

City Council Budget Work Session Transcript – 05/25/2016

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>> Tovo: Good morning. Sorry for the delay in getting started here. Councilmember Houston I appreciate was filling in for me while I was at the dentist. And I'm filling in for our mayor who is our town today on city business. Councilmember Garza will not be joining us, she's not feeling well today. I'm going to call this meeting to order at 9:17. Again, sorry for the delay in reaching quorum and I would like to recognize our colleague, councilmember pool, to make an important introduction. >> Good morning, everybody. We are privileged today to have the lord mayor of Adelaide Australia, one of our sister cities, I think one of our first sister cities with us. This is martin hazy and I know he was interested in meeting with all of you. We met him when we were at the climate conference in December and the mayor and I had a number of conversations with the various representatives of the city sisters -- sister cities that were there. And this is your first time in Austin? >> This is. >> Pool: And to extend the conversations that we had when we were in the climate conference. He may be interested in talking with y'all, with all of you, and so he will be here for most of the day and I believe his wife will be joining him midday. >> That's right. [Applause]. >> That's fine. Good morning, everyone. And it's a great pleasure to be here with one of our sister cities. We established our relationship in 1983 and I've been elected for almost two years now as the lord mayor of the city of Adelaide and I'm very keen to strengthen our sister city relations and I intend to work very hard on that front. It's a great pleasure to be here and I'm extremely impressed with the beautiful city of Austin. It's great. It's a welcoming city. There's a lot of similarity between Adelaide and one.

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Whoever architected the relationship way back then I think had a great deal of vision. So thank you for your hospitality and it's great to be here. Thank you very much. [Applause]. >> Tovo: Okay. Well, if the staff are ready we'll go ahead and begin. As we've done with our other presentations, we'll let you get to the stopping place and then we'll ask our questions then and save our informational questions for those stopping places and then after we handle the informational questions we can jump into the policy questions that you've posed. >> Sure. Good morning, mayor pro tem, members of the council. My name is ed van eenoo, deputy chief financial officer and budget officer for the city. Today is our fourth of five policy work sessions that we've been having over the course of may with the city council. You know, these policy work sessions are going to be very, very important to staff as we go -- get into June and July and start crafting our budget proposal that will come to council on July 27th. These policy work sessions, of course, will have a huge influence on that budget recommendation that we ultimately make. You can

see on the calendar up here that today, may it 25th, we have two policy discussions to bring before council. One about equity and affordability and then following that we'll have a discussion about our general fund transfer policy. And just by way of introduction, I think equity and affordability is something that's been on everybody's mind, something that cuts across everything we do as a city really. If you look at this calendar, on may fourth we were talking about tax rates and utility rates and how those impact affordability. We talked about civilian wages and employee benefits. As part of that discussion we were talking about living wages and the affordability of the city for our employees. And trying to have wage increases that take into account cost of living changes and health insurance cost increases. On may 11th, part of the discussion on information technology needs was about

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the digital divide and the need to do better in regards to digital inclusion because not everybody in the city has the same access to the technology that most of us can benefit from. And then on may 18th, of course, the health and human services presentation a lot of that presentation was about health equity and differing health outcomes by different racial groups and income groups. So really affordability and equity cut across so many things that we do as a city. We just felt it was something we really needed to talk about with council prior to formulating a budget recommendation. So that presentation is going to be led by assistant city manager Burt Lumbreras who is -- Burt Lumbreras who is next to me. He will take that. And after he's done, probably this afternoon, we will get into the general fund transfer policy, which will be presented by Elaine Hart and is a response to two different council resolutions asking us to look into that transfer policy. So with that I'm going to pass it over to Burt. >> Mayor pro tem, city councilmembers, good morning. Burt Lumbreras, assistant city manager with community services. I have the pleasure of providing the presentation on affordability and equity today. I'm very excited about it. Today what we're going to do is we're going to cover a couple of definitions. We're going to talk a little bit about the demographics of Austin and how they're shaping our community and certainly a lot of the pressing needs and gaps that we see in our programs and services. We're going to talk about specifically the -- a lot of the programs that we offer to aid in liveability for those most vulnerable populations, especially for individuals and families who are at that zero to 200 percent of the federal poverty level and have income levels well below those defined limits. We're also going to talk about some of the ongoing efforts and the very exciting initiative about creation of our city's equity office, which we're very thankful to the city

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council for undertaking that. And despite, you know, all of our progress that we've made there is certainly still a struggle that we keep up with our community needs. We're going to talk about how we're formulating and creating that office and how that's going to be very key in how we're going to be able to identify the gaps and the needs that exist in our community. And then we're going to tee up some open discussion where we want to talk about our investments that we make in our community and how we can work with our stakeholders and community partners. Just to start off with, equity and affordability, affordability is best defined very simply as the extent to which something is affordable as measured by the cost that an individual or a person bears and is able to pay. The national academy of public administration defines equity as a fair and just, equitable management of all institutions. It also talks about fair, just and equitable distribution of services and public policy implementation of public policy and the overall fairness and justice in equity and formation of that policy. We are an innovative community and finding creative solutions is something that we certainly pride ourselves on and work at very hard everyday. Permanent supportive housing has proven to be an excellent model for our

community that can address the homelessness. The council support in this effort has been critical as we move forward to the next goal of units that I will talk about briefly. The city has a number of programs that we help our citizens to help themselves. Whether that's access to food, child care, health care and transportation options that many of us take for granted, but certainly can create a lot of difficulties and a lot of -- and sometimes some very impossible situations for our most vulnerable populations in our community. We as a community, if we can provide assistance

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to those necessities, the results can be a game changer for 'a individual and a family. And later on I'll talk about a few examples of some of the work that we're doing with some of these great initiatives. And certainly as affordability becomes more and more of a concern, the demand for these services is vastly increasing. The assistance we provide for homeowners and renters is greatly utilized, but cannot be the only source of help. We need to continue to work with in many cases with developers to ensure that affordable housing units are created and maintained in perpetuity. We are challenged to develop ways to keep housing affordable and certainly need the help of the community and effective stakeholders to continue that momentum. And as I've noted a as although we've made many strides there's plenty of work that needs to be done. Staff will continue to work with each of the quality of life commissions that have a lot of great work underway to ensure that very specific and targeted quality of life issues are identified and addressed as best as possible. We will continue, as ed mentioned just a few minutes ago, with our digital inclusion strategy plan. And keep the council up to speed on the progress that we're making in that area. As we move closer to finding our new equity officer we'll continue to work closely with the community on developing the foundation of the office itself. This person is going to work with the community closely to develop an equity tool that will be very unique to Austin and give us the assessments and the critical conversations that we have about how and what programs that we deliver. There are many barriers that every citizen in Austin face in everyday life. As a city we offer equal access of programs to our citizens that will help break down these barriers the challenge to keep the program increases as the demand for service grows. The city has a variety of

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programs that are designed to help citizens. Some of these programs address housing, employment, transportation, access to food, childcare, health care, security and financial assistance. These programs exist to help individuals and families reach a sustainable quality of life and increase Austin's liveability. Let me say this, by having available resources we are investing in our community's values. If there is a lack of access to services the results could be a decrease in community and cultural value, higher property taxes, higher unemployment, higher health care costs, increased homelessness and sometimes increased life -- decreased life expectancy for some individuals. Before begin with the discussion of affordability I would like to give you a brief glimpse into some of the geographic trends that we are seeing in Austin. Current maps of median family income from the U.S. Census show an extreme gap between affluent central Texas and those less affluent parts of our region. There's a considerable difference between Austin, specifically more like west Austin and other areas of the region like manor and bastrop. Austin is certainly becoming a more divided city, divided not just in terms of income, but certainly in terms of cultural attributes, linguistic characteristics and other factors. This map takes a closer look and one can truly see where the dividing line, and that is as we all know I-35. As you can see off to the left the blue and purple areas represent homes with higher family incomes while red and green areas more to right represent lower to middle income, family

[9:30:10 AM]

incomes. Although there are pockets of rising income levels along the eastern part of the corridor, there is still a stark contrast between the two areas of the community. In this next slide we try to attempt to put together a slide that encompassed what the average major costs that a family of four would experience living in Austin. If you look to left we have a category, for example, average mortgage, average childcare, health care, non-city of Austin property taxes, major city of Austin fees and city of Austin property taxes. We then showed the percentage of these costs towards a family total income. We broke them down into three different categories, a family of four making 100% mfi or median family income, one making 70% median family income and then one making 30% mfi. Of course there are other monthly costs missing from the table and I want to highlight that. For instance, we don't have food and grocery category or we don't have a vehicle maintenance and transportation category. It also should be worth noting, and I will touch on it a little further into the presentation that the majority of the families that are low to middle income tend to rent rather than own that. Being the case at the bottom we listed what the median price for a two bedroom apartment is, and that's that 1276 amount. This next slide gives a good overview of the break down of homeowners and renters in Austin. As you can see there was a majority of renters within the city. You will also note that it appears that the majority of those making less than 75,000 are renters in Austin. The information comes from the U.S. Census bureau. So essentially if you look at that 50,000 to 75,000 range to the left you will

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see that 44% are owners and 55%, almost 56% are renters. Through our neighborhood housing and community development department the city offers many options for citizens who want to pursue home ownership. The down payment assistance program provides eligible homeowners with a zero interest loan to assist with buying a home in the city. The down payment assistance funds, the down payment, eligible closing costs and prepaid expenses for many of our residents. And this is generally targeted for households making 80% mfi or below that qualify for this program. And 80% mfi for a family of four is about 64,200 a year. We also have a matched savings account, also known as individual accounts or idas. This allows them to become financially empowered. Savings through this program can be used for areas like higher education, purchasing a home or small business development or expansion. And these are generally targeted for households at or below 200% of the poverty rate. We also offer home education and foreclosure prevention counseling through our housing smarts program. This is generally targeted for 80% mfi or below and this is also offered to our city employees, which is a great benefit to many of our employees, especially in the lower wage bracket. We also have a community land trust program which allows residents to purchase a home and lease the land by taking the cost of the land out of the real estate transaction, land trust homes are more affordable than houses on the open real estate market. And this is generally for households making 80% mfi or below. I'd also like to briefly mention that staff is also

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working on what I think is an I-10 initiative with the Austin independent school district on workforce housing. This has been a recent discussion and we're still in the exploratory aspects of this discussion with aid to discuss a potential partnership to construct workforce housing on school property. As you may know, aid experiences a significant loss of teachers every year in the range of 7 to 800 teachers annually, which is a huge impact to our school system and certainly to our community and is a big interest to us to try to work with them in trying to solve. As I mentioned it's still in the very planning

stages. Staff initially presented best practice information to the joint subcommittee back in April and we have been working with aid and they are working with the school board of trustees in working with the next steps. We're kind of waiting for them to come up with their initial first project because at the end of the day it would be a project on aisd land. Home ownership, nhcd also works with developers looking to create and preserve affordable housing. We do this through a variety of developer incentive based programs to engage developers in providing affordable rental and home buyer and market rate developments. Affordability is also promoted through development agreements, which may produce affordable units and/or fee-in-lieus with a focus on low to middle income households and specifically people with disabilities. We also have our smart housing program, which is a developer incentive program that secures affordable -- housing affordable to households at 80% mfi or below. Queue's the city in exchange for development fee waivers and expedited development review. And then we also have

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density bonus programs that are used to secure affordable and the range for households is between 50 to 100% mfi. And in exchange for increased development entitlements. Some other programs that we have, in acd along with health and human services offer assistance to renters. For renters looking for assistance in paying rent or utility, nhcd's tenant based rental assistance program helps families move from homelessness to self sufficiency by providing rental subsidies and case management services, which is very critical for many families. Finally, we also offer assistance through our social service contracts and our neighborhood centers. These are for families making the transition from homelessness to housing. We work with these families to ensure they not only attain housing, but maintain it. A real creative approach and a collaborative that we've been able to establish that we're very proud of is the best single source plus, is %-úone of the social service contracts that is a multiagency collaborative that helps clients with assistance with a variety of different partners. And later on I'll give you an example of some of the work that they're doing in the community. Similar to our homeowner assistance program we also have rental housing development assistance programs that were created to increase or maintain our supply of rental property, increase the availability of transitional and permanent supportive housing, and not only for low income households, but individuals with special needs. Also it helps us to meet our affordable housing goal and objectives. And I can't state enough, and strongly that the need for affordable units is very, very critical. In fact, a 2014 comprehensive housing market analysis report identified a need of about 47,600 units

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for renters who earn less than \$25,000 a year. I would also like to take a moment to discuss the city's initiative with regards to permanent and supportive housing. In March of 2010 the Austin city council passed what I believe was a very historic resolution directing staff to come up with a strategy in close connection with our community and our stakeholders to prioritize the city's affordable housing resources that include federal and local monies for permanent supportive housing. The unanimous action was a result of several interconnected initiatives that ultimately culminated in an Austin elected officials pledging to create 350 units by 2014 for residents most vulnerable to homelessness. By the end of 2014 the 350 goal was surpassed. In October of that year the council continued their commitment to this effort by approving a second resolution setting a new goal of creating 400 more psh units to include 200 housing first permanent supportive housing units in the next four years. Although the work that has been done is significant there is still an unmet need of more than a thousand units in the austin-travis county area. According to the homeless management information system or hmis data, from the last 12

months psh programs representing 209 units have a 96% retention rate. Basically 96% of the clients are either still in the psh unit or have exited to other permanent housing. Extensive research shows that psh models consistently affect positive outcomes for people with long histories of homelessness and chronic

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disabilities. This outcome then decreases their health care usage and criminal justice interactions. I would like to note that the top 500 homeless individuals in Travis county each incur average annual health care and criminal justice costs of a little over \$100,000 a year. We have found that after applying the psh model and deducting the cost of housing and the wraparound services related to psh there would be a cost avoidance of \$63,100 per person per year. This is according to the permanent supportive housing pay for success project in Travis county, may of 2016, social finance inc. Report. We also offer transportation options for those who don't have a way to get around the community. Health and human services provides vouchers for taxis to assist clients to access key services including HIV, STD services, wick services. In our neighborhood centers we provide bus passes to assist individuals and families that meet eligibility requirements with basic need services. Also our parks and rec department provides transportation services for seniors 60 and older who reside within the city. The city's human resources department offers members of the community employment assistance in several locations across the city. Employment specialists provide assistance with job searches, resume development and critiquing, interview coaching, skills testing and offender workforce development. The city believes in workforce development and both the economic health and social services department contract with agencies to offer workforce training for citizens seeking to obtain and maintain meaningful work. They have contracts with

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skill point alliance, capital idea, workforce education readiness continuum and goodwill ready to work collaborative. And the council in the past, and this council has taken very strong stance to ensure that the local workforce be paid a living wage. Council has passed a living wage policy to address our seasonal lifeguards, our non-solicited city projects and during last year's budget council established a new living wage for temporary employees. In the area of childcare the city understands that obtaining childcare is critical for working families. Both health and human services department and neighborhood housing contract to provide childcare to low income families. The program include childcare subsidies to low income families with parents that are working, in a training program or in a crisis such as homelessness. We also contract with aid and the river city youth foundation for free out of school programming that is for school age children. We also offer after school and summer care for head start families. Parks and recreation offers many out of school programs and summer camps that are initially discounted at a 50% rate for all city residents. For those families that want to utilize, for example, our summer camps, a household with one child in a full-time camp would pay \$376 per month. But with the financial aid and a Scott Johnson scholarship, they would be paying as little as \$47 a month. For families that wish to utilize our out of school programs, a household with one child in after school would pay about \$94 a month, but with the financial aid and for the scholarship it would be slightly under \$12 a month. At this time we have about 1200 -- more than

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1200 individuals representing 570 households that have taken advantage of the financial aid program. Pard operates semi structured programs for youth at strategic locations during the summer months.

