



December 10, 2020

Questions and Answers Report



Mayor Steve Adler

Mayor Pro Tem Delia Garza, District 2

Council Member Natasha Harper-Madison, District 1

Council Member Sabino "Pio" Renteria, District 3

Council Member Gregorio Casar, District 4

Council Member Ann Kitchen, District 5

Council Member Jimmy Flannigan, District 6

Council Member Leslie Pool, District 7

Council Member Paige Ellis, District 8

Council Member Kathie Tovo, District 9

Council Member Alison Alter, District 10

The City Council Questions and Answers Report was derived from a need to provide City Council Members an opportunity to solicit clarifying information from City Departments as it relates to requests for council action. After a City Council Regular Meeting agenda has been published, Council Members will have the opportunity to ask questions of departments via the City Manager's Agenda Office. This process continues until 5:00 p.m. the Tuesday before the Council meeting. The final report is distributed at noon to City Council the Wednesday before the council meeting.

QUESTIONS FROM COUNCIL

Item #5: Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2021B, in the par amount of \$9,400,000, and approving related documents.

COUNCIL MEMBER ELLIS' OFFICE

Given that the North Austin Reservoir is located along the Orange Line at the future North Lamar/Koenig train station, and given that Austin Water plans to demolish the existing reservoir and replace it with a new reservoir that is "smaller in diameter and taller," what conversations, if any, have taken place among relevant City departments – such as Austin Water, Housing and Planning, and Economic Development – about incorporating affordable housing or other community benefits into the plan for this City-owned land, along with the needed Austin Water facility?

Austin Water has not had conversations with other City departments about incorporating affordable housing or other community benefits into this site. Although the 10 million-gallon reservoir will be replaced with a smaller 8 million-gallon reservoir for a slightly smaller foot print, a new pump station will be constructed on site that offsets the difference in foot print. The overall site also includes an existing EMS station with a driveway that accesses both FM 2222 and North Lamar, and an office building used by Austin Water staff. Other City facilities located in proximity to the site include an electrical substation, fuel depot for City vehicles, and Austin Water service center. The existing facilities located above ground and the related underground water transmission infrastructure constrain this site, making it unsuitable for housing and other community benefits.

Item #13: Authorize award and execution of a construction contract with PGC General Contractors, LLC, for the Hornsby Bend Transfer Pump Station and Irrigation System Improvements project in the amount of \$15,875,000 plus a \$1,587,500 contingency, for a total contract amount not to exceed \$17,462,500.

COUNCIL MEMBER ELLIS' OFFICE

What measures will be taken during construction to minimize negative impacts to the birds and other wildlife at the adjacent Hornsby Bend Bird Observatory? Will the Austin Water Center for Environmental Research be consulted before and during construction to help provide oversight?

Austin Water meets regularly (about every 6 months) with the birding community, led by Kevin Anderson from the Austin Water Center for Environmental Research. Austin Water also began meeting with the birding community several years ago specifically to discuss CIP projects on the Hornsby Bend site, including this one. With the replacement pump station, the existing pump

station and hyacinth building will be demolished, returning currently occupied space/land to riparian habitat.

The following measures will be taken to mitigate the impact to the Hornsby Bend Bird Observatory:

1. The construction boundaries will be limited to the area of existing infrastructure.
2. New facilities have been sited adjacent to existing facilities. The new Transfer Pump Station will be adjacent to the existing Side Stream Plant.
3. Construction traffic access has already been limited for ongoing construction projects. The only access is the access road through the treatment facilities.

Item #18: Authorize award and execution of a construction contract with Sayers Construction-Jingoli Power, a Joint Venture LLC, for the Ullrich Water Treatment Plant Low Service Pump Station Electrical Feed Renewal project in the amount of \$22,365,594 plus a \$2,236,559.40 contingency, for a total contract amount not to exceed \$24,602,153.40. [Note: This contract will be awarded in compliance with City Code Chapter 2-9A (Minority Owned and Women Owned Business Enterprise Procurement Program) through the achievement of Good Faith Efforts with 0.69% MBE and 0.14% WBE participation.]

