align. >> Zimmerman: Mr. Mayor. >> Mayor Adler: Yes. >> Zimmerman: As somebody who worked in computer systems for 20 years, that's a very complicated question and I wouldn't put her on the spot to answer that. That's extremely complicated. >> Gallo: And I think possibly, you were going to address that question. Did you walk up to . . . ? >> I think Elaine probably answered the question. And I'm responsible for it at Austin energy. Ccmb is a very complex system that's very specialized towards utility billing. I mean, we could look at other one-off types of payments to the city and see if they integrate with ccmb on a one-off basis, but this whole thing is geared towards electricity, rate structures, due dates. It's very complex. It's not like a parking-type-meter where you have a web interface and you can just pay into a bank account, so. >> Mayor Adler: Okay. Thank you. >> Gallo: Mayor pro tem tovo. >> Tovo: I hate to take us

[10:22:56 AM]

back to the previous point, but, I want to thank Ms. Gutierrez for working for the "Pay a bill on your own date" or whatever the option was that you were describing. In the years that I've been in office, my staff has probably, you know, placed that request on behalf of I don't know dozens, or we've at least heard that concern from dozens of customers. And so I really appreciate you pushing forward and getting that option for our utility customers. I think it's really important for all the reasons my colleagues have suggested. But I just wanted to be clear, it's not a new request. And so I'm really glad to see it moving forward. >> Gallo: Thank you. Councilmember Zimmerman. >> Zimmerman: Thank you. Now I have to chime up here at the same time, because remember, not only is the software system relevantly complicated, but the ccmb is trying to pull together several readings, like the meter reading routes. So imagine the confusion. You know, we have these meter reading routes in place, a meter reader goes



down the street and reads every meter on the same day. Imagine the confusion of now people get to pick, you know, when their particular reading's going to happen. You have to send people out on multiple days to accommodate a completely flexible, you know, schedule. You've got to be careful that this doesn't blow up into an expensive, unmanageable problem. >> And we can speak to that in the pilot. I think that was one of the original concerns. And through Oracle, we have -- and other like utilities -- have found some information that will allow us to work around that. >> Gallo: Okay. Thank you. Any other questions? No? Thank you very much for the presentation. We are now moving to agenda item number 5, options for staffing the customer care contact center with full-time employees, temporary employees, or through staffing firms.

[10:24:57 AM]

>> Good morning, councilmembers. My name is Kerry Overton, deputy general manager of Austin energy. This presentation, or the briefing to you, will be jointly provided to you with J.J. Gutierrez and myself. This is a briefing in terms of where we are in the cost center contract operations. There's not an action item for you today. This is more giving you a briefing of the rcas and items that will be coming up in the future. Just to give you an overview of the employees that we have working within the call center space and the utility centers that we operate, we're going to refer to the 311 center, the utility contact center, and some of the back office operations. So I thought we would first take a high-level review of the different functions and the personnel, employees, who work within those functional areas and give you an idea of the staffing patterns that we have. When we are speaking today, we have a combination of two utility centers, one being Austin 311, and the other call center is the utility contact center. The utility contact center provides services called handling, escalations, customer contacts, for over five or six departments. Austin water, the electric utility, Austin resource recovery, and watershed protection. The 311 center provides services for all of these city operations, all the way from customer information, just simply when is my street going to be blocked out, or nonemergency calls from 911 that comes into 311. So they have a host of services. Basically, we receive about 6200

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calls per day, and approximately about 2 million calls from our citizens and our customers in both of those centers combined. Now, the peak for those could get as high as maybe 10,000 calls in any given day depend on the season or the situation. And the reason why I mention that as a baseline is later, J.J. Gutierrez is going to speak about one of the citizens today mentioned about how we manage all fte -- full-time employees -- how much we use trackers, and the reason why we have a ratio of the way in which we use those employees, because we are managing the peak call center drive so that one, we have enough staffing to manage the calls, but we also don't have in any given shift an exorbitant cost associated with calls that we see where we have low periods, and we don't have everybody on staff, if they were utility employees. So you can see the services that we provide. You get the breakdown of those two centers, of how much are the ftes and how many of them contract services. We also have the customer service management group, which is our back office operations, who handle direct customer escalations and processing work associated with administering our low-income programs. All of our discount programs, plus one weatherization education. We've provided you an idea of the percentage. About 46% of those are ftes. We use about 34% temps. And then we use additional contract employees. And we give you the breakdown of each of the functional areas. The third area in terms of us completing our process of providing customer service is billing production and support. There's 64 employees associated with this discussion. Which is, they handle about 1.6. And really, that number is about

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\$2 billion on an annual basis. And that includes our walk-in services, our billing generations, the mailing process associated with it, and even our processing of the payments that come in. >> Some of the drivers -- I did not list all of the key performance measures that measures all of the activities of all of those three functions, but a very high level -- we measure our ratios of how much staff we need at any given time on the shifts based on the total hours of operations and the utility center is a little bit different than 311. 311 is two hours of service. The utility contact center is open over a two-shift period of the day, including some expanded time on Saturdays, on the weekends. But as a general goal, we target 90% of a service level, which means 90% of the calls will be answered within 90 seconds of the customer calling into the center. And actually, where we are today, as an average of the whole year, we're at 47%. And that's one of the reasons why we're bringing back the presentation to council, to take a look at the staffing patterns that we have in order to be more responsive to our customers. The average speed of answering those calls, 90 seconds the goal. Throughout the year, we looked at our entire average at 4 million. And again, because it's an average, I would probably say if you take a look at off-summer months, you're going to see a much lower time. When you get to the summer, or at the time where we had a lot of calls associated with the metering and billing issues, then it would be closer to the four minutes. The maximum hold time -- this is a one single point within the year, on average, where any one customer was on hold for some time. And that's measured by 26