Obviously it's important to keep our youth focused and in our programs. These programs operate in parks and recreation centers and are free to our youth. In addition to the structured programs, we have a lot of drop-in activities at our rec centers that are available during hours of operation. It is also important to know because it's important for us to work very closely with many of our stakeholders that both health and human services and pard are connected with the broader out of school time community and recently supported a systems wide survey of out of school time programming specifically associated with summer camp and after school programs conducted by E 3 alliance. According to the report summary, the most significant challenges facing out of school time organizations are funding, capacity and overenal., transportation and -- overenrollment and staffing. The study found that eight out of the 10 zip codes that had the largest number of children not served by after school activities live in zip codes associated with low income areas. Food is an ongoing cost for all families in Austin. Our health department offers a number of food assistance programs to help individuals and families. Eligible families can sign up for services at our W.I.C. Clinics. We also have distribution programs at our neighborhood centers where we partner with the capital area food bank, a program called fresh food for families. Hhsd also does enrollment outreach as part of our supplemental

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food nutrition program and we also work hard to provide healthy food options for our elderly population. In partnership with the capital area food bank, pard offers the kids cafe program which provides free hot meals to youth age 18 and under at three recreation centers. We also offer free snacks and meals at seven playground sites, 13 summer camps and 10 after school locations. Beginning this summer the department will also offer a weekend backpack program at all summer camp and playground sites providing children supplies for weekend meals. In partnership with the capital area food bank, pard offers meal programs, whether it's free hot meals, boxed meals or weekend food supply, to ages -- youth ages 18 and under for a total distribution of over 136,000 meals and snacks. In addition to that work we also partner with the capital area council of government and meals on wheels where we provide free well balanced means to adults over the age of 60 at eight other locations. With regard to health care, the city has many programs to try to help individuals and families seek any assistance they may need. To ensure individuals are enrolled in insurance as part of the affordable care act the city has contracted with local non-profits that help educate and enroll individuals with health insurance. Hhsd also provides a number of public health services including offering immunization clinics for children and adults. We also have -- offer clinics for those suffering from HIV, tuberculosis or sexually transmitted diseases, including evaluation services, counseling, testing and case management. We also have a refugee clinic that provides clinical services to

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many refugees relocating to the austin-travis county area. Finally hhsd offers community-based health screening and education prevention programs free of charge. These programs aim to promote healthy living and improve quality of life by working to prevent and control disease. A very unique program that we have is using health indicators, direct service departments like pard and health and human services offer basic health screenings and access to local physicians for basic consultations regarding healthy habits with a program that is entitled walk with a doc. It's an outreach program where we utilize the health indicators because we've learned that these indicators suggest that the population may benefit from health education and physical activity, especially in targeted areas where these are more of a concern. In conjunction with the health care district, pard and health and human services has worked very closely with the community to provide a free once a month clinic service at the turner Roberts

recreation center in an effort to help fill a service gap in the northeast area of Austin. Which we're very proud of that work. I'd like to share a few stories of real families that have accessed our services and programs. The first scenario is one of a family that moved from Texas from another state to get a fresh start. Mom and dad found work quickly, but soon discovered finding affordable housing for their family of five was much harder. They stayed in a hotel, looked for other housing and then steady work became harder to find. Soon the family started living out of their car. Mom found the south Austin neighborhood center that was near the park where they had gone to rest from time to

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time. After doing an intake with staff she learned her family could get help with food, clothes and transportation. When they first started going to the center their income level was below 80%. The family's social worker started working with the parents and helped them get connected to workforce solutions at the center. Mom and dad were able to find work again. They began getting some support through the neighborhood center to help them keep their jobs. They were able to get bus passes through the center to help them get their -- get to their jobs when their car wasn't working. The family was able to get help from the social worker to find and get into an apartment where they received rent and utility assistance. With the support they received from the south Austin neighborhood center the family was gradually able to achieve an income of above 140%. And they were able to maintain this level of income for several months. The parents report that the children are doing well in school and now things are beginning to stabilize for them. Next a couple comes to the Salvation Army social service center emergency shelter in downtown Austin in February of 2013 after being evicted from the department -- from their apartment for nonpayment of rent. Both are hearing impaired and have five young children. While mom is able to work as a certified nurse's aid, the family relies on social security disability to supplement their income. Once in shelter the family was quickly referred to the passages program as their barriers to self-sufficiency were very high. Everything from large utility debt, eviction history, criminal history and missing documents. To stabilize their family during their time in the shelter they put together payment plans with their case manager and managed to pay a significant amount of their back debt. The family was referred to the shelter plus care

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at a foundation communities property and their application was approved. Through his new partnership with bss plus, passages is now able to assist the family with a deposit and first month's rent. This extra assistance made all the difference in the world for this family as it allowed them to move out of the shelter after an extended stay and get situated in their own three bedroom apartment before the children started school. The passages case manager plans to continue to access the bss + to help the family buy beds for their apartment. The flexibility of bss + to meet a variety of needs in conjunction with other services is a key component to assisting this family's needs. As Austin grows and costs increase the need for services expands to more people. We believe there is a responsibility to ensure that there is equal access of city programs for all. The city with many of its resources and our partnership has initiatives to ensure access of services, that it exists for those who need it the most. And we try with a lot of staff that is very loyal and very committed to this cause and the compassion that they bring to their job everyday, we try to keep Austin liveable by providing equal access to the programs that we offer. Austin has three major quality of life initiatives whose purpose is to assess the overall experience of Austin's diverse communities and level of awareness and access to city services. These initiatives involve evaluation and community engagement with the goal of improving conditions for Austin's African-American, Asian and hispanic populations and the community as a whole. The

African-American quality of life initiative began as the city of Austin assessed the conditions and

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sentiment of our population through a series of community discussions and presentations to city council. The report was finalized in 2008. The hispanic-latino quality of life initiative is a multi-phase process that includes demographic research, trends and data analysis, community engagement and input and oversight team reviewing, culminating in a final recommendations report provided to council in June of 2013. In both the African-American and hispanic quality of life initiatives, city council has allocated some funding in the annual budget to address some of these recommendations. Justice this last year the asian-american quality of life initiative began and is seeking to improve the quality of life of asian-americans living in Austin. A draft report will be available next month and the final report -- the final report will be forthcoming to council soon thereafter. I would like to also note that our departments do work very closely with these commissions and they also request funds through their unmet service needs to support many of these quality of life initiatives. We also pay attention and focus on the citizens survey which provides the city an opportunity to assess service levels and satisfaction by districts in the community at large. The city has seen good progress in our digital inclusion initiative. The digital inclusion strategy was adopted by council in the fall of 2014 and searched as a road map for addressing access and adoption of digital technology in Austin. The vision is that every Austin resident have an opportunity to be fully engaged in digital society, accessing and using digital and communications technology. Also it's important to note that our neighborhood assistance center in our planning and zoning department assists citizens involved in neighborhood associations, homeowner

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associations and other self-defined neighborhood organizations that help shape our neighborhoods throughout the city. In March of 2016 we contracted with six social service agencies to provide community-based health prevention and education programs that were related to a council resolution with a primary focus on health and economic equity. The subsequent staff report provided recommendations for short-term programs and funding for the implementation of enhanced community-based, non-traditional, holistic and culturally specific services to address very targeted health disparities in Austin. The six agencies that were contracted were catholic charities, university of Texas, sickle cell association of Texas, mark Thomas foundation, meals andlins wheels and more, all go, and Austin revitalization authority. I would like to also mention the creation of the equity office and the ongoing efforts surrounding this initiative. And the council may very distinctly recall that there were funds that were allocated during this year's budget to create the equity office. Staff has conducted extensive research into other equity offices around the nation and we consulted with the government alliance on race and equity to conduct an initial equity assessment of the city. Concurrently we're in the process of recruiting our first ever equity officer. We're very excited about. Tonight, as a matter of fact, will be the first community meeting to gain input on the mission and vision of the new equity office, and it will be held at the asian-american resource center from 6:30 to 8:30. And another one is scheduled for tomorrow evening at the dove springs recreation center, also from 6:30 to 8:30. The equity tool will be developed -- that will be developed will be

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used to establish very critical criteria. Definitions and instructions for completing a racial equity impact analysis during the budget process. This tool will be developed by the new officer and the community

and will have a significant involvement to help develop this tool. It will be critical as we move it will be critical in shaping future policy discussions as it will help us develop the community our organization and show us where service is needed and gaps exist. Mayor and council, in conclusion, affordability is certainly an ongoing concern for all austinites at all and most income levels. However, the reality is we have a significant portion of our community that are trying to make ends meet. And are experiencing significant or in some cases multiple barriers. It is those in the most vulnerable populations category where we continue to focus with many of our programs, even though we have seen measurable success like in the case of the family accessing our programs at the south Austin neighborhood center, and the family who had to stay at the Salvation Army emergency center for an extended stay after being evicted we recognize we are challenged with serving the multiple needs of manufacture our residents in our community. We truly appreciate the council's commitment to the cause by funding the creation of an equity office and allowing us an opportunity to work with the community on an equity tool. As staff we look forward to the work because we believe it will help us to identify the needs, gaps in service and programs and guide news being able to make the very best possible recommendations that we can for our future investments. With that I offer some starting points to consider. What is the appropriate level

[10:00:26 AM]

of funding to combat poverty and increased cost of living? With regards to other priorities where does this rank in priority? Are there significant areas council would like to see additional investments. With that I thank you for your time and we'll be happy to address any questions that you have and certainly have a number of staff here with me that can help me address the questions. >> Tovo: Thank you very much, assistant city manager. So as we talked about, we can start with kind of informational questions. I know we ran through a lot of information and likely there are some. Councilmember Houston, did you have one or shall I come back to you? I have a quick one, if -- councilmember kitchen. >> Kitchen: Whenever you're ready, councilmember Houston, we can come back to you. >> Houston: I'm fine >> Kitchen: Okay. All right. My question all right to the -- thank you for being here. This is really good information for us. My question is -- this is probably just additional information that perhaps you can get for us, and that relates to the status of the oca enrollment and actually my question is broader and that is really the status of -- the current status of the uninsured in the whole community. I think we track that information. I'm not certain, but I'd like to understand year over year over the last few years and where we're at right now, I'd like to understand whether we're making improvements or not as a community, as a whole, and where we sit today in terms of our level of insurance. You know, traditionally it's been, like, I think statewide figure is 25% or something, but I'd like to know where we're at right now because - - so is that information that you could get for simultaneous >> We certainly can. As I noted we have several contracts, and we have very specific outcomes in relation

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to those contracts but we will be more than happy to get you the latest information. >> Kitchen: Yeah, I'd like to know. This is something that's not just a city issue. It's the whole community's issue and I'd like to know how we're doing from a community perspective. >> Certainly we can provide that. >> Kitchen: Okay. >> Tovo: Councilmember Houston. >> Houston: Thank you. And thank you for that very comprehensive overview. I have a question on -- it's about housing and rental units, back on 10-11. Have there ever been any discussions about the housing authority about ways that their properties -- and they have a large portfolio of properties, some of them are underutilized, lots of land, very few units -- to talk about how their goal and our goal for housing that people can afford can intersect as they begin to talk about mixed-income projects? Have those conversations ever been held so that we're in

alignment about where we're going as far as how we can produce those permanent housing opportunities for people in the city? >> Councilmember Houston, that's an excellent question. Initially when Mr. Gerber came on board we had some initial discussion with him because certainly affordable housing has been a big priority of the city for some time and we had that discussion, but I think from my conversations with him is that they were certainly trying to deal with some priorities of some older properties and some issues to try to preserve a lot of the units that they had. And so I don't believe that we were able to get beyond some of their immediate needs. But I sense in my conversation with him that I think that that would be something that they would be very open to. I sense that they certainly are very willing to sit down with us and certainly would

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welcome the council in those conversations but they're certainly very willing to sit down with us because we did talk about where there were locations where they had available property and it is possible -- the possibility similar to the discussion with aid about workforce housing that they would be amenable to that. So my response to you is initially when we had the conversation they had other priorities, but I sense that they were very open to having those discussions and maybe now is a good time to do that. And we'll be happy to initiative those discussions. >> Houston: I think that's a good opportunity for us to at least getting our housing, because they operate a housing authority, and we need certain kinds of housing to at least align what we're doing and everybody thinks mixed income is the right way to go. They have an opportunity to be able to do that so I would hope that we would begin those conversations, especially on those properties that are in high opportunity areas where they can use some more density. >> I agree. I will note real quickly, you know, we talked about the permanent supportive housing, moving phones from homelessness into housing. They have been a partner at the table as a part of the working group that has been looking at where do we have available units and I can where can we marry the services and funding folks have. They have been very instrumental in helping us achieve the initial goal but now targeting on the next goal and they've been doing that with opening up some vouchers, which are very critical, as you know, in our community and very limited. So I've found them to be very willing to come to the table and work with us and we will be more than happy to initiative that discussion. >> Houston: I would appreciate it. As you know they're beginning to develop new properties. The reserve at Springdale is a, quote, affordable housing project, but there are other opportunities out there on

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property in their portfolio to look at specifically, not the permanent supportive housing, which I support and I appreciate their efforts on our behalf on that, but that missing middle group of people that we can't seem to find housing to either rental or homeownership housing. So I think it's a conversation worth having now. >> Okay. >> Houston: Thank you. >> Mm-hmm. >> [Off mic] >> Kitchen: I also had a question related to -- I can't remember if we're calling them benchmarks or goals, you know. We have certain goals that we set as part of the -- every year as part of the budget process, and it just occurred to me, I didn't think about this when we had our other briefings on the budget, but I think it would be helpful -- I guess we just have one more to go, but I think it would be helpful that we talk about what those are as we talk about our budget briefing. So I know that we'll get them as part of the budget process, but I think it's useful -- helpful for the public, I think, because I think a the love folks in the public don't understand that we have these benchmarks. Are we calling them benchmarks? I guess goals. You know what I'm talking about, right? What's the right word? I'm sorry, I'm not using the right word. Performance metrics. We have these performance metrics we adopt every year as part of the

budget and so I think it would be helpful that as we go through these sections that we understand which performance metrics relate to the different subject areas. So and I know we're near the end of this process now but this is kind of a teaser for next year and also perhaps for our last one we could do that.