COUNCIL MEMBER POOL'S OFFICE

Please address concerns of IBEW Local 520 regarding staff's recommendation to award a contract for the Ullrich Water Treatment Plant LSPS Renewal Project to a brand new joint venture- Sayers Construction/Jingoli Power.

Type of Solicitation: Item 18 is staff's recommendation of an Invitation For Bid (Low Bid) contract award. In determining the lowest responsible bidder, staff review's the lowest bidder based on bid price, and the bidder's response to Section 00400, Statement of Bidders Experience which includes the following: Bidder's information, General Contractor Experience, Project Manager and Superintendent Experience, Specific Construction Experience, Available Equipment, Available Workforce, Current Projects, Completed Projects, and Bidder's Authentication.

The City project team including the project manager, sponsor, and consultant performed a technical review of the Statement of Bidder's Experience and determined that the Joint Venture of Sayers Construction-Jingoli Power is a responsible bidder.

Contracting with a Joint Venture: The City allows for Joint Ventures to bid on City projects. The Joint Venture's combined experienced is reviewed. Sayers Construction is a Hispanic-Owned MBE Certified firm since 2018 from Cedar Park, TX with a stated 10 years in business. Jingoli Power is from Newark, NJ with a stated 95 years in business.

Postponement of this item will delay the project until September 1, 2021 due to the restrictions in clearing trees and vegetation during the endangered songbird nesting season which commences on March 1, 2021.

COUNCIL MEMBER ELLIS' OFFICE

1) *If Council delays a vote on this item until the January 27 meeting, would customer provision of water services or water quality suffer?*

The Ullrich Water Treatment Plant's raw water is drawn from Lake Austin by the Low Service Pump Station (LSPS), which is powered by an electrical substation that was constructed in 1969. This substation has exceeded its expected useful life and needs to be replaced, a determination which is supported by Austin Water's Condition Assessment and Criticality Score for the electrical substation.

Postponement of this item will delay the start of construction until September 1, 2021, due to the restrictions in clearing trees and vegetation during the endangered songbird nesting season which commences on March 1, 2021. A delay in the project extends the timeframe in which the Low Service Pump Station operates with electrical equipment that has exceeded its useful life.

In the event of an unplanned electrical failure, assuming power cannot be restored in a timely manner, an emergency contract to provide power generation would be required. The contingency listed in the RCA for backup power is a significant investment in temporary equipment. It is assumed that, at a minimum, a plant outage of several weeks would occur while this emergency power generation system is sourced and made operational.

An interruption of plant capacity due to critical equipment failures could impact availability of water during peak demand periods and require some additional voluntary or mandatory water restrictions.

2) *Are electrical failures, such as those suggested by the RCA, expected to be imminent, or more of a long-term risk?*

A delay that impacts the construction schedule for about 9-12 months could materialize in failure of critical equipment that is not easily replaced. Although it is uncertain when critical equipment could fail, we have not identified this equipment as an imminent risk.

3) *Are there any other potential implications of a delay that Council should be aware of?*

Council should be aware of the overall timeline for project planning and completion. A Preliminary Engineering Report was prepared in 2017, and project design occurred in 2018 through 2020. Following the contract award, construction is expected to take nearly 3 years, placing the earliest possible completion date in late 2023.

In addition, Council should be aware that the project has gone through extensive coordination throughout the design process, including multiple site visits with the design team and project reviewers. Numerous changes and adjustments were made to the design to minimize deviations from code and to meet regulatory requirements. Through this collaboration, the project achieved support from all reviewers, including:

- Balcones Canyonland Conservation Plan
- Texas Historical Commission
- Texas Water Development Board
- Texas Parks and Wildlife
- Development Services Department
- Watershed Protection Department

Lastly, Council should be aware that in the event of an electrical failure, the ongoing operation of emergency backup power would result in excessive noise and light disruption for the surrounding neighborhood. In addition, if Council delays the award to January 27, CCO will need to request a bid extension from the low bidder. Their bid was nearly \$800,000 less than the second lowest bidder.

Item #20: Approve the recommendation of the Arts Commission to deaccession 'Karst Circle' by W. Gary Smith located at Austin Fire Station 43/EMS Station 31, 11401 Escarpment Blvd, Austin, TX 78739, a public artwork commissioned by the Art in Public Places Program.