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minutes. It doesn't mean that all of our customers are at 26 minutes. At any point in time, even one customer having that experience, a 26-minute hold, that's one of the measures we measure ourselves by. And then also we measure abandonment rate. As you can see, our goal is 10%. In the center, for this year on average, it's been about 13%. And that's simply the time in which the customer made contact with us but did not remain on the line until someone was able to answer that call. And these are associated with industry-established norms as well. And then our average handling time, our goal is about five minutes. And as you can see, year to date on average, it's been about seven minutes. One of the things we've done in this presentation is to give you an idea of . . . We are maximizing and even optimizing all of the technology to its fullest. Some of the things that we've already done to implement some changes into the center, we have, for example, a callback assistance program. We can use the technology for that. So where I showed you the abandonment rate where a customer can now call in, but eventually, we can get a call back to that customer by their number being registered with the tool. We also have enhanced interactive voice responses, orivr, with automated data retrieval, so we can find out more information faster while we have our customer on the call and navigate them through the call much faster so that actual handling time is going down. And we're using technology to make those improvements. And also, what we've found, many of our customers, in fact, don't even actually prefer to talk to a person at times. Some of our customers prefer service options. Now, often times, not all of the transactions can be completed 100% with self-service. Sometimes they might have a reason to zero out or call on

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different occasions. So, in this proposal, in our existing staffing contract, what we're looking to do is to look at our actual workload. And j.j.'s going to speak about that, our baseline, and also the sort of ebb and flow of the challenges that we have from day do day. But we want to talk first about a conversion. And that is, we have a baseline of a number of employees that it takes to operate the center around

those kpis that we introduce. And we also have staffing agencies where those employees of the agency, we want to convert a number over 40 employees that are already with a staffing agency to become full-time ftes, which also means that they would receive the benefits that I think you kind of talked about in the earlier discussions with the citizen communications. And in that program, you will see in both our converting and shifting employees from temporary and contract status by making them Austin energy employees, they will also not only be receiving the Austin energy benefits, we also in our proposal will be bringing for you at a later date the recommendation showing you the dollar change that it takes to change the minimum wage, the wage that they're earning on an existing contract, and what our proposal would be to move them to the \$13. And we'll talk about that as well. And then beyond that, we've looked at our Numbers and service levels, and we're bringing forth also an additional recommendation to you that says even if we were to convert existing staff that have been contract employees for quite some time, we don't want to lose them in the market. They've been with us three or four years. And many of them are our top agents, and our call handlers. And there is an increased growing of call centers into the Austin area. And if we don't convert them and make them full-time employees,

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we might stand a chance of having additional retraining costs and losing those employees. And also, when they're employed of the city, they have a better career pathway. Many of them will remain call center handlers, but after two or three years, with additional experience, they develop other kinds of experiences that will make them great and best candidates for back office operations. But, in addition to that, when we convert, and when we shift, as we have that discussion with you, the Numbers are still to the point where we need to add more csrs into our overall operations. So with that, let's have J.J. Gutierrez just take you through the baseline of how we measure how many calls we have and what's the staffing needs, and why we use a ratio of contract employees plus ftes. >> So I get the fun slides. I have two really rich and detailed slides to share with you. And they really are the cost of what we are recommending that we change and improve, to improve the customer service levels. So on this slide, on slide 5, you're looking at a chart of work -- workload in the two call centers combined. The green charted data represents historical workload, and even going out, there's some predicted workload through the end of 2016. What we've seen is -- and what you can easily see -- is that the workload is cyclical. There's peaks, and ebbs, and valleys. And it's not unusual for this type of workload pattern. In the past years, we've noticed

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this pattern, and we've addressed it by not staffing to the peak, but staffing below the peak. And what that does is it keeps us from having idle time during those times of low workload. The blue bar at the bottom represents the amount of full-time city of Austin employees -- csrs -- that we have addressing this workload. And you'll see that blue bar has remained constant, which means that there have been no new ftes introduced into the contact center since 2008. However, if you look at that green workload line again, you'll see that there's a trend where that workload is increasing, and slightly, year over year, you'll see the minimum amount of work required in any given -- at any given time takes -- recalling the base workload -- it takes about 133csrs. So the key point for this slide is, we currently have 91. But that is not enough to cover our base workload. So, we are covering the base workload with our staff augmentation contract. So we have contractors that bring us up to that 133. Okay? So that's a lot of information. Are there any questions right now on this slide? >> Gallo: Councilmembers, are there any questions? Would you like her to kind of go through the report, and then ask questions, or would you

prefer -- >> Okay. I can move forward. >> Gallo: Great. Thank you. >> The next slide then speaks to the cost of staffing at various levels. And we're using ratios to help

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us understand some staffing level options. Currently, in that very first column, we've got a couple of cost components, the number of coa employees, the number of contractors. We also talk about the cost of personnel -- city of Austin personnel and cost of contract personnel. And you'll see currently, we're at 40/60. 40% of our staff are coa employees, 60% are contractors. Those are 91 and 130. And if you look at the cost, it's about half and half. 5.6 million to employ our coa employees, and about 5.3 million to employ our staff, with a total cost of 10.8 million. We looked at some variations on improving that staffing ratio. We looked at a 50/50 ratio where half would be contractors, half employees. We looked at 60/40, 70/30, all the way to 100% employees. We're not recommending 100% employees at this time because, again, we have that ebb and flow. And so what you would find is that we would have to hire employees and then allow them to go do something else in those times of low work volume. So what we are recommending is to have 60% of our employees be city of Austin employees, and 40% be contractors. Let me tell you a little bit about what that process works, and why we're recommending. Currently, we have good attrition and bad attrition from the call centers.