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>> Tovo: Councilmember Renteria. >> Renteria: Yes. And also on page 15, on the workforce development, I'd also like to see the metrics on skill point and capital idea. I definitely really want to find out also on skill point and where they're at in their goals. >> Okay. We'll be happy to provide that for you, councilmember. >> Tovo: I had a couple quick questions. One was on page 13. The 209 units of psh that have a 96 retention rate, what was the period of time over which that was measured? >> I will double-check, mayor pro tem, but I believe that was for the -- >> Tovo: I can spittle submit it through the q&a. >> I don't want to venture off and give you an incorrect answer. I will verify that period, but -- >> Tovo: All right. And then 17 -- let's see. >> Well, let me backtrack. According to my notes, this was from the his data from the last 12 months. >> Tovo: Great. >> So from the last 12 most. This is the most recent information we have. >> Tovo: So those were individuals housed at any point during those last 12 months? >> That's correct. Those units that we actually occupied individuals in permanent supportive housing out of those 291 units, they have the 96% retention rate. >> Tovo: But I guess I'm wondering when do you proclaim those residents as retained? What's the period of time that they need to be in those units to count toward that percentage of -- for retention? >> Okay, I'll get you the specific -- >> Tovo: I can submit that. >> The information that goes into that. >> Tovo: To switch investigators, in terms of pard, that's terrific. I think I heard you say 1,200

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children. >> That's correct. >> Tovo: -- Benefit perfected the scholarships somewhere in the 570 range of households. Is that correct? >> That's correct. It was in excess of 1200 kids that represented 500 something households. >> Tovo: That's great. I think that's really terrific for a relatively new program. Does that also include, though, the scholarships that the children of city employees receive? No, that is completely outside. >> That would be different but I can ask staff to come up and make sure. >> Tovo: I just saw a nod. >> We brought a whole team of folks just in case you had very tough questions. >> Tovo: Great. >> Kimberly Mcneely, assistant director for parks and recreation. So those 1200 individuals that receive financial aid, I want to clarify financial aid is available to anybody who qualifies for reduced lunch for children so there's no gap. When we say scholarship, that's a little different the scholarship does have a cap based upon monies that are received either through donations or through the Austin energy bill collection where people can donate money, and so financial aid, the 1200 children that received financial aid, there's no cap on that. That could grow and we've worked with our budget office to include that into our revenue projections. So I want wanted to make sure if there's any community members listening, if they qualify through free or reduced lunch they're absolutely eligible for that and the scholarships are separate and another reduction, those are for individuals just who qualify for free lunch. If you're not a free -- if you're not going to public school we have another mechanism by which to qualify you. It does not include the scholarship benefit that's received through employee benefits.

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>> Tovo: Thank you so much for that clarification. So a child who is on free or reduced lunch will be eligible for a reduction in the fee. And that's relatively automatic if they can produce the document showing that they're on free or reduced lunch? >> Yes, ma'am. It's a 50% reduction in whatever the base

fee is. So if it's \$100 fee just for the sake of easy math, if you have a free or reduced lunch and you fill out the paperwork, then you automatically will only have to pay \$50 for that given class. >> Tovo: And if a child is on free lunch, they would also be eligible for the additional collarship money? If it is available? >> Yes. >> Tovo: Great. Thank you very much and thanks again for instituting those important programs so that children throughout Austin can enjoy the parks programs. And is that open -- I'm sorry, I have one more question. Is that also available to out of city residents or is that strictly targeting Austin residents? >> That's only targeting Austin residents. >> Tovo: Great. Thank you. And those were some changes that were implemented over the last several years, I think, of the former council to make sure that there was a tearing for city residents versus out of city residents because of course Austin taxpayers are supporting these programs. I think that was the last kind of informational question I have. Are we ready to move on? Councilmember Houston. >> Houston: Thank you. On page 19 -- slide 19. I'm sorry. I wanted you to know how much we appreciated turner Roberts, the one day a month service. Because that's the only clinic east of highway 183 for people to attend. The issue is hours of operation. It's once a month during 8:00 to 5:00, when many of the people who need the services are at work. So I would be hopeful that in

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this next year we would look at a way perhaps to increase the services and do it on hours where people could actually not have to take off from work to come in but would be evening hours so that they could have 6:00 to 9:00 or something on Saturday morning so people could actually get there. I don't know what the utilization is, so I would like to know what the utilization is for that one day a month at turner Roberts but it's a good partnership and I thank you all for thinking of creative ways to get some health care east of 183. >> Councilmember, we'll commit to sitting down with the health care district and explore those additional options. It's my understanding their conversation was that they wanted to establish this one day from these hours and certainly as the utilization increased and more folks utilized it that they would be willing to consider expansions and so forth. So we'll be happy to sit down with them and then let you know what the Numbers are I don't have right. I think 9:00 to 4:30 you're going to get fairly low utilization unless you're really, really sick and then you probably go to br Ack but we appreciate it, we appreciate the effort but those hours are just not something that's workable for people who work. Work. >> Tovo: City manager. >> Thank you, mayor pro tem. Before you end your conversation about this topic today I guess I wanted to share with you just a little bit about some of the conversation that better having, staff, my executive team and I, as we talked about getting ready for this presentation and conversation with you today. You know, affordability obviously is a big word and it encompasses a lot of things and we've been talking about it here in Austin for quite sometime, not unlike other cities across the country. But it seems as though that we've never really talked about what we mean when we say "Affordability" and I suspect,

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as I've said at this table before, if we surveyed around this room and other places and asked the question about what that means we'd get a variety of different answers and certainly over the years, certainly since I've been here, there have been all kinds of initiatives, efforts, programs to address the issue. But never a pause long enough to assess what we're doing, the implications of various policy decisions and programs that are intended to address affordability. Are they all congruent? Do they bump into each other? What are we trying to solve for? You know, what are the appropriate metrics? How do we assess/evaluate on the other side whether or not we are truly making a difference? Year after year, since I've been here and before, we allocate 15 million, 16 million, \$18 million across a range

of social services. And what are the outcomes? And are the outcomes solving for the things that are important, that make a difference in our community in terms of poverty? Think about the range of investments that we've made over time in regard to this issue, and yet the elephant in the room, if you will, to use an old cliché is we were recently designated, right, as having the biggest disparity divide in the entire country. What does that mean? And what kinds of questions should we be asking about the kinds of investments we're making that nevertheless has resulted in us having that designation? Are we making the right kind of investments? Are they making a difference? How do we reconcile that with that designation that we've got, right? We did a homestead exemption, 6%. Our goal is 20%. Right? Is that the right policy? We talked about exemptions for seniors, you know, for people with disabilities. And there are a whole range of things that we've done, and

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yet we suffer from -- people suffer from, individuals suffer from, single parents suffer from what has been categorized in the designation that we have. So what is the kind of conversation we really ought to be having today and in the weeks and the months going forward? Should it be simply another conversation about this long list of things that we are doing that at the end of the day, right, at the end of the day, while I'm sure benefiting some, benefiting many, right, still resulted in the designation being at the top of the list -- we're at the top of many, but in this particular days we are not proud. And I trust that collectively in this room and beyond we believe we can do better. In fact I trust that we know that we have a moral obligation to do better. Is this the right kind of conversation? Indeed, was this the right kind of presentation today, right? Simply a description of the list of things that we are doing and have been doing, right? When it comes to affordability, it seems like that conversation is all about the city of Austin, we're responsible, city of Austin, we are responsible for dealing with the issues surrendering affordability singly. Those are the kinds of conversations we have. Those are the kinds of conversations and I would indeed say expectations that people seem to have of us. But when you look at the tax bill, for example, the property tax bill, and you look at the percentage of that that we are responsible for, we're the smallest piece comparatively speaking. There are others that impact that affordability equation as well, not just the city of Austin. There are other governmental jurisdictions that have some capacity, some latitude, some prerogative, some responsibility, moral

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responsibility, just like us, even when the media talks about this issue of affordability, they talk about it in the context of the city of Austin. What do you mean that you can't lower the property rate this year? That's what they say back to us in articles and in editorials. And we embrace it as though we are singularly responsible. But I would submit that we're not, right? You know, poverty, the things we're trying to adjust -- address, affordability, we know it is pervasive and it is pervasive beyond jurisdictional lines, beyond governmental unit lines, the city, the county, the schools, the health district, right? It takes all of it. It's not just the city of Austin. So, again, what kind of conversation should we be having? How did we know whether or not we're really making a difference? How do we reconcile that designation that we are not proud of? I say it simply because I wanted to put it on your minds today. It is very much deeply on mine. >> Kitchen: Mayor pro tem, could I -- >> Tovo: Councilmember, just a seg. I think that segues nicely into the policy questions on 25, so if you'd like to respond. I just want to be clear because I think the city manager referred to ending the discussion and we haven't begun to have the policy questions. Did you also have briefing questions? >> Kitchen: I want to talk about the regional affordability committee and the work that we've been doing there so it's a imitation of -- and thank you, city manager. That's exactly what I want to talk about. So I've got at the right time I need to let

everybody -- councilmember Garza is not here. She chairs that committee but we've been doing some work in that committee and it also

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relates to the equity tool that you mentioned earlier. So that's what I'd like to talk about. Would you like me to talk about that now or -- >> Tovo: I think since we talked about doing briefing questions and then jumping into the larger policy matters we should allow councilmember Gallo to ask her questions. >> Gallo: Thank you. I wasn't swinging my hand enough for you -- no worries, no worries. Thank you for the presentation, and I really appreciate the way that you have grouped the different areas together. And so just to give you some heads-up, one of the things as we talk about the budget that I think would be very helpful for me is to understand the funding for each of these areas. And so we'll post that as a q&a, but I just wanted to give you heads-up that we will be doing that. What we will do is under each of your categories, and it really is a good way to have this conversation and thank you for doing that, again, we will ask what was budgeted in 2015-16 and what is being projected to be budgeted in the 16-17. And so I think using your format, which is wonderful, we'll ask those questions on q&a to come back. Because I think that will be helpful to know how the spending as we prioritize -- you know, unfortunately, we can't raise our city taxes nor our utility bills high enough to pay for every single need in this community. We just can't do that. And so the difficult decisions that we have is how do we balance that and how do we address the major issues in our spending. So I think it will be helpful kind of to know what our history is on spending and if that is moving in a direction as we determine our priorities. Just to give you some heads-up that that q&a will come. >> Tovo: Councilmember pool and then councilmember Houston. >> Pool: I just had a quick question our mobile dental clinics, when councilmember Houston was asking about clinics on the east side, can you update me on the mobile -- the dental clinics that go through the community

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periodically? They bring a very big benefit to folks. Who may not have access to a regular dentist or hygienist. Hello, Mr. Jones. >> Health and human services. >> Pool: Good to see you. >> Primarily those are community care facilities. They are various strategic locations throughout the community. And they are provided on a weekly basis in various areas. I don't have that schedule. We certainly can get it to you. In addition to that they also provide dental services at the rbj location, located on the east side as well. >> Pool: If you could get us that schedule I think that would be helpful. I remember having a conversation with I think it was the St. David's foundation that was bringing the vans into the community. If there's a way to -- I don't know what our relationship is or if that's even one of our -- part of our mission, but it's part of the overall health care continuum that I think we would want. Our community is more resilient if it's healthier, and dental health is top of the list with many other health concerns and it starts prenatal, actually. So is there anything that we can do to maybe foster a deeper partnership? >> Well, as part of our community health assessment we have worked with St. David's, community care and others to develop strategies to be able to focus in on targeted communities, targeted areas. Dental health is identified as a priority within those areas. So specifically to your question, those are methods we're working with, we're working with the district and we're working with community care to identify the appropriate areas. >> Pool: Okay. >> And I'll be happy to get the schedule of what they're current doing. >> Pool: Follow-on question I would have maybe for the foundation is, are they meeting the need? I mean, how -- is there a

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continued gap and how big is it? And I guess I can have a conversation with them or maybe we could have a meeting just to get a sense for how effective is it and how broad a reach is it and whether there are pockets in our community that are being missed. And I know it's hard to know the unknown, but I think that's part of our mission, is to make sure that we're reaching out to those areas where health is vulnerable. >> We'll certainly get that information for you. >> Pool: Thank you very much. I appreciate that. >> Houston: Thank you, mayor pro tem. I have a question on slide 23 regarding digital inclusion. How involved is the tech industry in Austin engaged in supporting and helping to fund this digital inclusion piece? That kind of segues from what the manager was talking about. Are we doing it all ourselves or are they picking up large pieces of that and putting them in areas where there is obvious gaps in service delivery? >> Good morning, Rondella Hawkins, telecommunications and regulatory affairs officer. We do have several private sector partners involved with our digital inclusion programs, particularly we have Google fiber that has two digital inclusion fellows that is in the Austin area working for a couple of the nonprofit organizations that we partner with. And Austin free net and skill point alliance. In addition we do reach out to the providers, the internet service providers, to see where there's potentially partnerships where they can provide the connectivity into some of the facilities. That's still an ongoing work in progress. The city does provide funding for the grant for technology opportunities program.

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It's at the level of \$200,000. It's a matching fund, one on one, and many of the nonprofits have private sector partners that contribute in-kind services, cash. So we are working to have, you know, public-private partnerships on an ongoing basis and the library. They have public access computer labs and they partner about companies as well. >> Houston: So -- I'm sorry, the 200,000 grant is city money or -- and so is there any way for the private sector to develop their own grants that people can apply for so that -- I know it's a small amount of money but I'm trying to think of how do we shift some of the responsibility from the city dollars to private sectors who have a lot more money than the city does? And then the other thing is that are we helping them understand where those gaps in services are in parts of the city, in that eastern crescent and helping them understand how important it is, if we're going to talk about the digital divide, then they need to be focused on what we need them focused on and not what they want to focus on. >> Our focus is on the access to the technology and access to the training and access to the devices. Many of these programs, if you're -- the -- we have a -- like a working, I'd say -- it's called dec, digital empowerment community working group and it's nonprofits and we work with all the providers and have monthly meetings and nonprofit and we share the information we have retrieved through a residential technology survey, which shows what is the state of the digital divide in Austin, as far as access and training and devices. So we are working towards involving, you know, the providers.