Item #21: Approve a recommendation of the Arts Commission to deaccession 'Bicentennial Fountain' by Ken Fowler, located at the entrance to Vic Mathias Shores at Lady Bird Lake Metro Park between South 1st St. and W. Riverside Dr., donated to the City, prior to the creation of the Art in Public Places program.

Item #22: Approve the recommendation of the Arts Commission to deaccession 'LAB' by NextProject (Leah Davis, Robert Gay, and Jack Sanders) along the Lance Armstrong Bikeway from MOPAC to Airport Blvd., a public artwork commissioned by the Art in Public Places program.

Item #23: Approve the recommendation of the Arts Commission to deaccession 'Moments' by Carl Trominski located at the Lamar Underpass, on North Lamar between Sandra Muraida Way and 5th Street, a public artwork commissioned by the Art in Public Places Program.

Item #24: Approve the recommendation of the Arts Commission to deaccession 'Republic Square Fountain' by James Turner, formerly located at Republic Square Park, donated to the City as part of the Art in Public Places public art collection.

COUNCIL MEMBER TOVO'S OFFICE

Please provide the Art in Public Places Program's Acquisitions and Deaccessioning Policy, indicate how many and which pieces the City has deaccessioned in the years this policy has been in place, and state whether this policy ever been revised.

Attached please find the Art in Public Places Program's Acquisitions and Deaccessioning Policy. Deaccession is an accepted best practice of museums and art collections across the globe. It simply means to officially remove an artwork from the listed holdings of an artwork collection. Once the artwork is moved from the AIPP active listed holdings to the archival record, it is no longer in the purview of the AIPP program. The user department is then able to make the determination regarding removing or keeping the installation in place, as required by the needs of that site or facility. Staff will follow the Purchasing's property disposition policy.

1. Two artworks have previously been deaccessioned per the policy:
 - a. January 28, 2016: Council approved the recommendation of the Arts Commission to deaccession "On the Green" by Pat Willie, at the Roy Kizer Golf Course, a public artwork commissioned by the Art in Public Places program.

- b. May 19, 2016: Council approved the recommendation of the Arts Commission to deaccession the public artwork titled "Unity: Tree of Life" by Barbara Jackson-Poe at the Dove Springs Recreation Center.
2. Art in Public Places Program's Acquisitions and Deaccessioning Policy was last revised in 2008.

For each of these items, please provide the following information:

** indicate which community members or city staff members made the initial recommendation to deaccession the work:*

AIPP staff made the initial recommendation due to the condition of each of the artworks, and then followed the Art in Public Places Program's Acquisitions and Deaccessioning Policy required procedure.

**images of the art proposed for de-accessioning:*

Please see the attached PDF of slides from August 26th Arts Commission meeting.

**costs of de-accessioning the artwork.*

There is no cost to deaccessioning the work (the request for deaccession simply removes an artwork from the listed holdings of the AIPP artwork collection). A cost could enter in if the user department chooses to remove or upgrade the components of the artwork in place. Such potential costs are listed in each RCA.

**public outreach to communicate that these pieces were under review for potential de-accessioning:*

The public was able to weigh in on these deaccessions at these public meetings: AIPP Panel Meeting August 3, 2020, Arts Commission Meetings August 26 2020 and November 16,2020. The public was invited to the Deaccession Special Jury Meeting held on November 12, 2020.

**communication and input received from Parks and Recreation Department, Parks and Recreation Board, and the Parks Foundation for those pieces located in or near parkland.*

Input and recommendations were gathered from Parks and Recreation Department, Law Department and City of Austin Purchasing Department, Public Works Department, Street and Bridge, Urban Trails, Austin Fire Department and EMS Department.

**outreach to the artists:*

Outreach was performed by the AIPP Collection Manager. Of the 5 artworks proposed for deaccession, the Collection Manager was able to locate and contact 3 artists associated with those artworks. Current contact records were not found for the other two artists. Extensive efforts to include all artists in discussions were made using AIPP database of artist contact information, Google and Facebook.

The backup for item 21 indicates that the fountain has rusted. What methods have staff used to prevent deterioration since the fountain's installation in 1976? To the extent these exist, please provide

information from the time of the fountain's installation so that Council can assess the cultural and historical significance of this artwork.