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Call center reps, that is kind of an entry-level job. And what happens, typically, in a call center, are our reps gain skills, gain experience, and they move on to a different job, sometimes within Austin energy, sometimes within the city, sometimes with another company. And when our employees are moving, they create vacancies in our call center. The best way to fill those vacancies, that we've found is to go to the pool of contractors that have been working with us who already have been trained, who have been taking calls side by side, who understand our policies and our procedures, find the best of those contractors, and allow them to apply for the vacant positions. So we have a career progression. You start as a contractor. When there is a city of Austin vacancy, the contractor applies and becomes a city of Austin employee. When they gain enough experience, they progress up the path to other opportunities. We recommend keeping a contract staff as part of our full staffing approach, also because it allows for the contractor to take on that variability, the ebb and flow of work. They can bring on staff, and they can let go staff much quicker and easier than we can as a city employer. Finally, you'll see that there's not much of a cost difference in making that conversion. In scenario 60/40, what we're asking is that we convert or we create 42 fte positions, convert those existing contractors into ftes, and shift the cost from

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contract to personnel. In that shift, the net impact would be a cost of about \$1 million. And that 1 million includes an additional set of three supervisors to oversee the new city of Austin employees. >> Gallo: Excuse me, was there a question? >> Tovo: I do have a question. Can you help us understand -- if those employees are already doing the work that will be performed as full-time employees, why is it necessary to add more supervisory staff? Aren't they currently being supervised? >> Good question. They are. They're being supervised by the vendor. The agency is responsible for their employees. And so they have supervisors that provide oversight over their employees. They're actually located at our site, but the responsibility of -- they're the responsibility of the staffing contractor. So we would need to add city of Austin supervisors to manage the new city of Austin staff. >> Tovo: So we have individuals from

the temporary agency working out of Austin energy and supervising the staff that are performing work for Austin energy? >> That's correct. >> Tovo: That's really odd. >> So we have contract staff side by side in the Austin energy call center, and their supervisor is a staffing agency employee. >> Tovo: Does Austin energy pay for those supervisor's time as well? >> We do. It's a part of the overhead of the contract. >> Tovo: So -- okay. Yeah. That is interesting. Okay. I probably have some more questions about that, but thanks. I'll just think about that for a minute. >> Gallo: Councilmember pool. >> Pool: Let me extend that line of questioning.

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So, if the employee of the staffing agency is also working for us, does the -- is that typical? Are you saying they're employees of the staffing agency because they're on the roster for temporary jobs, or are these managers who are managers at the staffing agency, administrative staff of the staffing agency are on-site at city -- >> At the call center. >> Pool: At the call center. >> That's correct. >> Pool: So is that typical? >> It's typical in that -- >> Pool: For Austin, or is that a best practice? >> Hmm. Now, I can't answer the best practice question. >> Pool: Okay. >> But it is typical for Austin. We've done it that way for over ten years. And what it does, it allows us to not get into some co-employment issues. I think Kerry -- >> Let me attempt to clarify. What separates this is, this is not a temporary staffing agency where in many of our operations, we would hire the staff of the agency, and they now are managed by us solely. This is a fixed-price contract, and the employees that they bring to us, they meet their on obligations to train them, get them ready for entry into our operations, so they are under our training group. They're within the center with all of our employees. If we have a disciplinary issue, we have the recording, we provide all the data to the management team. But the contractor, they manage their employees for all transactions, the same as we do in a fixed cost. Those employees don't get the same kind of city vacations and holidays, the things associated with being a city employee. >> Pool: Right. I'm clear on that. It's just a curious combination for me. We have a component we hired,

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and inserted a third-party contractor with its employees into our operations. I'm really heartened to hear that you are looking at the wages. >> Yes. >> Pool: And increasing them, and converting. That's really good news. I don't know if the folks from the community who came to speak about that earlier today were aware of that. But that's good. And . . . Yeah. I will be interested in seeing how we work on this further. >> I think it's fair to say that it's typical for all contracts that we've seen of this nature. I don't know if I can say it's best in class. But at the time these contracts were let for fixed costs, that was just simply the provisions of the way it's universally handled. Their agency will manage their employees. Also, I'll give you one other example that oftentimes comes up. An employee of theirs might start into the contract and realize that they want to work in a call center. And let's say maybe they're better at auto mechanics-type tasks. Within that day, they don't have the conversation of their career shift with us. They have that conversation with their manager. And they may actually re-deploy them somewhere else. And -- >> Pool: I completely understand. It just takes the whole onus of the operations out of the city's hands. We don't have any of the concerns with what could be a high attrition, high turnover kind of an operation. And so it makes it easier for Austin energy and the city to have that effort. I completely get that. I just -- on a policy level, I'm glad to hear that we're doing some conversions on that. >> I just want to address the one comment that you made. So we do have management oversight over things like performance, attrition. So we have performance metrics within that contract. >> Pool: Uh-huh. >> To ensure that they are working up to par to our expectations. And if they are not met, then