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When I say providers, it could be the broadband service providers, to know where the needs are and then hopefully they will work on furthering access and partnering with the nonprofits and with the city. >> Houston: I got real confused there. >> I'm sorry. >> Houston: That's okay, that's okay. I'm not a tech person so don't worry about it. I hope you understand where my emphasis is, is that the tech sector is a large industry in this community, and we should be asking more of them to help us deal with this digital inclusion piece rather than having the city take responsibility for it. >> Tovo: And Google has networked all of -- or is in the process of networking all of the housing authority sites. Is that correct? That's

another partnership between -- >> Yes, that is a partnership and also we -- we the city provided a list of 100 sites for Google fiber to provide internet access and that's all the libraries, many nonprofit sites, all the high schools, and so it's disbursed geographically around the city so that the entire community can benefit. And, again, the tech sector I think is involved working with a lot of the nonprofits, and, you know, the city does provide funding for those nonprofits but it's leveraging the city and private sector dollars. >> Houston: I'm not sure about everybody else but I would like a list of the sites are we've identified the hundred sites. >> Tovo: That was something that the council's health and human services commission did in partnership with the community and then people were invited -- as I recall people were invited to submit nominations but it's a really good list and there was very careful intent to try to make sure that they were -- there were educational organizations as well as Ms. Hawkins said, libraries.

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It's a real good example I think of trying to get that access out. I was looking at it last week during our smart city discussion and the list is on Kut but I'm sure it's somewhere on our city stuff too. Councilmember kitchen. >> Kitchen: I just wanted to mention briefly and the city manager had to step out, I guess but I really appreciate his comments and I think as a council it would be useful for us to think -- I guess at a more strategic level about -- city manager, I was just saying I appreciated your comments and I think it would be useful for us to think at a more strategic level about how we can address -- I'll use the word "Affordability" for lack of a better word because of course it hasn't been defined. Councilmember Garza leads with us the regional affordability committee that was formed last year and what we've been doing in that committee is talking about -- first off that committee includes the school districts, central health, capital metro, the city and the county. And we've been talking about trying to put our arms around what can we do as a region around affordability and so we're really just in the beginning stages of that. And I'm not suggesting that's the only place to have that discussion, but that's one place that that discussion is happening. I know there's also the joint aisd, city and county, and we've got at least one of those members sitting on the regional affordability committee so there's conversations happening there too. I think it might be useful to think through about how we take this -- we're developing -- we have the rough drafts of a beginning of a strategic -- a strategic plan, I call it a strategic plan because it's really only a listing of actions that could be taken across the region that needs to be fleshed out. So that's something that we should work more with staff on

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and perhaps we could do our own city plan related to that and then that could be used to share with the region. More specifically I wanted to mention the equity tool that you mentioned. You know, I don't know if you were present at the regional affordability committee but we had a presentation on I think they're called equity at lasts that are used in other cities, and so the committee is following up with the university professor who mentioned that equity atlas to us and we had asked her to provide us with a proposal to do a business plan for how you would -- how you would initiate an equity atlas so we need to cooperate in terms of the tool. Those kinds of tools have been used in other cities to really map -- they're geographic tools as you know and they can be very, very helpful and different cities have used them different ways to drill down and understand what's going on in different parts of the community and to develop initiatives to address them so I'd like to talk to you about that so that we're not -- we're not going down the road with two different things. And I don't know if you were at that meeting that we had where professor Mueller presented information about the equity tool. >> Councilmember, I was not but we certainly are very interested because as you know we have contracted with the government alliance for race inequity and they are undertaking a significant amount of work to focus on developing

the actual tool. We're doing the assessment so I think it would be important to find out that concept or how that fits into the work that we're doing. Because it's essentially an assessment to start -- because we've had some initial training even with staff to start, you know, looking at what are the different areas that we need to focus, even at the departmental level. But weaver involving the

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community because certainly the community has a stake in the issues that are important to them. And so as we talked about, we're looking not only at best practices, what are the criteria, what are the definition, what are some of the needs and gaps and community issues that are being raised and gar, governmental alliance for race equity has actually done this across the nation so I think it would be important for us to sit down with you on that. >> Kitchen: We're talking about two different things. We're calling them similarly but they're two different things. What I'm talking about is a community-based tool that is a mapping tool which overlays lots of different information about what's going on in the community, all the way from poverty rates to locations for -- different kinds of locations and then that tool is used -- it both -- it both identifies what's going on in different parts of the community but then it can be used as a data support and also a metric. So I think we're talking about two different things but they may have an intersection but I'll sit down with you and share that information. >> Okay. Sounds great. >> Tovo: I think city manager posed a couple questions to us and then we have others in here. One, city manager, you asked is this the right way -- or something like this, I'm going to paraphrase, is this sort of the way to begin the discussion, laying out some of the investments and I actually think it's really useful to see a lot of these city investments that we do in partnership with other community organizations all in one place. And I hope that as the affordability audit -- that the auditor's office is undertaking begins or continues, I hope that they capture some of this too. One missing -- I mean, because it's helpful to see -- it's helpful to see where we're making our investments now in terms of -- and it would be useful to line it up to what

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the average family spends its money on. You know, I wonder, for example, given that child care for a lot of families is -- if they have children, very often their number 2 expense. Sometimes transportation gets listed as that but actually a lot of research suggests child care is for families with children and we spend a lot of time, rightly, talking about transportation, but very -- not -- my impression is we spend very little time talking about access to child care in the city, though that's a really significant issue for a lot of families, especially those who are really struggling financially and I'm not sure that we have an investment in it commensurate to the real need. So it would be useful to kind of see how our investments in that area line up with some of the other investments. It's very challenging obviously when we're trying to leverage our investments in areas like food security and, you know, other critical life issues. But that is very important. If you have families, online, who can't access child care, they can't work and if they didn't access high quality child care theirer children are less prepared for school. It all snowballs for those families. So I appreciate the question, and I think that -- I think this was a useful -- really useful presentation and I hope we can continue to look at our other -- as the audit goes on, we can look at some of the other programs that are -- and fold those in for utility bills and some of the other things that aren't necessarily represented here but are also within the category, I think, of helping our families with affordability issues. So the question -- >> Houston: Mayor pro tem? >> You go first. >> Houston: Thank you. >> Tovo: Councilmember Houston. >> Houston: Thank you. And I think last year we requested from your staff and great staff they are to work with, there's so many things

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in our contracts that we fund that are listed here. Did you already ask for this? Councilmember Gallo? So that we can see how much money all total plus what we're doing for the city through parks and recreation and through your health and human services. So we're funding some things directly, we're also giving grants to nonprofits that are doing similar kinds of things. And then they're contracting with other nonprofits. Is there any way to collapse all that money to see for afterschool care how much in total we're spending, city of Austin, through parks and recreation and then the other nonprofits? Because I can't get a scale of the scope of how much money we're providing to nonprofits to do the same thing. >> Yes, ma'am. We'll certainly do that. >> Houston: Can you do that? >> I know staff has done some excellent work in partnering with the nonprofits because one of the things that we've determined is that we, as a city, cannot do it all on our own. We have to have the nonprofits. So we've even set up a system to where if there are other youth programs in the neighborhood or in the community, we've got a program where we actually go through some metrics to determine what type of program that they offer, what age group, what standards are they meeting, and if they meet a certain standard, then we in essence can offer that as an alternative, for example, if our programs are full, which they always do get full and we always have a lot of people wanting to access our afterschool programs and our camps, then we can refer those parents to an alternative program that they could utilize in their neighborhood that they could take advantage of. So I will be happy to share what we spend, what we fund, other nonprofits, and the work that's going on in that

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because we believe that those partnerships are very critical to providing the programs that parents deserve for their kids. >> Houston: And I agree. But it's just the scope of the money that I can't get my hands around. >> Sure. >> Houston: Because it's -- because we can get really clear about what we spend as the city of Austin, but when we start providing contracts to afterschool care or to the school district for something, then how that all comes together, at least for me. It may be clear to everybody else, but I would like to know how much we're spending in total to provide support services for -- in these particular areas that you laid out, which was great. >> Okay. And so it was all of the different areas, not just the park? Or is that -- am I understanding your question? >> Speaker2: No. I'm looking for all of it because we have partners in all of these various categories is what I'm saying. >> Gallo: To answer your question we did do for both of those and actually expanded expanded it a bit further because if we don't know this already we should know this or shall be working -- should be working on knowing this but also knowing the other partners that we have or the other entities, whether private or -- entities, whether private or nonprofits, providing funding that are not funded with city dollars at all addressing these different services because I think that gives you, once again, the scale of how much money is being spent, knowing what portion is the city funding and what comes from other people too. >> Houston: Then I think that kind of dovetails into something the city manager was talking about. How much are we spend something. >> Tovo: And are those the right investments. And things to assistant city manager, I meant to mention earlier as you went through I think you highlight where had some of those are partnerships where we're leveraging city dollars with other funding. Councilmember kitchen. >> Kitchen: Last piece of information for everyone, it's a presentation we also had at the regional affordability here, from livable city, a local nonprofit, and they've produced a report on -- I forget what they're calling it

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but it's on affordability and it's recommendations for different actions that could be taken in the community by the city or other entities, and it covers a whole -- it covers this whole range of subject areas that you mentioned and then it also includes utilities and food -- I think it has food and a number of other things. I wanted to bring that to people's attention in days they'd like to see that and also let you know I think they've invited all the councilmembers. They're having an event tomorrow night and going to make a presentation on their study. >> Houston: Did they send it to everyone or did they just send it to you? >> Kitchen: I thought they sent it to everyone, but I will double-check and if not I'll make sure y'all receive it. >> Pool: We can say when and where. >> Kitchen: I don't know. >> Pool: Six clinic at shuttles garden on sand jack. >> Houston: Sand what? >> Pool: Sanjaque. >> Houston: I appreciate all the work that livable cities has done. What I've found with most of the studies is they've left out a lot of people who are not part of that group and so there may be some unintentional bias so, you know, it's kind of like we're really working hard to ensure that all parts of the city are included and all voices are being heard, and so I have not seen the presentation and I don't know that I'll be able to go tomorrow night but historically, in this city, those groups particularly are not very inclusive in their makeup and so please don't send me a whole lot of emails, but we -- the reality of it is that they have not been inclusive and so there are many people outside of downtown who have not been included in the conversation. >> Kitchen: Yeah. I wasn't putting this forward as a comprehensive kind of thing. It's just the only group I'm aware of that put this report out. This was done a couple years ago. I think, councilmember

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Houston, you were at that meeting livable city held a couple years ago where they started this process but I would never ever and I was not suggesting that this group was comprehensive in the -- and the only kind of thing out there. So I agree with you, and I think that the problem that you're bringing up is one that's a problem for the whole community. So I agree with you on that. >> Houston: And you have a better memory than I do about where I was two years ago. >> Kitchen: Actually, there were pictures from it and I can show you. [Laughter] Not that that makes it representative. I'm just saying that just for -- I -- I'm just remembering because I know that -- anyway, I'll talk to you about it. >> Tovo: It was an interesting meeting, an interesting discussion as I recall at that. Councilmember Renteria. >> Kitchen: You were there too. >> Tovo: We're going to moving back to the subject. >> Renteria: I wanted to -- you know, I heard a lot of -- that there's been resolution submitted to identify city-owned land, but I have just never seen the list, and it seemed like -- you know, I know there's a study out there because I've been told that there have been a couple of them to identify city-owned land that can be used for affordable housing. And I was just wondering if you could give the councilmembers a copy of that so that when we go into the budget we can be -- we can identify maybe some land out there that we can use for future projects. >> Sure. >> Tovo: I can -- if it's helpful, councilmember Casar councilmember -- councilmember, I can submit that at q&a. We talked about this yesterday. There were multiple, and that would put it all in one place. That was one of the commentators yesterday, again, there was an analysis that housing and others did with relationship to the ae tract up in councilmember pool's district in crestview. There was a comprehensive -- and that was in response to a resolution I had done and it was - - it resulted in some community discussions.

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We had the recent one, as you know, winnebago tract and there's been analysis on that. After the crestview resolution I had done one asking city staff to identify I believe three tracts that were publicly owned that might be used, and we have an analysis back on that. Some other colleagues on the former council did one related to the library on Cesar Chavez, the name of which just escaped me, on whether

their parking lot could be used for housing. And then I believe mayor pro tem coal had a resolution related to this looking for another tract currently being used I think by public works staff for potentially mixed-use development. So I'll try to put those into a question so we can just get those analyses, the links, unless I see Betsy Spencer here. Director Spencer, are those all in some place on the housing site where it would be easy just to point us to? >> I don't think we've got them on our website that easily. I think we'll have to search through all the different resolutions but you are correct. We along with others did all those different analyses. I think we've done this several times. >> Tovo: I think they're very useful and I think we should move a couple of those projects forward. My sites are really looking right now at winnebago because there's a lot of interest and I think that has real potential but there were others that I think have a lot of potential and I hope we can maybe fold into the discussion that assistant city manager Lumbreras was talking about before that we've been talking, the goal of -- as he mentioned it's a goal of the joint subcommittee to get a project much that sort off the ground, probably on school district land for -- aimed at teachers because they have the ability to do that on school district land but they could do it in partnership with the city and the county. So I think -- >> Renteria: And I know that -- >> Tovo: Some of those tracts might be appropriate for that as well if we decided not to do school district land. >> Renteria: I know right now they're looking at Allen elementary where they're going to put that up for sale or

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long-term lease. They haven't decided on that but that is coming and I hope that, you know, our staff can work with us, the school district and the nonprofits, the whole -- we'll purchase that piece of land and build affordable housing. Their intention was to build affordable housing. >> Councilmember, I think it's safe to say the staff is all in because we understand the huge importance of having land for us to be able to do the projects, and Betsy and her staff have the background and the expertise to be able to -- that we've offered and put on the table to help them, you know, realize that project because traditionally school districts aren't in the business of doing affordable housing but they've got a key component, which is the land and sort of like the community land trust model if you've got the land and you can work out through all the legalities and the specifics and put the improvements on there and basically what you're going to get is affordable housing in perpetuity. And so we -- and that's a big benefit for the school, as I messaged, you know, with the huge loss of teachers every year due to the affordability issue, this addresses a big problem they have in that area. So we're certainly very interested in working with them. >> Tovo: And I would say, too, just based on our discussions about that, the possibility of housing, you know, it's not just the teachers who work for the school district who need housing. It's those on the custodial staff, those in the cafeteria of course there's a big need as you look throughout the school system for housing. So -- >> Houston: And I'm -- >> Tovo: Councilmember Houston. >> Houston: I'm glad that we're having this conversation because there's a property on the corner of manor road and Burke man across from Mueller that's city owned which would be an opportunity for us to do something but I think we have to come together and have that conversation about how we do it and since I'm not a housing expert or an architect or a physicist or any of those other things, I miss my friend -- I don't know where he is today, but it's -- we've