This installation was created by PARD staff in 1976 in honor of our nation's bicentennial. This installation is 44 years old and has passed its expected lifespan, given the materials used to create it. The request for deaccession simply moves the artwork from the AIPP active collection to the archived work of the collection. The records about the artwork remain in the collection archive.

Once the artwork is moved from the active AIPP collection to the archive, the Parks and Recreation Department is free to make whatever determination they wish regarding the installation. The installation is surrounded by a permanent fence and so is not publicly accessible. The Parks and Recreation Department will review the installation for historical/cultural relevance and make a determination on the future of the artwork.

Item 23- Please provide context for the commission's recommendation that the signs not be reused in another project and that they be sold as surplus.

"Moments" has been on AIPP's recommended list for deaccession for a number of years, after professional review of the AIPP collection by art conservator Helen Lessick. AIPP staff reached out to him in August to get his thoughts on the deaccession of his artwork. He prepared the attached letter for us as a support for the deaccession of "Moments".

For convenience, here is what the artist requested regarding the "signs": *I ask that no part of the installation be re-used in any form, and that the removed components be recycled as the City sees fit. I also request (as reasonably possible) to witness the demolition and be provided with one salvaged blue sign and its wall mounting armature.*

Will the art pieces be removed or remain in place?

Deaccession is an accepted best practice of museums and art collections worldwide. It means to officially remove an artwork from the listed holdings of an artwork collection. Once an artwork is deaccessioned, the User Department can determine what to do with the artwork components - the User Department is not required to follow the Special Jury recommendation. The descriptions below summarize the latest conversations between AIPP and the User Department regarding each artwork:

Karst Circle (by Gary Smith)
Fire Department

To date, Austin Fire Department, the User Department for Karst Circle, has indicated that they prefer to keep the limestone from the artwork onsite for staff to enjoy as seating. Note: The artist contacted Lady Bird Wildflower Center over the summer to gauge their level of interest in receiving Karst Circle. Their board discussed this and decided it was not workable.

Moments (by Carl Trominski)
Public Works Department

Austin Public Works Department, the User Department for Moments, has indicated that they prefer to keep the artwork on site until they can decide on next-steps. Discussions to date have centered on removal of the artwork and recycling the raw material.

LAB (by NextProject)

Public Works Department

Austin Public Works Department, the User Department for LAB, has indicated that they prefer to keep the artwork on site until they can decide on next-steps. Public Works discussed community outreach in an effort to identify the level of interest in maintaining LAB, and using it to promote the bikeway. They have not investigated costs associated with keeping the artwork components in good repair. Note: Public Works staff has indicated concerns with branding under the Lance Armstrong name.

Bicentennial Fountain (by Ken Fowler)

Park and Recreation Department

The Parks and Recreation Department, the User Department for Bicentennial Fountain, has indicated that they prefer to keep the artwork on site until they can decide on next-steps. During discussions they noted the importance of preserving the time capsule buried under the fountain's plaque and doing outreach to determine community expectations for the fountain. Note: There is a permanent fence surrounding Bicentennial Fountain providing safety to the public.

Republic Square Fountain (by James Turner)

Park and Recreation Department

The fountain has already been removed as part of park improvements to Republic Square Park and no longer exists. PARD staff contacted AIPP in 2016 in an effort to identify the origins of the non-functioning fountain. It did not appear in then-current AIPP records as artwork. AIPP erroneously informed PARD that the piece was not an city owned artwork.

Please clarify. Does the Fiscal Note mean that the PARD budget has funding sufficient to cover the costs of deaccessioning #21 (because as indicated those would be zero), or does the Fiscal Note actually mean that the PARD budget has funding sufficient to cover the costs of potential removal? Please specify the amount associated with potential removal of this piece.

Thank you for the clarifying question. A fiscal note was not required because there is no cost associated with the deaccession request. The cost will come into play once the department determines what to do with the deaccessioned artwork- now a part of the Parks and Recreation Department inventory. Because the Parks and Recreation Department has not yet determined the future of the artwork an exact cost is not available. PARD anticipates future costs associated with repair, removal, or relocation will be absorbed as part of an existing budget.