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there are penalties in that contract. And so it's not that we've turned the management over to a completely different team. They work side by side with us. They understand our policies. They understand our expectations. And we, on a daily basis, are reviewing the work to ensure that they meet their performance goals. >> Pool: And then who -- to whom do the penalties accrue? >> To the agency, to the company, to the vendor that manages the staffing contract. >> Pool: And then do you know how that affects the particular staffer who was affected? >> It does not affect the staffer. >> Pool: That's an area where the city of Austin would be blind to what the effects of that might be. >> Yes. >> Pool: Okay. >> We don't dictate to them how then they manage their staff. >> Pool: And last question. Do they -- is their agreement with the staffers a contractual, independent contract, or is it an employee/employer relationship? Do you know? >> Hmm. >> Pool: It sounds to me like it's employee/employer, because it sounds like they control what the workers are doing based on what our parameters are. Okay. All right. Thanks. >> Gallo: Councilmember Zimmerman. >> Zimmerman: Thank you, chair Gallo. So my question on this, this looks to me kind of like a social engineering project. If there were motivation here to provide an improved customer service and say, all right, ratepayers, sorry about your high utility bills, but we're going to charge you another million dollars. But we're going to give you better customer service. But that doesn't seem to be the gist of this. Is there any evidence that if we increase this blend of contractors to permanent ftes, is there any evidence at all we're going to get better customer service for an additional million dollars in cost? >> There is evidence. It's not as straightforward as -- I can't show you, like, a cost figure. But what I can show you is the cost of attrition.

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So, when we continue to hold our contractors for six months or a year, they oftentimes -- and they've been trained and vetted through our process, and are working our centers -- they will look for other jobs after a certain period of time. And the cost of retraining, bringing -- hiring a new -- replacing that contractor is expensive. And so, as we convert more of our contractors to ftes, we don't have as high attrition. >> Zimmerman: Okay. >> And so we do save. >> Zimmerman: So now I'm really, really confused. If we're saving money, how come the line item shows we're paying a million dollars more, if we're saving money on training or what have you? I mean, this suggests that there's a net increase in cost to our customers. >> That's straight personnel. So it doesn't -- attrition is a little bit more difficult to estimate the cost of. And so these are straight personnel contract versus ftes budget line item costs. The attrition costs are a little bit more -- you know, less direct. >> Zimmerman: And there's a flip side to this, too, right? Because if people are in a job that they really don't like, but they're there because they're making pretty good money and they can't do better anywhere else, they stay in a job they're not happy with, and that results in bad customer service. So if you have contract employees and it's not a career per se, they'll do it for a time that they enjoy it, and then they'll quit and go do something else. Or if you have an employee that they just hate their job, it's easier for the contractor to say let's just part ways. But once somebody becomes a permanent city employee, they can engage in terrible behavior. We've seen this problem before with bad-be having union employees. They get fired, the union puts them back on the job. We could end up with worse

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service if we move to more full-time employees. >> The thought is that would not happen, because when we select from the contract pool, we only select those that are performing at the peak. And so, those that have had issues, we are able to weed them out in the process of them being a contractor.

And so when we pull them over to the fte side, we hope that we are getting the best of the best. >> Zimmerman: . [ Chuckling ] Thanks. >> Gallo: Are there any other questions? I have a question on funding for this. So my understanding is the staffing is already there on your chart, it's just converting from taking a portion and moving contractors to ftes. But it looks like that your recommending option would be an increased expense of a million dollars. So would that be reflected in the potential of hire utility bills for the customer? How do you foresee funding that option, which doesn't really increase staffing? It increases staffing at a different format. >> Yeah. Well, some aspect -- all of the operating cost comes at some cost that's later attributed to employees -- I'm sorry, customers -- what they pay back on their bill. But, again, I would say it's a minuscule cost because we're not netting this against why our cost is high in some areas because of the attrition. And so this would be offset by establishing a cycle where we have strong agents that provide an increase in our customer service. And after a year or two years, it's pretty clear they want to work for the city. They want the benefits of being a city employee. And we know what their performance is, whether it's good or bad. And we have great procedures in place that once they become a city employee, to manage that. And I would say today there's not a major issue in terms of

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systematically where we're having problems managing our employees, or even with the union in this regard. That's not an issue for us. So the cost would be -- in our operating cost, we would see some offsets from the fact that we're able to obtain employees, and we're in an o&m cost where we're constantly spending dollars for retraining. And all that's built into the process, too. So this 1 million would be netted against those losses that we receive just because we're having to redo the process over and over. >> Gallo: Thank you for that clarification. So I think it would be helpful if we had, perhaps, another couple of lines on this chart that showed just what you spoke about, that there is a net -- there is a deduction for the cost that the city -- the department incurs with that turn turnover, and what the bottom line net cost would be to the city. Because I think as we all hear over and over again about affordability issues, that I would be very reluctant to do something that would cause utility bills to increase. You know, our hope is that we can be proactive about helping to make our utility bills for our customers go down. So I think having that additional information to understand that we're not looking at a million-dollar cost to the city, but there are things that would be deducted from that in cost savings. So, thank you for that. The other thing that I think would be helpful, too, is you talk about the volume of calls. Do you have information that shows the categories that those calls come in? I mean, I think it would be helpful to know if there are ways that in policy areas, we can be helpful proactively in making changes so that perhaps we're doing things to address those concerns without it taking up call time and staff time to do that. >> Yes, we can provide that. We have a breakdown of the call types, call categories, in both 311 and in the utility contact center. >> Gallo: Okay. So