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got to have direction on how it is that we can in fact maximize the city property that we do have and find partners to be able to develop the land so that we can start -- because there are already opportunities out there. But we've got to help focus that energy just like I talked about the housing authority, we have to help our housing department think about where we need to go as far as we're

trying to develop that missing middle housing for people to stay in town. >> Tovo: Councilmember Gallo. >> Gallo: You know, we actually -- we had a gentleman from foundation communities speak to us yesterday at our p&c meeting and he said one of the major barriers that they have right now and they run really wonderful programs, but one of the barriers they have right now is finding land that is at a cost that they can afford to be able to build their developments and run their programs. So, you know, the public-private partnership where if we have city land that we can target and we can do ground leases on those, you know, that's a real opportunity because obviously there's a need by a group that is already functioning in a real positive way to provide affordable housing in this community and they've stood up and said here's our need, here's what we're having problems with. >> Tovo: Okay. Why don't we turn to the questions on 25 and take a stab at answering some of those. I'm sure there are a lot of thoughts about the appropriate level of funding, how it ranks to us, in terms of other priorities, and any other areas where we want to see specific investments. Councilmember Casar. >> Casar: Sure. I think I want to start off my comments sort of with a springboard from the city manager's about, you know, affordability and equity being such huge terms, and I'm sure -- I'm only going to try to talk for two minutes that I'll miss some pieces of it, but when I think about what it is that the -- about this presentation and how it breaks

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down in my head -- this is just sort of what I gleaned from flipping through the slides, there's sort of three core pieces of what we're working on, at least as they're categorized in my head. There's first the kinds of services that we can provide in our community because we see people really suffering and even dying and how do we -- you know, we can pour infinite amounts of money into trying to deal with that but at the same time we feel some moral responsibility to do so. So how are we doing that well? What sort of philosophy do we set around what that number is considering there could be a moral imperative to fund that forever. And so how do we decide where the line is? So there's that first bit of work that we do that's really important because the social safety net in this country isn't sufficient without the city being a part of it. Then the second is it seems like there are places where there are really social investments, where we are thinking about how do we get a return on that investment that's greater than what it is that we are putting in. So that's the afterschool programs or workforce development or even helping with things like child care so that we empower people to bridge that level of inequality and to claim a greater part of the city's prosperity. I think that, you know, a lot of times my friends point to things like the poverty rate, but I usually sort of give an anecdote about how, you know, walking around my district just actually recently I met a gentleman who moved here just recently, last couple of years, with his two kids, from the valley. He came and got a steady and better job at \$10 an hour, not a great job. By that standard he is adding to our quote unquote adding to our poverty rate but the fact of the matter is he came here from his home because -- not

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necessarily because he liked Austin better than where he lived, he said but just because he found opportunity here. Our city -- the whole promise is that you'll do better so the question is how do we -- I don't want to measure it by growth and poverty rate better so how do we create the most opportunities for folks? How do we get him from that \$10 an hour job to continue to succeed and better himself and what sorts of investments can we make in that legal am? Again, given limited dollars how do we make sure those investments are giving us the greatest return and not leaving folks out, as mayor pro tem mentioned how do we look at those investments in a way that we aren't not focusing sufficiently on child care or overly focusing somewhere else. I don't know but there's that second bucket of social

investments and how do we make sure those are the best ones we can make. Then the third one I think that the manager mentioned, at least three buckets in my head, I know there's more but I think in threes. It has to do with economic divisions related to geography, and there -- and there there are lots of cultural barriers and things that I don't -- I am not proud of and just in ourselves that we have to weed out through leadership but also there are real economic barriers and that's sort of where affordability comes into play as it relates to geography and I think it's important that we are working to make it part of our general fund to fund affordable housing instead of just -- you know, been a big supporter of every affordable housing bond and I think those are important but really making it a part of our budget I think is imperative because to me I'm not interested in having the best parks and the best streets and sidewalks and the, you know, and sidewalks and the electric utility if it's only particular to a group of people based on income. And I think if we see our budget as a moral document it's important for a part of that to be dedicated to making sure

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all different kinds of people can enjoy the city. So I think that the recent steps being taken to dedicate more funding towards affordable housing and the general fund is of utmost importance to me so we can keep making those investments while also knowing that we also have to set policy that's outside of your pursue, assistant city manager, on land use and planning and such on the market rate units, but as far as buying down land and subsidizing housing, I'm glad to see us going in a direction of putting more of that in the property tax. So suffice it to say that I don't think I've at all solved defining the way we deal about affordability and equity, but I do appreciate your judge R. Urging the manager to break it down a little bit because we can't ask the questions if they are bite sized. So at least for me maybe after hearing through this, I would love to hear how you guys think about breaking down the different pieces of work you do and how you evaluate it, how do we deal with those dire social safety net needs. How do we put -- not fund that too little because we have a moral imperative to do it, but what kind of limits do we set for ourselves. And then how do we maximize our social investments and start pushing harder on economic integration in a city where the market is driving folks apart. >> Tovo: Thank you, councilmember. Other questions? I'll take a stab at a few unless someone else wants to step in. I think this is one of our most critical issues here in Austin and for me I would rank it as the highest of the priorities. And in terms of other specific areas in which the council would like to see additional investments, I've meiod this in a prevudget session but iiet is really clear that we have some very substantial needs with relationship to individuals experiencing homelessness across the spectrum from families

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and large Numbers of women and children who are weighting for shelter beds to individuals who are chronically homelessness who may have other needs as well. And that's one of the things that I'll be working hard in the budget to identify additional funds for, and I believe that the resolution that we talked about last week for the affordable housing trust fund may present some additional revenue opportunities. I think that we've submitted the question. I'm not sure that we've arrived at an answer of how the affordable housing trust funds can be used beyond construction of affordable housing, but if they can, for example, be used for case workers, you know, when we're talking and as we're talking with the social service providers about the array of needs, there is definitely a need for additional case workers to help individuals connect with the resources that might be available to them. So one of the questions that if we haven't posed it to you already, it's on route to you, is -- en route to you, is whether the affordable housing trust fund money may be used to fund additional case workers. But in looking at

some of the -- as I mentioned in our discussion last week, we ran figures on whether we had passed a resolution of this sort last year how much additional tax revenue that would have generated for the affordable housing trust fund. And the figure with the bull creek added in is 407,000. But just the piece from the properties outside of bull creek would have been about 155,000, and that's three, almost four additional case workers based on the figures that someone threw out at our last downtown safety meeting. So I think that's a very -- I think we need to continue to look for additional revenue opportunities for these really critical needs, and I hope that we can continue to make them high priorities. As I see the next budget cycle, some of the important goals for me is to make sure that we have secured substantial funding for the sobriety center so that we can continue that on track to get on the ground

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here. Maybe even within the next year. The host, now renamed host program, which is the homelessness outreach street team, I think is going to hopefully start its pilot soon, but if that were to continue into next year that would require additional budget funding. And again, there are -- if that group is successful, they will be connecting individuals with resources that don't currently exist. So we really need -- exist in sufficient enough Numbers to really meet the need that's out there. So we need funding for those to try to meet an additional number of those individuals' needs. >> Pool: I'll take a stab at the questions too and then councilmember Garza is at home today, she's losing her voice and she has sent me a statement to make on her behalf. So I'll read that whenever the time is right. As far as the questions, the appropriate level of funding to combat poverty and the raising cost of living, what I would say is that economic changes in our community affect everybody who live -- everybody who lives here, but not everybody has the wherewithal to manage them or respond to them either nimbly. And I think I said earlier the resilience of our community is affected by these programs, so I support them. And I agree with the mayor pro tem tovo that these are -- our health and human services programs are crucial to ensuring sustainability in our city and the resilience of the people who live here. And I put education in there. It's key if -- education is key. So for me it's a high or highest priority. And I agree on the homelessness issue. I have been having some conversations with staff and with some of our

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non-profit partners about finding ways to support bringing on more case workers. Right now I think we talked the last time we met here in our budget meetings what the size of the cloudy is for each of -- of the caseload is for each of our managers, and there's a high burnout factor when you work these really critical needs type cases. And from what I gather, not only do we not have enough units to house our homeless population, but we don't have enough case workers who are doing the work to help with finding the resources and to help people get on their feet. I'd like to see us move in a direction to -- I see our case managers as kind of the fabric that nits all of the programs together. They understand what programs are out there, they understand who in the community needs the programs and they help bring them together and they help foster self reliance among folks in that community. So I'd say our health and human services are most critical with the highest need, and I'm looking to support issues of education and to help families who are homeless, primarily through expanding our case managers, staffing the workforce. Should I read councilmember Garza's statement at this point or would you like to do it -- okay. Okay. So she said she's sorry she couldn't be at today's budget work assess. She's battling molds and is on the verge of losing her voice. She says the issues discussed today are near and dear to my heart, and really the core of the reason that she fault for 10-1. And they are what drives councilmember Garza to go to work everyday to fight unapologetically for our vulnerable populations.

With regards to funding, councilmember Garza believes that funding should be at the same level that we fund other areas. Equity and affordability are just as much a part

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of the public safety as having a fire truck show up to your house when you need help. For her equity and affordability issues rank number one on her list of priorities. She believes that most of us here, most of her colleagues, feel the same. We just have different ideas on how to address them. With regards to additional investments, councilmember Garza has sponsored a continuity of care ifc. The equity tool ifc, a food access ifc and a middle housing ifc. And she looks forward to the report back from the city manager on different funding options. In our prosperous option, no families should be living in food deserts and worried about access to healthy food or where they will get their next meal. So she looks forward to figuring out how to address -- how to fund addressing our food access issue. And then she closes by saying that yesterday lulac unveiled a report on the state of Latinos in Austin. It addressed many issues that need to be prioritized to ensure that we are appropriately supporting our largest minority group, but also every minority group. The members present at that meeting stated that they don't believe the community outreach for the equity office has been robust so councilmember Garza would ask the city manager to be sure to get as many voices to the table as possible as we create this very important office. And that's the full statement from councilmember Garza, which she has also put up on the message board. Thank you. >> Tovo: Thank you very much. Thank you, councilmember pool and councilmember Garza from afar. I want to recognize our city attorney. >> Thank you. I just wanted to clarify that it is on the message board because of course you participate when you're here and if you're not here then you participate in a different way. So thank you for using the message board. >> Pool: Always. >> Tovo: I believe I

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saw councilmember Casar and then I'll recognize councilmember kitchen. >> Casar: I wanted to echo some of the points made by the mayor pro tem as it relates to issues of homelessness and then also just general issues of public safety within our health and human services budget. I speak to many officers in my district who often times comment to me that many of the issues that they are charged with dealing with are really things that they would see as being more effectively dealt with through social work and health and human services work. And so especially in that second bucket that I on the fly created around social investment, if, you know, your departments could work closely with our public safety departments to have conversations around how we most effectively deal with public safety and when enforcement is key or when we actually could more cheaply and effectively to handle problems through health and human services, I think that would be especially helpful for us. So I would certainly emphasize that. We actually had a very good presentation from former councilmember Spelman at our public safety committee around when does adding more officers reduce crime rates and help with public safety. And then also when do other programs sometimes associated with law enforcement potentially also associated with social services achieve similar or better results. And obviously there's a place for both and I appreciate us having that continued conversation. >> Tovo: Thank you. Councilmember Renteria, were you waiting to talk? Okay. Councilmember kitchen and then councilmember Renteria. >> Kitchen: I was just going to comment, I would echo everything that my colleagues have said. I would also suggest that perhaps the -- as part of the effort that the equity office is working on, and this is probably inherent in what you're already doing, is that the performance metrics I think could be a useful tool for us because we

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could use that to help us think both in terms of our investments and the balance of our investments as well as help us understand whether we're making improvements. So I do agree with some of the other comments that have been said. I don't think our investments are -- I would be looking for a different balance of investments. Because I think if we're going to -- along the lines of what councilmember Casar said, you know, I think that what we end up doing is by not investing upfront enough in the people in our community we're ending up with having to spend more on the other end. >> Renteria:, my comment is it's unfortunate that the state, you know, released a lot of people that needed a lot of service on to the cities without providing services, finance funding for that. So, you know, we're facing a lot of issues here in Austin now. We just recently had a murder happen at UT that was very unfortunate, and it was very alarming also that, you know, we -- a police officer actually picked this person up and dropped him off here in Austin. And I'm just -- I was just hoping that -- and praying that it wasn't intentional to drop people off here that needed mental services. But being that, you know, we really need to, you know, work with the police department so that we can get these social workers. I know that unfortunately it's going to be costly, but we do have to, you know, meet that need that's coming -- that's happening here in Austin. So I hope when we're

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looking at adding more social workers that we do work with the police department so that, you know, we can keep these kind of incidents from happening here. >> Tovo: Councilmember Houston. >> Houston: Thank you, mayor pro tem and thank you all again for the work you've done on this. I'd like to refrain that first question, instead of what is the appropriate level of funding, to what is the appropriate level of focus to combat poverty and the rising cost of living? Councilmember Renteria just mentioned another partner that's never in the equation, and that's the state of Texas and how over the last 15 years the amount of state funds have been reduced to behavioral health beds where some people need to be in in-patient care before we can begin to transition them into public supportive housing as well as people who have substance use issues. We need to have inpatient beds and all of those beds over the last 15, 20 years have been reduced. Funding for those beds have been reduced. And as councilmember Renteria said, that's been the responsibility of a community that is struggling with other kinds of issues. Because we are fortunate to have a mental health facility here in Austin that sometimes serves many counties, sometimes when people are discharged from that facility, folks -- instead of going home to their home counties they remain here in Austin and so that's an additional impact on the ability to provide the appropriate amount of services at the appropriate level of services. It would be levelful for me to have longitudinal data which we can collect regarding the people that we intervene in their lives to