COUNCIL MEMBER POOL'S OFFICE

1. Who is responsible for maintaining public art in the AIPP program?

Each department is responsible for routine maintenance of AIPP collection artworks at their facilities. If a large repair is needed, the AIPP program staff coordinate that with the affected department and expend funds from a small dedicated fund.

2. If the City is responsible, how did the AIPP art pieces listed in items 20-24 fall into such disrepair?

Historically, AIPP has not had dedicated collection management staff or funding source to address the condition of almost 400 pieces of art that are on display. In 2012, however, AIPP was first able to hire a Collection Manager and was able to utilize a limited, one-time allocation of funds which have enabled AIPP to make some major repairs to the collection. However, a sustainable long-term source of funding is needed for this purpose.

The conditions that the particular artworks recommended for deaccession have endured has created the level of disrepair, including drought which meant water pumps were not in use and so degraded over time (Bicentennial Fountain and Taylor Fountain) and living plants were not thriving (Karst Circle); or repeated theft and vandalism, in the case of both Moments and LAB. The relentlessness of these conditions for these artworks led to the level of disrepair that supports recommending these artworks for deaccession.

As a note, the AIPP Program is 35 years old; it is likely that Council will be seeing more requests for deaccession in the coming years, as an accepted best collection management practice. Art, like any other city asset, requires maintenance, repair, and ongoing evaluation to ensure it remains viable. If it is not viable, deaccession ensures that artistic integrity and public safety are honored.

3. What steps will be taken to ensure that maintenance is performed and art work protected in future?

All AIPP commissioned artworks are commissioned with the clearly stated goal that the artist create artwork that is low maintenance. Each artist's work goes through an extensive review process, including review by Collection Management staff and in many cases, a professional Art Conservator, during design to support an artwork collection that is manageable. Department Directors are required to sign off on each artwork's final design to ensure compatibility with its ongoing care, and are provided detailed care instructions through an artwork maintenance plan. AIPP will continue these practices and strengthen relationships with each department to ensure that there is full coordination and expectations for care and resources needed are aligned.

In the future, AIPP may also consider outsourcing art conservation for major repairs to the collection.

Item #30: Authorize negotiation and execution of an exclusive negotiation agreement with Aspen Heights Partners, for terms governing a master developer contract for the redevelopment of 1215 Red River and 606 East 12th, the former HealthSouth tract.

COUNCIL MEMBER TOVO'S OFFICE

1. Please provide the rationale for why the City's real estate portfolio consultant, CBRE, recommended that the City switch from an RFI to an RFP for the HealthSouth tract.

At the October 4, 2018 City Council meeting, a two-step procurement process -- issuing a Request for Information (RFI) to test market interest in the opportunity, followed by a Request for Proposals (RFP) -- was discussed. In subsequent discussions with City consultants, Law Department and other experts, staff learned that an RFI would not be productive. Given the strength and competitiveness of the downtown Austin market, many entities would likely not respond to the RFI to avoid revealing their interest and vision for the site and potentially undermining their competitiveness in the RFP process. Therefore, staff moved forward with the RFP format within the authority granted by Resolution 20181004-042 to "initiate a solicitation."

On November 5, 2019, EDD Director Veronica Briseño sent a memorandum to Mayor and Council with updates on the process. The memorandum stated staff had drafted a "Request for Proposals" seeking "best ideas and partnerships" for "a catalyst mixed-use project for northeast downtown," which would be issued later that month. Upon hearing no objections, the Purchasing Office with EDD as lead department issued RFP 5500 SWM 3002 on November 18, 2019.

2. To the greatest extent legally feasible, please provide a detailed breakdown of each applicant's proposal. Please provide the details surrounding each proposal's ratio of uses by square footage – for instance, Proposal #1 - % office use, % residential use, % entertainment use, etc.

Responses will be provided directly to Council due to company proprietary information.

3. To the greatest extent legally feasible, please provide a detailed breakdown of each proposal as it relates to housing. Please provide a breakdown of each proposal as it relates to market housing units vs. affordable housing units. Then, within each proposal please provide the total number of proposed units (market and affordable combined), the total number market rate units and total number of proposed affordable units for each proposal. Then, please provide how many affordable units are rental vs. ownership and please provide the unit mix (bedroom count) for each category of rental and ownership affordable units.