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>> Gallo: perhaps that could be a secondary discussion that you come forward with a briefing that shows those and then shows what your recommendations would be of ways to handle that more efficiently through the department if we need some policy discussion on that. That would be helpful. Thank you. Are there any other questions? Mayor pro tem tovo? >> Tovo: Just a quick comment. Just in case -- well, let me just say that I disagree with my colleague, councilmember Zimmerman, respectfully. I think that -- I think that moving toward transitioning contract employees into permanent positions is a -- is the right thing to do, and I think that we -- our customers will benefit from that, and I think it's a financial investment we should be making. I appreciate you walking us through the savings from cutting down on

attrition, that there is a financial savings of attrition but I believe our employees who are doing a hard job of sitting on the phone with customers who -- I mean, customer -- that level of customer service is a very difficult job and I think that it is, again, the right thing to do and as a solid investment for the city to make sure that those are employees who feel that they have a stable position at the city and that we are invested in them remaining there. Here. >> Gallo: Councilmember Zimmerman. >> Zimmerman: Final question on the number. Accurate Numbers are always better and I would appreciate seeing, you know, more accurate Numbers, but does the \$1 million increase include the long-term pension liabilities? >> Yes. >> Zimmerman: We have a pretty staggering pension liability, right, for city employees? It looks like the hockey stick, you know? That's kind of a scary looking 20, 30 years down the road it looks pretty frightening. >> It does include the cost of overhead we pay in our line budget item so that's cost of benefit, cost of vacation, sick. >> Zimmerman: Those aren't the big ones. The big one is the pension. Is it, like, 16% in addition

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to their base salary? >> I do not know if that is included in these Numbers. >> Zimmerman: It's a huge number. It's, like, 16 or 18% of what the employees get paid. I'd like to make sure that we know that that -- but it's more than the pension contribution because right now those astronomical pension contributions are still not fully funding the liability that the city has for these pensions. It's a huge issue. >> We'll double-check to make sure that what's included in these Numbers and what's not. >> Zimmerman: Thank you. >> Gallo: All right. Thank you. Any other questions? All right. Thank you very much. I do have -- >> I do have two more slides. >> Gallo: You've got more slides. >> I'll go really quick because they're basically summary slides. We talked earlier about the other two areas within customer care, conserves management, which is the -- customer service management which is the team that handles escalations and customer sense of scenarios in same scenario, the D we are augmenting staff with temporaries to cover as much as we can with green, which is the total workload. Same in our billing services management, which is the area that bills and remits process -- payments. And so we talked about shifting. We've talked about adding. Let me just conclude and we've already talked about some of the benefits. Let me conclude by just providing you with a heads-up of what's coming your way. So today we're not posted for action. This is a briefing, and this is hopefully to give you information to the top when we are bringing these rcas to you. So we have three rcas lined up and a budget item. In June we would be bringing you to an rca to extend our current staffing contract and what that will do is allow us time to propose and develop a new contract that would be going forward, but the current

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contract is scheduled to end this summer. And we are actually asking that we extend it and in that extension we move the pay, the base pay for our csrs, customer service reps from \$11 to \$13.03. So there's a \$2.5 million price tag with that extension so we'll have exact -- we'll have all the information about how we got to 2.5 million but, again, it's the cost of running the contract for another six months, as well as increasing the cost, the wage of our csrs. We'll also be proposing in our budget the conversion of the 42 contractors to ftes. That will be a budget line item that you'll take under consideration in August during the work sessions. And that's the time that we'll have more information for you on that and answer more questions and we'll get to determine if that's something that you want to proceed with. Right on the heels of that, you'll see a request, an rca, for a new staffing contract. So the current contract that we have with our vendor ends this summer. Hopefully we can extend it to the end of the fiscal year. Starting the new fiscal year, we would like to put a new contract in place. That new contract will also include an increase in the base wage that we pay our csrs and it will also include, we believe, a



higher overhead because the overhead has changed in the past five years. So we anticipate that it's going to be a \$9.5 million request. Finally, finally, finally, at the end, in September, you'll see another rca coming before you. We're not -- we have not talked much about this, but this really hits at

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councilmember Zimmerman's question, where do you see the improvement? Well, we see an improvement in attrition. We're also suggesting that we add, add, csr staff. And we add by utilizing what we call an overflow contact center. This rca will allow us to improve our customer service levels, those metrics that you saw at the beginning of -- that Kerry spoke of, the time to answer, hold time, wait time. Adding an overflow center will alleviate and improve those Numbers. So, again, we've got a full stack of requests and options for you to look at this summer and this is just the beginning of the conversation. >> Gallo: Councilmember Houston. >> Houston: Thank you so much for all of that information. I've got a couple of questions regarding your request for council action. You're currently located at Rutherford? >> We have two locations, one at Rutherford and one at the town lake centers on Barton springs road. And the headquarters. >> Houston: At headquarters, okay. So who is at which location? >> 311 is located at the Rutherford location and the utility contact center is located at the headquarters. >> Houston: Okay. So the call takers at Rutherford are also the 911? >> Correct. >> Houston: They do 311 and they defer to -- >> And 911, nonemergency. >> Houston: Nonemergency 911. So is there enough room for all these people that you're going to bring with this additional request for council action? Because Rutherford is kind of packed, right? >> We are fairly compact right now and we are kind of bursting at the seams. We will run out of base at some point as we staff more and more csrs to manage the