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provide the supports they fiend then over time what happens. Do they get out of the system altogether or do they stay in the system and recycle at some point? We have a lot of child welfare kind of programs. How many of those kids actually go, end up in the juvenile justice system and then find their way into the criminal justice system and then find their way back. So there seems sometimes to be a circular loop that we try to intervene at an age where it's important that they get the kind of role models and educational mental health emphasis and they drop out, into into juvenile justice, they end up in criminal justice and they're discharged right back into the community. So it's a lot of work and I've worked in the health and human services all of my life as a public servant so I don't want to sound

disheartening or discouraging, but I think we need to do a better job of focusing. We can say we want awful these things and all of these things -- that we want all of these things and all of these things may be right, but I don't think it will fix the problem. I think we need to look at what it is that will really focus our attention on the issues. Poverty is one, we know that. Education is one. Lack of employment opportunities where people need the jobs is another one. It's a very complex issue that I don't think that I can just say this is the appropriate level, increasing it by six million. If we had 30 million I'm not sure that would do it because we're not focused in a way that you all of us are working together towards a solution. I'm willing to look at all the stuff you're going to bring us back, social service is an issue. I see it all the time in district 1. I'm grappling with what do we do to interrupt the patterns of behavior that our generational now and how do we begin

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to the kids understanding there are opportunities and options out there that they don't know about if they're living in abject poverty. I'm willing to work with you, I just don't have the answer today. >> Tovo: Councilmember Gallo. >> Gallo: Thank you. >> The bottom line is we as a city can't do it all. I think it's really important to maximize the relationship we have with other partners who actually need to share in this for our community. I would say I would prioritize our spending in ways that help us best promote and enhance those partnerships. >> Tovo: Thank you. Before we close, one other -- you've asked about additional investments and I just want to say one of the -- as we look at the investments that we're currently making, I think we have some really terrific ones and I won't highlight all of them, but one that I know that we may be discussing has to do with the investments we make through aids both in the teacher support specialist, the family resource center and the after school programs. And I think those are really critical investments and I hope that we're able to continue them through this budget cycle. Councilmember Houston? >> Houston: On that last statement you made and it would be nice again to see the outcomes long-term of those efforts are. We say they're wonderful, I know they're wonderful, but of the people we serve in those after school programs, where do they land? What is the impact on the end user, not just

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the Numbers that we serve, but what happened to transform their lives, and I'm not sure we're getting that. >> Mayor pro tem, I'll be happy to share that. As I noted earlier as I noted earlier, there is work that needs to be done, but we have had to transition with our investments and our social services as far back as as 2010 and I'll look and provide you the very specific data that we've included K for example I'll talk about this one, the children and youth, where we have a specific outcome of children and youth progressing to the next developmental or academic level. Now, beyond that being able to keep track of that youth beyond when they achieve that level I don't know that we have the resources or the wherewithal but we do have very specific outcomes in a lot of our different investments and I'll be happy to share that with you because I do think that it's an opportunity to get your feedback in terms of what are other areas. But that's one example. We have one in homelessness, workforce development, basic needs. So we are achieving specific outcomes that we've outlined that are measurable successes similar to the two stories I gave you with the two families. So we are achieving those, but beyond that piece that I'm afraid it becomes a little bit more of a challenge. >> Tovo: Okay. Thank you so very much. This was a great next and last up is the general fund transfer policy. And so I think we should just drive right into it with the expectation that hopefully -- well, we'll just see how it goes. But we should talk about lunch plans. Councilmember Houston is that what you were --

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>> Houston: I was going to say how long is it and whether or not we break for lunch or come back? >>
Tovo: Looks like it's about 23 slides. My guess is that we will move through it more quickly than we did the previous discussion, but I would suggest we aim to end one way or the other at 12:15 for lunch, 2015:12:15 and 12:30 so we're either taking a break and coming back to it or ending. Does that seem reasonable? If we're close we can finish it up, but I think we probably need -- I think we all probably need a break one way or the other at about 12:15. >> Houston:? -- Councilmember Houston? >>
Houston: I was watching your eye language. [Laughter]. >> Good morning, mayor pro tem and councilmembers. Elaine hart, chief financial officer. I'm pleased this morning to be with you to present some background information. Before you begin your general fund policy discussion. Our briefing today will cover the value of the utility, both Austin energy and Austin water to the Austin community. Some background about your current policy for the general fund transfer history and forecasted transfer amounts, as well as how reliant the general fund is on these two utility transfers as a percentage of total resources available to the general fund. Then we'll go into 22 council resolutions earlier in the year that reduces the impact of the utility transfers to the general fund and the economic development fund by one percent per year over a period of time. And then finally all talk about the economic development fund and its cost sharing model and

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that will include the presentation and we'll have policy discussions disbursed throughout. In this presentation you'll note that if you see utility with a capital U that is referencing both Austin energy and Austin water. And when -- otherwise if it's an individual utility I'll call them out by name. What is the value to the community of the city's ownership of these utilities? Well, the foremost value is the local control and decision making authority that the council has. The citizen owners have a direct voice via their elected officials on how these utilities should be run. Just an aside, in 1999 when the Texas legislature passed the electric deregulation bill here in Texas, they granted cities specific rights related to their own electric utilities. And one of those is the council's authority to approve a resolution to opt in or participate in the competitive electric market. So this is a very significant power that the council has. I will warn you that once that decision is made it is revokable. Irrevocable. And no -- to my knowledge no municipal utility in Texas has made that decision or no city that owns a municipal electric utility has made that decision. So with the local control and decision making, the council along with citizen input is able to achieve community goals through the programs and policies related to a number of areas of the utilities. In particular with relation to their operations, you have the input on their service levels. For example, 311 call center services the

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utilities. If the call wait times are getting too long, you can set the parameters for that or have input into changing the staffing levels to help improve those service levels. You have input over the service extensions. Council approved service extensions for the water utility from time to time on their agenda. You have input on the water quality, reliability, outage response. There was an outage response report following a recent storm at the Austin energy committee meeting. You also have input into the water conservation abilities, bill collection policies and last but not least the low income customer assistance programs. All of these affect how our utilities operate and there's significant input from the council and the community on all of these policies and programs. In addition there's a significant -- both of these are very capital intensive operations and the council has significant authority over the decisions of their

resource planning process and when and how they make planned investments as well as guidance on their -- on the electric department's powerfully and how much renewables to include in that power supply. The council also has authority to set the utility's rates and through these rate policies you set the process, the schedule and help determine the bill impact for the citizens and the customers of the utilities. The subject of this presentation, the council always sets the policy for the general fund transfer, but in particular with municipal power these transfer dollars stay in

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the local community helping influence the economic vibrancy here locally, unlike a privately owned utility their depend dividends are sent to folks outside their community. It's reasonable to receive a fair rate of return for the city's ownership because these operations, there's a risk to operating a utility. For example, the electric utility is a partial owner of the south Texas nuclear power plant so there are significant risks related to those operations. So the general fund transfer is that fair value, that fair rate of return on those investments and that risk. Utilities provide a direct benefit through transfers and other payments to their local governments. Many times these are cash transfers. And they're very common and accepted practice across the united States. Austin's general fund transfer has been in place for 70 years. It began in 1946. However, I do point out that the city has owned Austin energy for over 120 years. So it's a long-standing practice and since at least -- my research shows that since at least 1984 the transfer has been determined by a council approved ordinance or financial policy. And historically it has been calculated on a percentage of revenue basis. Some key factors to look at when you're looking at a general transfer policy for the utilities, it should be a written policy statement. It should cover the formula or the method that's going to be used to determine the transfer amount to the general fund. And those are key factors because having that written policy provides certainty to both the city as well as the utility for planning

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purposes in their operations. It also mentioned here that the most common method across the united States is a percentage of revenue for both electric and water utilities. Key characteristics that the rating agencies look for, I'll cover those, but just emphasize that the general fund transfer policy of any city that owns utilities that is key rating criteria and that may impact the city's credit rating as well as the utility's credit rating. The agencies really look for a consistent and predictable policy. They look to see that the city and utility are balancing the needs of each operation and that there are infrequent changes. They also look to see that there is compliance with that policy. They don't like to see that there's stress on the utility to balance the needs. So our written policies have protected the city from that. In the in the mid 80's to 1990s, the city was in a policy for Austin energy where the city staff and utility staff met annually in January to determine the amount based on critical economic factors, but that action is not preferred by rating agencies. They prefer a formula followed on a consistent basis and the city did ultimately change its policy back to being more formula driven. I will note while I'm talking about rating agencies that the recent water refunding transaction, both moody's and Fitch dropped their rating for

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Austin water separately in debt and we now have stable ratings out looks on both of those. They did not change the ratings, but they changed the rating outlook. So they base that decision on the Austin water's improving debt coverage as well as improvements in their cash reserves. I'll switch gathers to

talk about the -- gears to talk about the current policy as well as the amounts. This slide will cover the general fund sources of funds you see a graph that shows the major revenue sources for the general fund. The property tax in blue is about 42%, which is the largest. Following that is sales tax in the pink. It's about 24%. Then other avenues are about 19 percent. Those other revenues are development services, the fees and fines that we charge many -- the rec program fees and those kinds of things, interest income, which is a small portion of that, but that is in there as well and then the smallest portion in the purple area is really the combination of the water and the electric transfers to the general fund. That is 16 percent. The utility transfers total for fiscal 2016, \$145.8 million, with 1,005,000,000 from Austin energy and the remainder from Austin water, about \$41 million. These transfers were based on the adopted council policy. I'll next cover Austin energy, the policy related to Austin energy. Again, this is the council approved

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transfer policy and this policy was put in place at 2012 in the culmination of the rate review for the rates that were put in place in the fall of 2012. The new policy was 12 percent of the three-year average of non-power supply revenue. And that was a change from total revenue so we're taking that and subtracting the power revenue to get a new base on which the transfer rate is applied. In addition to that because of the significant drop that we would have seen in the general fund transfer from Austin energy, we set at that same time 105-million-dollar minimum. The three-year average is based on two prior year actual revenue and the current estimate, that portion of the policy did not change. The result was a savings over time to Austin energy and lower transfers to the general fund. An example of that is that the forecast that we had just done in the spring of 2012, which was the forecast for the five-year period from 2012 to 2016, projected that in 2016 the transfer from Austin energy would be \$116 million. And it actually is 105 million, which is a single year savings of \$11 million to Austin energy and lower transfers to the general fund of 11 million. The policy change was discussed at the city level with the electric utility, financial staff and general manager and really was designed to meet both the utility business model needs as well as stay in compliance with the financial policy that was long-standing that had a 12% maximum transfer rate.

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By transferring to a non-revenue base of transfer supply this allowed Austin energy to retain 100% of its fuel recovery. And I'll talk about that in a minute. Again the 105-million-dollar minimum was put in place to ease the immediate impact on the general fund and in fact the 105 has been in place for five executive years. In the future transfer amounts will be driven because of the change to non-power supply driven basis as the transfer base. The amounts will be driven by the number of customers that the electric utility serves. Their usage levels and rate changes that change their revenue stream that are not related to the power supply. Prior to this policy the transfer rate was 9.1% of total revenue for the period of 1999 to 2012. And during that time, 9.1% of all revenue was transferred, including fuel revenue. So when the utility billed the customer for fuel they took in \$10 art R and they got to keep nine dollars of the 10 and put one dollar of the fund to general fund for transfer. They were not retaining full cost recovery for their fuel and as their fuel supply or power supply changed over time,, not only the change in the power supply MIX with additional renewals, but also the volume activity of the -- volume activity of the natural gas prices which ranged over a two and a half year period from two and a half dollars upwards beyond eight dollars.

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It caused a lot of volatility in the transfer amounts and even with the three-year averaging we wanted to eliminate that kind of volatility going forward. So that so that was critical they retain due to the size of their power revenue which is approaching current year about \$500 million. Prosecute we wanted to change the policy. So that was the basis for the change in the policy. >> Tovo: Councilmember Zimmerman. >> Zimmerman: If you could back up to the so-called city's risk of utility owned ownership. I think I brought this up before. The utility companies like duke energy or southern power that actually do have risk because they have to compete in a marketplace, their dividends that they return are still limited to two and a half to four percent, still relatively low in spite of the fact that they have risk. So the people who invest in their utilities expect a return on investment because those companies do have risk. If they make a bad investment like they waste billion of dollars on a bio mass plant in east Texas it could actually drive them out of business, but the city is a monopoly that enforces its rates and its rules on people irrespective of any market forces. So I'm confused by the bullet point because the city has no market risk. There is no risk because they are a monopoly and the Austin customers are forced to pay no matter how bad the service is or how high the prices are. So I'm confused by the whole bullet point. And more than that the city should have even a lower dividend return charged to people because there's no risk.

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So a reasonable dividend might be one percent or two percent, not 10 percent, 15 percent. So how would you respond to that? >> Is that your question? The question is additional information on the risk that you're identifying. >> >> Zimmerman: I would just like a response. >> I think there is significant risk when you operate in the ERCOT, the electric reliability council of Texas. Our utility sells all of its power into the market at whatever the market price will bear irregardless of our cost of operations. And so they're constantly working in the market operations unit to make sure that we are selling -- that we are able to sell the power in at an advantageous price and to maximize the return that we could get on the power that is sold into the market. So there is a lot of risk just in that portion of the utility operations. In addition there is the risk of operating the plants. The plants would have unplanned -- could have unplanned outages. The south Texas nuclear project had a outage that was unplanned, unexpected. Didn't know when it was come back online and there are outages, have to be report bid a certain time period to the market. We had to go secure power for the summer months before the market learned that we were looking for that power. It cost \$18 million over three months to replace that power. That is a risk of operating a utility and that is the kind of risk that we're talking about. >> Zimmerman: That helps. There's a risk of -- >> Tovo: Councilmember Zimmerman, did you have an additional question? >> Zimmerman: I do. The other companies like duke power that I

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mentioned, they also have that risk of unexpected outages. They have market risk of selling, but they also don't have a captive guaranteed monopoly on the income that they receive. So that's not -- I still don't understand how you're separating out that risk because the other companies that don't have monopoly customer base, they also have the same risk that you just pointed out. So again, -- >> The Texas legislature granted cities with electric utilities to not opt in, but to have the choice whether to participate in that deregulated market. So we were granted the right to the monopoly by the state of Texas and the legislature. In addition to the rate of return that duke will pay, they're also paying property tax and right-of-way fees and those are not reflected in this. So there are other payments that they make to the cities that they operate in for city services, through the property taxes, other fees, as

well as franchise fees. And Austin energy does not pay a franchise fee. >> Zimmerman: But again, Austin energy is tax exempt, is it not -- >> Tovo: Councilmember Zimmerman, we really have to be able to have a dialogue where other people can ask questions if they have them. Councilmember Gallo, and then we'll get back to you, councilmember Zimmerman, if you have additional questions. So I'm going to go back to slide four and I think this is a continuation of the discussion. It talks about the city's risk of utility ownership and reasonable to receive a fair rate of return for city's ownership risk related to utility operations. So I kind of see the city as the investor that is funding as business, Austin energy, and the invest E a return back on that. Funding.

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So you talked about operating in the ercod markets and plants. Do we also have capital improvements that basically the city takes the risk for? Is that part of what we're looking at a return of investment for? I'm just trying to -- you mentioned two things and I was just giving you the opportunity if there are other things that are the city's ownership risk that we would get that rate of return back on. >> The utilities are both capital intensive. They issue their own revenue bonds and they're not backed by the full faith and credit by the city of Austin. They're backed by the revenues of the system. And so from that perspective I would say from a capital investment standpoint the city is not at risk, but they need to -- they need to support the policies of the utility so that it can operate successfully. >> Gallo: Okay. And I appreciate that clarification because I think people think that's part of the risk that the city is actually responsible for those improvements, capital improvements and the risk associated with that. So thank you because I think that is a perception that's out there. >> And we do have insurance policies for the property damage. >> Gallo: Thank you. >> Tovo: Any other questions? Councilmember Zimmerman, did you have an additional one? >> Zimmerman: Well, I guess I'd still like to have that bullet item struck because again, if the city makes a mistake like they did in the bayou's mass plant they simply pass the cost on to the consumer. There's no risk. Bio mass plant. There's no risk. If the bio mass plant blows up like it did economically and it's a net drain, you just add it on to the bill and the consumers have no choice. They don't have another provider that they can go to. So I think this entire bullet point needs to be

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removed because it's misleading to say that we have a risk when we don't. Other companies do. They can go out of business because their market is not guaranteed through the legislature. You're right, I agree, the legislature did give the city the power to have a government monopoly, but the consequence of that is you don't have a risk like other utility companies do. >> Tovo: Other questions? Okay. Why don't we move on to the next section. >> All right, the next section will cover the Austin water transfer. The current policy is a transfer rate, on slide eight, is a transfer rate of 8.2 percent. Again, it's styled much like Austin energy's with a three-year average. In this particular case it's based on total revenue as the base for the transfer rate to be applied because they don't have the same volatility with the power supply that the electric industry has. It's a simpler discussion there without the power supply factor. You've seen the supply in the forecast. I won't cover it in detail other than to tell you that it shows you a separate column for Austin energy's transfers over time. These are actual Numbers and the Austin water transfer it shows you the increase over the prior year beginning with eight million between 2009 and 2010 and 4.3 million and so on and so forth. But you can see beginning in 2012 to 2016 the increases over the prior year are much smaller -- prior year are much smaller and that is due in fact to the flattening of of the

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electric transfer being at that minimum level. This again you have seen it shows you the forecast based on the current approved policy. Again, it shows you the column for Austin energy -- and the expected or forecast increases over -- year over year. You will see that 2016 for Austin energy starts with 105 million and projection for fiscal year 2017 is 108. And you see some increases annually in the expected Austin energy transfer. You will see larger increases in both the Austin energy and the Austin water are both increasing over time as they are revenues increase. This is a slide that we've also shown you before. This is a slide that shows you will general fund's reliance on the utility transfer as a revenue source. We talked about fiscal year 16 being 16% of all general fund sources. I will tell you that not on the slide the general fund revenues, 34% of those came from utility transfers in 1958. By 1999 we had reduced the amount to 24%, and at the end of the forecast at fiscal year 2021 we expect to be at about 15.1%. So about 15.1% of all general fund resources will come from the two utilities.

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So we've actually reduced the reliance of the general fund on these revenue transfers by one half over the last 60 years. Just by way of comparison, I looked at San Antonio data for fiscal year '16. I would mention that I would have a different situation than we have here in Austin. Our annual budget was about \$913 million. They have a general fund operating budget that's slightly over one billion dollars and 30% of the revenues come from city public service -- cps energy, which is the electric company that they own. Their transfer is \$336 million compared to our 146 million for fiscal year 16. I will also tell you that their electric utility transfer is 14% of total revenue. They do not use a three-year averaging. So their transfer amounts can be very volatile from one year to the next. Sometimes a swing of up to \$30 million over the last 10 years has been seen. And their water utility, San Antonio water system, otherwise known as saws, transfers 2.7 percent of their revenue but can take it up to five percent. We had two council resolutions that were sponsored by councilmember troxclair. And they were adopted in late February and late March related to requests for information about the fiscal impact of reducing the utility transfers to the general fund and to economic development. We were asked to report no later than may 31st and so

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this presentation will be considered our response to those resolutions. The Austin water general fund transfer resolution was adopted at the end of February following a public utility committee meeting. It asked us to report on the financial implications on the general fund and economic development transfers at one percent incremental reductions over a period of time or for other changes to the transfer policy. The Austin energy transfer resolution was adopted at the end of February -- of March, following a lengthy presentation at the end of February to the ae -- the council committee on Austin energy. That presentation was on Austin energy's general fund transfer and all the payments for services that it makes. That resolution asked us to report on how the general fund economic development fund utility rates and fees would be financially impacted by reducing the general fund and economic development fund transfers at increments of one percent of total revenues over a period of time or by other changes to the transfer policy. As reported in both committees, just a reminder here, I won't cover this in detail, but that both utilities have bond ordinances that have rate covenants that are structured very similarly. They require that rates be sufficient to generate revenues that maintain certain debt service coverage requirements. For Austin energy we have a financial policy of two times coverage, and for water we have a policy of one times coverage. Because of the debt service coverage requirements, it

can limit the ability to impact rates immediately for reductions in these transfers.

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Not that they won't reduce over time, but they will. The immediate impact is an increase in overall cash and reserves. The more cash they have available, they can invest that back into their capital program in lieu of issuing additional debt. Thus over time with less debt issued, their principal and interest payments would go down or their mortgage payments on the house would go down, which would allow for additional rate reductions while still meeting their debt service coverage requirements. So I'm going to cover water first because it's a little simpler discussion than Austin energy's. And I'll talk about the graph first just so we understand all the pieces. Again, this is the page that responds to the resolution for water reductions, in their transfer of one percent annually. And so we're showing you a starting point of fiscal '16, we're going through the forecast period, the five-year forecast of 2021. The gray amount shown, which is the left bar, is the transfer, should it be continued -- should we continue the current transfer policy. The blue bar assumes a one percent reduction each year beginning with 2017. The transfer rate would be 7.2%. And by 2021 it would drop to 3.2%. And the dotted line shows you the percentage impact on the rates or the potential rate reduction that could be achieved related to that one percent reduction in transfers over time.

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And so for fiscal '18 you would see a .1%, a one 10th of one percent drop. For fiscal 19 you would see a .2 percent drop. And the two years thereafter you would see a .3 -- three-tenths of a percent reduction in the rates. And so you would start with a transfer of 43 million in 2017 and that would be a one percent reduction would reduce it down to 38 million. By 2021 you would have had a 51-million-dollar transfer under the current policy, but \$20 million under a policy whereby you would reduce it one percent annually beginning in '17. I would mention that these are all based on estimates of running the new cash through the program, looking at the debt service coverage Numbers, changing the debt issuance, so these are not exact, they are estimates in the calculation. Austin energy is a little bit different. Unlike Austin water that changes their rates annually but has a cost of service study periodically, Austin energy, the slides work the same way. The dotted line works the same way. But Austin energy's graph has a solid black line where you see a flat amount. That is the projected rate reduction. The dotted line is the calculation if that reduction were put in place each year, but in fact Austin energy conducts the cost of service study every five years and so

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they would likely not take that reduction into account until the next cycle of rate change, which would be 2019, based on 2019 actuals so it would be put in place in 2020. So you see a flat line note, zeros at the top, but you see a 4.4% rate reduction in 2020. And the Numbers there, you would have \$108 million transfer under the current policy in fiscal 2017 versus 99 million under the 1% reduction policy. That's a difference of about 9 million. And if you go out to 2021, you would have, under the current policy, \$117 million transfer. If you reduce the transfer rate 1% annually, you would have a \$68 million transfer. I know this is a lot of Numbers, and they look really tiny when you're in this room. And I apologize. Let me talk about the colors so that the folks on camera can understand what the Numbers are. There's three tables on this one chart. And they needed to be on the same page. The top section with the green bar at the top and bottom, that is assuming no general fund transfer policy change. And it's showing you the general fund transfer for Austin energy and water and a total amount. The total

amount is in the dark -- is in the bottom green bar. The middle section shows you the transfer amounts. Under the 1% per year

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reduction plan. And so, again, the gray bar will be the total impact on the, you know. That woulding the total general fund transfer for -- that would be the total general fund transfer for both the two utilities. You move to the bottom sensation. That's showing you the impact of these changes in the policy. On the general fund in total is the Orange line. The middle line, which looks yellow, is the impact on Austin energy and these are in dollars, not rates. And then the blue line is Austin water. So the impact to the general fund in fiscal 17, if there was a 1% reduction in both the water and electric rates -- transfer rates it would be \$13.7 million and that was comprised of Austin energy, reduction for 8.6 Mr. And the water utility 5.2 million. You would run to 2021, the last year of the forecast. There would be a \$79.7 million impact overly to the general fund, 48.8 impact -- million dollar impact to Austin energy and 30.9 million impact to Austin water. And so these, again, are the Numbers that are the basis for those graphs that you saw, without the rate calculation. As I said earlier, reliance on the utility transfers by the general fund has reduced over time from 24% to 16% by 2016. As that reliance was decreased, we relied more heavily on property tax and

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sales tax so they increased to replace these utility transfers. I would expect that to be the same situation should the council approve these 1% reductions or any format of that, any imitation of that -- combination of that. We've already presented in late April our five-year forecast for not only the city but the utilities, and especially for the general fund we already know that this will be a challenging year to balance our general fund, given the needs of the community, the priorities of that already been expressed by the council. It's going to be difficult for us to balance. But nevertheless, this city has been successful in balancing budget gaps in the past, and I wanted to remind you of some of those situations. The most recent was in the great recession, in the spring and summer of 2009, when we talked about the forecast for 2010, we faced a \$30 million deficit in the general fund. During that summer, during the budget development and the adoption of that budget, that budget was balanced as required by state law via reduction plans. These reduction plans totaled over \$45 million. There was significant public input vetting discussion, but ultimately there was no significant detriment to current service levels. We had put in place vacant position freezes earlier in the year, watching our sales tax revenues go down and responding to that proactively. So that has been done that recently. Also, last year, when the

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council expressed interest in looking at a 20% homestead exemption, we were asked to put together a budget reduction list that totaled over \$20 million. So you see we can develop reduction plans, but sometimes they're not viewed as favorably. You know, in 2010 not all of the reduction plan was accepted by the council or the public. And last year, when the council looked at the service level reductions related to \$20 million it was not viewed favorably. The general fund really has limited ability to add new revenue sources. If the utility and transfers are reduced. Our most controllable revenue source is property tax, but we're limited by the roll-back. We really don't have the ability to control our sales tax. That is dependent upon current economic conditions and it's not really viewed as something that we have the ability to increase or decrease. Property tax over the roll-back rate, given the current forecast being slightly under the roll-back rate is likely going to be needed if the transfers are reduced. I

will tell you that given the estimated assessed valuation and looking at the tax rate associated with that and all of the forecast assumptions for fiscal 2017, a 1 cents increase on the tax rate will generate a little over \$12 million. And so the ways that we would look to balance the general fund, if -- in meeting other

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other council priorities or in reducing the utility transfers would be any additional revenue sources, which could be property tax, would be one, new fees, fee increases for any of our programs like some of the parks programs. We could look to expenditure savings through program or service-level reductions or a imitation of those options. Again, any reduction plan would require a lot of public engagement and work with the council. So I'm at the end of the section on the general fund and the 1%. I have left the economic development section and I have two pages for policy questions. The first one -- I can go over all questions or we can just stop at that point but the first one is does the council support the current level of reliance on the utility transfers? Do you support that as a reasonable level in the area of 15-16% as reasonable? Does the council support maintaining the existing transfer policy rate for Austin energy and for Austin water. >> Tovo: I think before we jump into questions we ought to take stock. We had talked about stopping for lunch between 12:15 and 12:30. My guess is by the time we work through some of our informational questions, we may be at that point and so what I would propose you to is that we then stop for lunch and then come back and address the policy questions, but what do y'all want to do? I think it may -- I think we may have -- but I may be wrong, but it seems like some of these questions may take a little time to discuss. You want to think about it? Why don't we start with the informational questions.

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Do people have questions specific to the presentations that are more detailed in nature before we jump into the policy questions? Councilmember troxclair. >> Troxclair: If we're going to take -- maybe I misunderstood you. If we're going to take a break -- I do think we should take a break for lunch and I would prefer we do that sometime soon. >> Tovo: We had talked about doing that. If we only have ten minutes of conversation I would say we should just do that and break for the day but it's hard for me to judge how much conversation we might have until we at least make it through the informational questions. >> Casar: Mayor pro tem, I'd say my preference is, if it takes 20 minutes but then we can be done I'm -- >> Tovo: Let's press on. Let's have a hard stop at 12:30 so we're not waiting too long for lunch if we do need to come back. Any informational questions about the pages before? Councilmember troxclair. >> Troxclair: So the Numbers -- I'm guessing since we're about to go over the economic development Numbers, the general fund transfer Numbers do not include any of the additional transfers that are done directly from Austin energy to specific departments? >> They do not. They're general fund transfer only. >> Troxclair: Okay. And so we're going to go over -- so that doesn't -- so there's about \$22 million that goes to support services, 9 million that goes to economic development, 7 million that goes to ctm and then we spend about -- those are the direct department transfers that weren't necessarily included in this presentation? >> They were included in -- the other payments were included in the February presentation. They were not addressed in the resolutions. So they were not covered in the bar chart with the line graph. >> Troxclair: Okay. I'm just trying to get the full picture of the transfers. >> Sure. >> Troxclair: And then -- and it's hard -- and I think

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you know, it's hard -- as we've said multiple times, it's really hard when we use San Antonio as the only

comparison but we know that it's not an apples to apples comparison because they don't do any of those. I mean, that I think is \$38 million additional that's not taken into account here that San Antonio -- that cps in San Antonio does not do and San Antonio also doesn't -- they fund things like their street lighting, which is an additional 10-\$15 million out of -- they don't fund it out of their -- out of cps. They fund it out of general revenue whereas nearing pays for 10-15 million-dollars out of. >> I can clarify some of that. Their 14% transfer, there are some differences between Austin and San Antonio, of course. San Antonio does not have a separate support services fund like we do. And so they don't make a support services fund transfer. Those departments that we have in support services in our separate fund, they're part of a San Antonio general fund. And so the 14% transfer covers the transfer and support services and economic development and street lighting. So it's one transfer for everything. They only make the one transfer. But there are multiple components in that that are funded by -- the money goes into the general fund melting pot. San Antonio has the economic development as a separate department in the general fund, and then mayor and council, city clerk, many of our support services departments have part of the general fund. So their one payment goes there. Our payment is broken up and goes to where the different departments are. And so our transfer is not the 14%. It's the 12% based on non-power supply. Theirs is based on including power supply. >> Troxclair: Yes. I'm just -- I guess what I'm