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workload, but you'll see that bottom one, overflow call center vendor contract, that's actually a request to place some csrs off-site and so they won't add to the -- the facility -- space at our facilities. >> Houston: So one of the things that I'm going to need to know is, again-- because people say all the time in various entities, well, it's only going to add \$4.10. It's only going to add \$3.06. It's only going to add \$1. The people that I talked about earlier who need to have their bills come in at a time after their social security checks and retirement checks come in, those are the people that we can only add so much to an increase in their bills so I'm going to need to know how much all of these are going to add to the billing cycle that people are going to have to pay. And it's not just y'all. We've got other entities that are going to be adding it's only going to cost. It's only going to cost. Those costs add up for seniors and people on fixed income so I'm going to need to know how much that's going to add to the base bill. >> We certainly will bring those Numbers in specifically. We hear you that you want it to be correlated to the total costs and how that might impact bills of different customer classes. We'll work on that. I would just say at a high level, we're also separate from the group that J.J. Oversees, our facilities group is really looking at all of our master planning processes, so we will be bringing forth you to some of the facility issues and solutions that we have with a very different group, different presentations, and the cost center is part of that facilities planning. >> Gallo: Councilmembers, any other questions? And I would just say that the second one, which is convert the 42 contractors, the million, we just talked about that and actually the net savings, there was a net

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savings that was -- or net cost that was less because the additional savings in training. So however you can push that into the conversation about the increased funding I think is very important. Because -- >>

Will do. >> Gallo: Okay. Anyone else? All right. Thank you very much. Next agenda item is number 6, customer assistance program update on the automatic enrollment. >> So I don't have a presentation for you today, but I did want to at least allow you to ask any questions you may have regarding the memo that went out on April 25 titled "Customer assistance membrane automatic enrollment update." In that memo we outlined some of the changes that we've made to the cap discount enrollment program, and some -- and we've also outlined our thoughts and our recommendations on the six items that advocate Paul Robbins presented. You'll see that we support three those recommendations -- three those recommendations and would support implementing them. There are three additional recommendations, two of which we would like a chance to hold off on our decision to implement those just yet. We'd like to implement the first three, see how that impacts enrollment, see how that alleviates the issues that Mr. Robbins has raised and then at that point decide whether or not to move forward with further process changes. The last recommendation, item 6 in the memo, eliminate the 10% discount for top tier, for the top two tiers, we do not support that recommendation and believe that it is those customers that are at the top tiers that

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are the ones who -- their home improvement value is lockers they are the ones who actually need the discount the most. Are there any questions regarding the memo or any of our recommendations? >> Gallo: Councilmembers, are there any questions? So I think some of the direction that we had -- that we talked about the last time, last meeting, when we visited about this, was that if there were -- you were going to give us an update and if there were areas that would require council policy and changes, is that part of your presentation at this point? >> Today I do not have any requests for tariff change. I do think that the tariff changes that Mr. Robbins outlined are in line with what I would expect the council to consider. So let me just -- a little bit more specific, items one, 2, 3 eliminate the -- take quick action on the high improvement home values, item 1. Item 2, double -- stop double and triple payments and item 3, eliminate participants who own more than one property. All three of those can be implemented without council action. We can identify those customers. We can send them on the -out letters and we can remove them if they don't reply or if they reply that they don't -- no longer want to be in the program. If you would like for us to unilaterally remove them from the prospect by the nature of them being high-value home property owners, that process doesn't exist without a tariff change, and so into the tariff you would have to add language that says because a customer

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owns home improvement value greater than \$250,000 they are not eligible for the cap program. With what tariff hey, then the opt-out program is really not necessary. We can unilaterally remove them if they meet that criteria. So there's kind a nuance there. Today, without a tariff change, we can request that these customers on the out, but they can also request that they remain in. With the tariff change we can unilaterally remove those customers. >> Gallo: What I'm hearing in your summary is item number 4 would require council action. >> Item 4 and 5 and 6. So the remaining three would require council action. >> Gallo: Okay. Are there any questions,s? >> Kitchen: So I'm understanding that y'all were thinking to put in place the first three. >> Correct. >> Kitchen: And then see if that addresses the issues. Is that right? >> Yes. >> Kitchen: What would be the time line at which point you would feel that you knew whether it was going to be working or not? What would be that time line? Do you have any thought on that? >> We -- we're working with our vendor right now. >> Kitchen: Okay. >> And there's a little bit of complication. It takes about 90 days to get these kinds of changes in the system. So we would need at least 90 days to see how that first run behaves and so we were targeting the July time frame. It

may be more like August when we actually see the results. >> Kitchen: Okay. Thank you. >> Gallo: But had we initially talked about this, my impression as that the department was going to continue forward with 1 -- the items you could do without council action. >> And we are. >> Gallo: Which would be one, two, three. >> And we are. >> Gallo: So the additional 90 days is a continuing of the moving forward on those three so at the end of the 90 days

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we would expect you to be able to come back. >> Correct. >> Gallo: And let us know how these are process. >> Correct, yes. >> Gallo: It might be helpful for the council if we have an update at each of our meetings and it doesn't have to be lengthy but just an update on the process. Would the council like to have that? >> We can do that, yes. >> Gallo: Super. We'll add to the agenda for the next meetings. Any other questions? All right. Thank you very much. >> Thank you. >> Gallo: Okay. The last automatic enrollment on our agenda is the overview of on-site energy resources district cooling. >> Good morning. My name is Jim Collins. I'm the director for Austin energy's work group titled on-site energy resources. We're more often referred to as district cooling program or the chiller program. In my overview for you today, our program, the district cooling program, operates three chill water systems in town, the largest of which serves the downtown central business district. These systems provide chilled water for our customers to use in their air conditioning systems. All of the costs of this program are recovered through chilled water customer fees and charges, and the net result of the program is lower reduced electric charges for all of our electric customers. The slide on the technology. Chilled water -- chilled water is the default design for providing air conditioning in

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large buildings. It's much more energy efficient than -- than the units that -- like we have at our homes, direct expansion units we have in our homes, smaller buildings. So chilled water is the typical application for cooling larger buildings and in a typical stand alone building the chill he shall is somewhere located inside the building and it works together with the cooling tower that's located up on the roof. They work together to remove the heat out of the buildings. And in this region, almost half, 40% to 50% of the electricity that a large building uses, goes toward driving its chiller, its cooling tower and the mechanical equipment associated with air conditioning. And so it's a significant load. District cooling is an underground network of pipes that gathers that load from multiple buildings and brings them into a larger chiller plant. And in doing so, gathering that load and bringing it together, it creates the economy of scale to provide superior energy savings, reliability, and quality of that product. Austin energy's district cooling program has connected 68 customers. We've been in existence 16 years. We've connected 68 customers. That's the equivalent -- or that is over 18 and a half million square feet of facilities. As an example, that's roughly equivalent to 165 city halls. That's the size of the facilities that are receiving their cooling from our plants. This image is of one of our plants serving the downtown central business district. In fact last week some of your staff toured this plant. The blue tile is an art in public places project entitled

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big which you willer blues, and behind that blue tile is an ice storage tank. So our systems, in addition to aggregating, collecting that large load for multiple buildings and bringing the work of those chillers into our facilities, our facilities are -- also include a thermal energy storage piece which allows our chillers to then work at off-peak electric hours, when electricity is more plentiful and less expensive and we then

store that thermal energy, that cold, in the ice tank and then we use it the next day. We melt it to satisfy our customers' cooling needs. So energy storage is really one of the challenges facing the electric utility industry. And the Austin energy generation planning formally known as the Austin energy resource generation and climate protection plan to 2025, addresses that challenge of energy storage by setting two goals. One goal for providing electric storage of at least 10 megawatts, and the other is providing as much as 20 megawatts of thermal energy storage. Those two things work as a way of helping Austin energy manage its peak electric demand. Relative to deploying grid scale electric batteries, thermal storage is quite frankly low tech and old school. Imagine putting trays of water in your freezer, making ice overnight and then the next day enjoying a glass of iced tea. In its simply simplest form that's what thermal storage is doing work at off-peak hours and then using it when everyone else is using electricity. This is an image of the actual electric consumption in our

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downtown plants. And the electric demand is there on the left, showing in kilowatts, and across the bottom of the scale is a time load of day. And really all it shows is that our equipment is working hard in the late night hours to early morning hours of the day, when electricity, again, is more plentiful and less expensive and then we're turning our equipment off in the afternoons when everyone else is using electricity and yet still serving our customers. And so that drop on that chart, it's roughly 14 megawatts, that directly impacts the peak demand that Austin energy has to satisfy on those afternoons. And basically by using that ice tank we've shifted that -- not just the demand but we've shifted that consumption, that use of energy, to those off-peak times, from on-peak to off-peak. Our chilled water customers are not required to be on the system. We don't have an obligation to serve them. We have to compete for every customer that we get. And we compete against them doing the traditional standalone system and so we have to bring a value proposition that makes sense for both parties. For our customers, it reduces their upfront capital costs because they're not buying that chiller and that cooling tower. It frees up space inside their buildings. They don't have to have a room for that chiller. It also frees up their roof space for the cooling tower, where it would normally be, it frees up that roof space for cleaner lines or repurposing for an amenity deck or solar panels or something else. It must make financial sense to our customers or they're not going to do it. And that's nothing like that to say we have to be -- not to

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say we have to be the cheaper solution, less expensive solution but we do have to be cognitive of where the market is, what their costs is to do it themselves. So above and beyond the price then becomes the - we get the market on the extraordinary liability of the system and the overall user friendliness of the system, basically translates to low risk to our customers. On our side of the proposition for the community, district energy supports compact and connected economic development, such as at the Seaholm ecodistrict. It supports Austin energy's gen plan by utilizing, growing the energy storage capacity. It creates long-term revenue stream. We're signing 20-year service agreements with these customers. And, again, it shifts that peak electric demand, which means avoided costs, those avoided costs typically come in two buckets, one is a market savings, the difference for buying that electricity out of the market at night versus day. And then there's another component of regulatory savings, which is the ERCOT allocation, which gets downloaded to Austin energy based on its peak demand when ERCOT has its peak demand. So to the extent we shift demand off, there's added savings there. I want to emphasize that all of these savings or avoided costs, they don't stay at Austin energy. They all go out to our electric ratepayers. The market savings is part of the power supply adjustment that you see on your bill, and the

regulatory savings is just there. It's part of those regulatory costs. And it's a downward pressure on those costs. The financial model, it's a traditional utility model.