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saying it's hard for me to use that as a comparison and have that be the only comparison and then say yes or no our transfer is adequate with that single comparison when there's so many differences in the way that they're funding works and the way that our funding works. What is -- I wanted to know what is the difference between our -- do similar differences exist in their transfers for their water utility? Because you mentioned that they only transfer about 2% from their water utility and we're transferring about 8.2% so it seems like there's a significant difference there. Is there -- >> They transfer 2.7% from their water utility, and part of that is they had an existing utility that they combined with some water and sewer systems that the city already owned, and so I think they're only transferring a portion -- based on a portion of that. So they have a smaller transfer rate. I'm not as familiar with saws as I am with their electric utility so I can look into that and get you some information. >> Troxclair: Sure. It just seemed like there was a significant -- yeah, big difference. >> It's a larger difference. Many of the other cities in Texas have a payment in lieu of taxes from their water department to their sewer department, to their general fund. They also have a street impact fee in addition to a transfer. And so when you look at those, the cities that we looked at, the 8% is in the ballpark. Those are anywhere from five to, 8%. We maybe a little on the high side but we looked like we were reasonable just for Texas cities that we looked at. >> Troxclair: My last question for now is, I appreciate the information in the charts and -- but I wanted to clarify

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that this assumes that we continue a 1% reduction over, I guess -- is that -- over five years. >> Right. >> Troxclair: So we could -- I mean, the -- if we say -- if we said, you know, what? We do think our transfer is a little subcommittee we want to reduce it by 1% over five years total, .2% a year. -- >> A transition plan is always more palatable from a financial standpoint than -- if you wanted to -- if you wanted a policy that said 1% reduction by 2021, that's much more doable from a planning standpoint than 1% each year by 2021. And that's much Luke what we've done with economic development. We've changed that funding plan with a four-year transition. And that's really what we typically try to do, is have a transition plan when there are major changes with any significant policy between funds. >> Troxclair: So

this is -- this is -- and I appreciate that this was the result maybe resolution but this is a more extreme example of what could be done if we decided to do 5% over five years but we could do something significantly different that would be much -- that would cause the revenue -- you know, the reduced revenue to -- that line to be much more flat. >> It was not meant to be extreme. We were just trying to follow what the resolution outlines. >> So short answer is yes, there are a variety of scenarios we can play out, certainly scenarios that are less extreme than this. I think your example was just 1% over that period of time or

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.2 each year for five years would change the slope of that shrine. Be less dramatic. >> Troxclair: And would the Numbers be the same? Would it still be a difference of, say -- if we're looking at slide 15, would we start out at 105 this year, we would go down to 99 million next year, but if we spread that out over the next five years it would still be a difference of \$6 million over five years? >> The Numbers would change because each year you're looking at a different three years to average. And so the Numbers would be different. But they can -- they can be calculated. We have a model that can calculate it. >> Troxclair: But would that be at least a ballpark estimate to use if we were gonna explore other options? Or we need to -- >> I would -- I think we would need to run the Numbers. >> Troxclair: Okay. Thanks. >> They would be lower than -- I would believe mathematically they had to be less than this, this difference, this gap between -- in 2021 would be my guess, but I'd rather run the Numbers. >> Troxclair: Okay. >> Tovo: Other questions? Councilmember Zimmerman. >> Zimmerman: Thank you, mayor pro tem. So on page 17, I've probably made reference to this before, but I think the way we couch -- the way we frame the discussion, if you will, if you look at the bullet item down here under budget gap challenges and there's an example cited most recent in 2010 forecast, 29.6 million general fund deficit. So I guess my objection, my request is that this frame of reference be changed but I want to point out the way this is framed, right, there's a general fund deficit. We don't have enough money. I would frame it in exactly the opposite terms.

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We have -- we had excessive expenditure. So in 2010 we had 29.6 million general fund excessive expenditures. And if I were to repeat that the same way the general fund deficit would be repeated hundreds and hundreds of times, if I were to say general fund excessive expenditures of 29.6 million that would shift the conversation to how do we locate the cost of savings? Because we have 29.6 million of excessive expenditures. We had a report given to us by somebody who was suggesting expenditure reductions for Austin energy, my chief of staff just brought those down and I'll pass the mic to somebody else and then bring these up here momentarily. But the point is, the way we frame the conversation, whether it's a shortfall of income, is it a revenue deficit or is it an excessive expenditure situation, how we frame that conversation determines the whole debate in how we move forward. So I'll let somebody else have the mic and then I'd like to talk about the Samsung and xp document we got about potential savings and if they could answer those now or later or how do you want to do that? >> Tovo: So my guess is that we're not going to be -- have wrapped up this discussion by 12:30 given that we still have an economic development section to talk about as well. Just as a point. City manager, I saw your light on. Did you have a comment you were going to make or are we ready to -- >> I was deciding whether or not I was going to respond to that but I think I'll just wait. >> Tovo: That sounds good. Why don't we begin the policy discussions or shall we break? Break? Okay. Let's do that. So we'll be back -- what do you think? Do we need a full hour?

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1:15? 1:15 we'll start right at 1:15. Councilmember kitchen, does that sound good to you? >> Kitchen: That's okay. I just wanted to know what else we have to cover. >> Tovo: This is it. So we'll start with the policy discussions related to Austin energy that invest posed to us by staff and then we'll have the economic development section of this, which is quite short. So my expectation is that we'll probably wrap up in 30 minutes after we come back. That might be an underestimate, but it's good to have goals. Okay. We'll see you all at 1:15

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[recess]

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>> Tovo: We should go ahead and get started. I believe we may have some other councilmembers joining us, I hope. It is 1:17 and we're out of recess. I think we had left off talking about the policy questions. The first of which, as I recall, was about do we support maintaining the approximately 15% of total general fund resources as a total reliance on utility transfers. >> Well, I'll just kick it off to say that generally because I don't yet know what all of the needs are going to be because we really haven't proceeded far enough into the budget to be able to establish, that I'd take a wait and see position on that. And as we talked about earlier in the day when we were talking about health and human services, that being a critical part of our mission here, I would like to see where we fall out with that and what the needs are before making any decisions to reduce the transfers from either Austin energy or the water utility. I'll say I think there was discussion last time about the general fund transfer, the sides and scale of it, and I feel very comfortable with having a transfer, having the transfer that we do have. I'm happy to have additional conversations about it, but in looking back through some of the information that we had available to us during the rate case I wanted to recommend to my colleagues and I'll try to recommend to put this on the message board as well, there was a study that I believe was done in December, was completed in December of 2010 called the Austin energy financial and performance review by and a half Gantt consulting --

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navigant. Was that about when it was? >> That's my recollection. >> Tovo: It has a really helpful overview that kind of connects with some of the discussion that we had this morning about how Austin energy compares to other utilities. This is before the change that eliminated the power supply from the total revenue so it's not completely current, but I think compared to other utilities navigant and fox mullen concluded that the Austin energy general fund transfer rate was within a reasonable range which considering comparable utilities included in this survey. And I believe it was councilmember troxclair who earlier talked about cps, that was one of the comparable utilities that was cited in here, but they were others as well, Georgetown and some others, Gainesville. I believe at that time there was only one of those surveys that reduced for future of course as we now mentioned, Austin energy is one. I thought that was very useful. It also has a section about the economic development transfer and the prevalence of that as a practice of municipality owned utilities. Other thoughts on the policy questions? Before we jump in to economic development fund? >> Pool: Let's see what were the other -- >> The other two when does council support maintaining the existing policy rate for Austin energy's general fund transfer. I just answered for myself on that, yes. Does council support maintaining the existing transfer policy rate

for Austin water's general fund transfer? >> And my response was to both of those too I would like to see what the entirety of the budget looks like, but generally I would support continuing the existing transfer. >> Tovo: Okay. Should we move on to -- councilmember Zimmerman? >> Zimmerman: Thank you, mayor pro tem. Let me go back to the

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Samsung nxp letter. We have a memo here from Mr. Dubose ski delighted November 11th. I think it refers to this, but it doesn't specifically address the recommendations for the requirement. Is there a more thorough response to this -- how many pages here? About nine pages in total ways that we could reduce the revenue requirement for Austin energy. >> Tovo: Councilmember Zimmerman, and I'll ask our staff to weigh in on that, it's my understanding that the letter that you received from Samsung and it sounds like others of us have well, came through as a part of the administrative hearing process, and it's further my understanding that the staff are going to be participating in a formal response to that next week at the hearing. So my guess is -- >> Zimmerman: It will be addressed as part of the hearing. >> That's my understanding. I'll ask our city attorney and our utility staff if they want to clarify that. >> Sure that's correct as part of the rate proceeding that you all set in place, the hearings in front of the independent hearing examiner next week so there will be a written response from the city folks on all the various issues. So we'd be happy to provide that. >> Zimmerman: Fair enough. >> Tovo: Councilmember, before you put your letter away, would you mind telling me that was filed on? I need to find that in my email box? >> Zimmerman: I was looking for a date here and I don't see a date on the message itself, I'm sorry. That's a shortcoming of the document itself. I will ask my chief of staff to go look that up again. The response is dated April 11th so probably around the first week of April. >> Tovo: Super, thanks. So why don't we progress on to the economic development fund section, please?

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>> I just have a couple of slides on the economic development section. We have an economic development fund which is a single department, and they really guide the city's overall economic development strategy. And some of the things they focus on are the key drivers of our economic growth here in the community, include creativity, workforce, reskilling, innovation, redevelopment opportunities and entrepreneurship especially with relationship to small and creative businesses. The benefit to the utilities of having the economic development activities are they need to provide -- the utilities both need a growing customer base over which to spread their fixed costs. Both have high fixed costs. And as their customer base has expanded we add new customers of all types of load. It improves their ability to share that cost over a larger number of customers as well as diversify their system load, which improves their load factor, which is an efficiency measure of delivering electricity. Some of the things that economic development focuses on in terms of the customer base, increases, they look at new recruitments for commercial and private sector customers. They were actually very instrumental in recruiting the Samsung to come to Austin in the original days before they were here. They have programs for new and expanding small businesses here in town and certainly those are very valuable customer base to both the utilities. And then the redevelopment of the

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Mueller area. None of those customers were there when the airport moved. It was vacant land so that's a brand new customer base. And then the Seaholm is bringing new customers as well. So primarily focus is on expanding the customer base. The economic development fund was created in 2014 although we

had always had an economic development program and it was part of the Austin energy fund formally in 2001 through 2013 and it was funded 100% by Austin energy over that period of time. With the approval of the 2014 budget we revised the cost sharing funding model. The costs are shared based on a percentage of total revenue and the economic development is funded by the general fund, Austin energy, Austin water, and Austin resource recovery. We had a plan for a four-year transition with fiscal 2015 being the last year of that transition? Austin energy in 2013 funded \$11 million towards the economic development activities, and by 2017 will be funding seven million dollars is the forecast, which is a four-million-dollar change over that period of time. The chart below shows you from fiscal 2014 through the forecast of 2017 the overall funding plan and the 13-14 and 15 are actual 16 is a budget number. So with that I have one policy question regarding economic development. Does council support the

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current cost sharing funding model for funding economic development? >> Tovo: Councilmember? >> Zimmerman: Thank you. I would love to go first. The short answer to the question is no, we should not have an economic development department. One of the comments I heard you make was that we had always had economic development, but then you corrected that to say I think around 2000, 2001 is when we actually created a separate bureaucratic entity. So my aggie math says that for about 162 years going back to 1839 we had economic development in the city of Austin that was remarkably consistent. The city has grown consistently for 162 years and the taxpayers were not forced to subsidize any kind of economic development. So my argument would be today that we did okay for 162 years without a bureaucratic economic development department and I think we should abolish the economic development department. >> Tovo: Thank you, councilmember. Other thoughts? Councilmember pool, did you have your light on? >> Pool: Oh, I do. Sitting on the economic opportunity committee, there are a lot of programs and projects in the works and I think our staff are doing a good job with the economic development. We were looking at expanding, for example, the music office and part of the omnibus resolution or ordinance change that the mayor sponsored earlier this year really rests a lot of that on finding ways to ensure that our artists and musicians are able to continue to work and live in our community so that they're not overlooked. And that's a difficult situation that we're faced with a lot of challenges there. I'm not at all

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interested in abandoning that effort at all. I would say yes at this point we should continue -- I would continue to support the current cost sharing funding model for the economic development department. It may be during budget conversations we want to add some resources in one area or another area or shift things around, I don't know, but I support the work of our staff in that department. I think they do good work. And again would not be interested at all in abandons it. Thanks. >> I want to make one clarification. We did have economic development activities prior to 2001. They were in a variety of places over the years. They were formalized as a program within Austin energy in 2001, but I didn't want to mislead the council thinking that we did not have economic development efforts going on prior to that. We always have as a city worked with the chamber and others to recruit new businesses to town. >> Pool: I think that's an important element of the work any city does. It's one of the ways we overlook and see the engines of prosperity in our community and bolster it and support it and help to influence policies throughout the community. So yeah, it makes no sense to me to stop having an economic development department or those functions. I think they're key to what we do generally. >> Tovo: Councilmember Houston? >> Houston: Thank you so much. I apologize for being late. I'm very

embarrassed by that. >> Tovo: I think it may be your first time ever. [Laughter] >> Houston: I think so. >> Tovo: I actually bonded if I had said it was 130. >> Houston: I heard 1:30 because that's what I was wanting it to be. [Laughter].

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So economic development is a great asset to this community. And I'm willing to support that, but for so long the focus has been on economic development in certain parts of town and they're beginning to shift some of that infrastructure to other parts of town and I would hate to see that go away, and we're working really hard with east 12th street trying to shore up the businesses there and manor road to help those businesses shore up and be sustainable. But again as the council has shifted I think it's time for economic development to begin to shift outside of downtown and high-tech and begin to look at other kinds of economic equity opportunities for parts of the community that have no job, no good-paying wages. And so that would be my only ask is I will support, but I will be looking as well. >> Tovo: Thank you. I'll add my yes to that question. Okay. Any other thoughts? All right. Well, thank you so very much, all of the staff who helped support our budget session today and through these important conversations. We stand adjourned at 1:33 -- oh, yeah. >> Houston: I'll have to watch it on TV. >> Tovo: Did you want to weigh in on those before we adjourn? >> Houston: No. I'll send an email or something. >> Tovo: We have the time if you have some thoughts you wanted to share. >> Houston: No [inaudible]. >> Tovo: Okay. All right. Well, thank you very much. We stand adjourned at 1:34. >>