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With upfront, large, initial capital investments for plant, for piping, transformation systems -- transmission systems and periodic additional capital costs or investments for -- associated with adding a customer. These would be extending pipes out to a customer, adding the equipment in the customer's building, and then the occasional increase of capacity in our plants to serve those added customers. On the revenue side, we have a long-term recovery of those costs through those charges and fees to the customers. Chill water feat fees are not necessarily the same for all customers. What we -- the pricing structure we've evolved to is -- has two components to it. For our chilled water customers, the cost of the chilled water, the cost of service, which is the same for everyone on the system, it's our all-in cost, not just our operational cost, our all-in cost for providing the service. And then in addition to that, we recover the connection, the money spent for that unique connection of bringing that customer in. We recover that in 15 years. Those two elements combine to be the charges that a chill water customer pays. And when you approach it with that kind of discipline, it ensures a positive net return on the investments. This is an image of our downtown system. The pipe that we have in the right-of-way is shown there in bold dark black. Two blue squares are the locations of our two existing plants downtown. And in the lower left-hand corner there's a little Orange image there of what would potentially be our next plant for the downtown system. So, again, downtown is a

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leather of the system, we have 45 customers, 45 out of the 68 customers are on the downtown system. Kind of highlighting some of the customers from the east to the west, we serve the Hilton hotel. We will serve the fairmont hotel when it's constructed and online. We serve the convention center, the austonian, city hall, Seaholm eco district, one out of the four components at the green redevelopment site and we serve whole foods. Our other plant locations we have one out at Miller, including Dell children's hospital or Dell children's center. Excuse me. Dell children's medical center of central Texas. And then we have another system out at the domain. In summary, over the 16 years we've connected 68 customers to our systems. We have a sound financial model and approach to how we price our commodity. We're currently providing 15 megawatts of electric demand management toward the 2025 goal of 20 megawatts. To move closer to that goal, we need to add additional customers. And in the months to come, you can see requests for expansion within the existing systems, giving us more capacity so that we can, again, add more customers. You may also see requests for additional plants. We're currently working with catelis, the master developer out at Miller, currently working with them to look at a

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second plant to serve the next wave of commercial development that's about to occur there. And last year council approved the design for our third plant downtown, and we expect to be before you in December with a request for build. Finally, in support of the imagine Austin plan, which is president indicated on pockets of dense redevelopment throughout the city, along transit corridors, we believe that district cooling can play a vital role in making those projects work. I've listed a few here. Austin community development, redevelopment there at highland mall, south central water front, central health, which currently owns, right, the property that Brackenridge sits on and when the new teaching

hospital goes online in the summer of 2017 Brackenridge is coming down and central health will begin redeveloping that site and they've already begun discussions with us for a district system there as well. And lastly I've listed the unnovation district also as an opportunity. That's what I have for you today. Thank you for your attention. Any questions? >> Gallo: Thank you so much. The chair has passed the gavel over to me as vice chair. She had to leave for another meeting. Questions, yes. Councilmember Houston was that a raised hand. >> Houston: Yeah, that's a question. Thank you. I have a question on slide eight. Is the chiller plant at 300 San Antonio street named after our own Paul Robbins? >> Yes, ma'am, it is. [ Laughter ] >> Most of our work group, we're engineers, and so we called did cp1, district cooling plant one. And when we built the second plant, guess what, we called did cp2. >> Houston: Okay. >> Council came along behind us and renamed that first plant after Paul Robbins. >> Okay. Just wanted to make sure.

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So the city hall is part of the system. >> Yes, ma'am. >> Houston: So can you tell me why it is always so cold in here? [ Laughter ] >> Well, I was anticipating that question, and my politically correct answer is going to be we don't -- we provide the chilled water to the buildings. We don't get involved in what the buildings do on their side of the meter. Okay? So we provide it. And it's up to our customers how they -- how they utilize the chilled water for cooling. The standard, the acceptable by -- acceptable standard for space conditions is that the human comfort zone is 72 degrees plus or minus 2 degrees and 50% relative humidity plus or minus 5%. I've heard stories of it being cool in council chambers and other offices, but I don't have data as to what the actual temperature is. [ Laughter ] >> Houston: Thank you. And we can't control it either. >> Renteria: Chair? >> Pool: Yes, councilmember Renteria. >> Renteria: So this is a chilling plant. So during the winter it just -- what do y'all do with it when it's cold outside? >> Great question. The reality is larger buildings always have a cooling load. It's less than in the -- July and August but they always have a cooling load. Think of a large building, only the outer shell, the windows and the upper roof, really communicate with outside and know what the temperature is outside. And so the inner space that have people, computer, lights, it's always generating heat and so while certainly our load drops off in the wintertime, it's still there. >> Renteria: It's still there. Thank you. >> Pool: Any other questions? Good presentation on the chilling plant. Yes, councilmember Houston. >> Houston: Thank you. I've got one other question. And this is not about the

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temperature in this building. So who pays for the chilling plants? >> The initial -- so the initial capital, the build, is -- came from equity within Austin energy nap was our seed money to get started. Since then we've issued bonds, debt, to fund the construction. Going forward, all of those costs -- I mean, we currently -- when you look at our net operating income, our revenue each year minus our operational costs, the money left over, the net operating income, then goes to paying off debt first. We have debt schedules that we have to pay. So it goes to paying debits first, and then equity second, and then, lastly, it goes into a reserve fund for replacements and expansions. >> Pool: Anything else for Mr. Collins? All right. Thank you. Thank you so much. >> Thank you. >> Pool: I think that was our last item. Before the chair left she did say that if anybody has any items you'd like to have on our next agenda, simply shoot an email to her office. And that being all, I will adjourn this meeting and thanks to everybody who came today. Have a good afternoon. [Meeting adjourned]