Responses will be provided directly to Council due to company proprietary information.

4. Please provide information about how the amenities contemplated by each proposal are intended to be utilized by households residing in the income-restricted homes.

Responses will be provided directly to Council due to company proprietary information.

5. Please provide responses from each of the applicants as to how their pro forma and financing strategies may change now that the Red River realignment revenue requirement in the RFP is no longer required.

Through Addendum 4 to RFP issued on February 7, 2020 proposers were notified that the developer would need to contribute up to \$3.5 million for realignment of Red River Street. It

was noted that while the final figure might be less it would not be more than \$3.5 million. This financial contribution is in addition to the loss of a portion of the site to accommodate the new right-of-way alignment of Red River Street, noted on a site survey provided to potential proposers in Addendum 6 on March 23, 2020.

6. Please provide projected profits for the developer from each of the respective projects.

The proposals were scored based on the strength of the overall financial proposal received. Aspen Heights Partners and Pennrose / Hunt Development Group both scored 21 of 25 possible points. Intracorp Homes / DMA Companies scored 13 and Gensler / 2033 Foundation were awarded no points.

7. Please describe the contemplated lease arrangement in terms of phasing of payments and plans for the City having an equity-stake in the revenues generated from any commercial activity on the site.

Responses will be provided directly to Council due to company proprietary information.

8. Which staff and which departments will be involved in the negotiation of the Master Development Agreement? Which staff/departments have been involved in negotiation of other public/private redevelopments on city-owned land, such as McKalla Place, Seaholm, Green Treatment Plant, and the new COA Planning and Development Center?

Staff of the Economic Development Department with their financial consultant Economic & Planning Systems and the Law Department will lead Master Development Agreement (MDA) negotiations for the former HealthSouth site. As needed for subject matter expertise, they will engage staff of Housing and Planning, Office of Real Estate Services, Transportation and Development Services. This process is similar to that used for the MDAs governing the Seaholm District, which included the former Green Water Treatment Plant and Energy Control Center. EDD and Financial Services jointly led negotiations on the McKalla Place MDA with the assistance of outside legal counsel and a financial consultant.

9. Has the tract been assessed for the relocation of the Downtown Austin Community Court? Please describe this assessment and detail how this could be utilized within the office / commercial uses within each of the four proposals.

Council Resolution 20181004-042 directed staff to solicit proposals for development of 1215 Red River and 606 E. 12th Street, particularly for mixed-income housing, with a significant emphasis on multiple-bedroom housing for households who earn 60 percent of median family income and below. Council direction did not include incorporation of other civic uses, such as Downtown Austin Community Court (DACC). Council may direct staff as part of the MDA negotiations to incorporate the DACC in the commercial property, which would trigger changes to the financial terms and other community benefits.

10. Please detail procedurally how Council can provide direction in the negotiations of the contract to realize different community uses on the tract, such as an on-site childcare facility that could be open to both residents and the public.

On December 10, 2020 when City Council considers staff's recommendation to enter exclusive negotiations with Aspen Heights Partners, the Council may vote to direct staff to consider changes to proposed community benefits. Since this would trigger corresponding changes to financial and other terms, Council direction should set priority for most desired outcomes. Staff will bring the final terms and conditions to Council for authority to execute the MDA. Changes in the requirements for the project may result in a need to cancel this solicitation and reissue under new terms.

11. Should the Council select a proposal that includes a music / entertainment venue on-site, please detail how noise mitigation would be addressed for the residents, as well as what resources the City intends to allocate toward enforcing sound violations.

Austin building codes and ordinances set standards for construction of mixed-uses, and it is also in the interest of developer to ensure compatible experiences. Such an idea is not unprecedented. Stratus Properties incorporated both W Hotel and Residences and Austin City Limits Live at Moody Theater in a previous public-private partnership. The hotel opened in December 2010, and ACL Live opened the following year, February 2011. ACL Live is a state-of-the-art, 2,750-person capacity live music venue that hosts approximately 100 concerts a year as well as tapings of ACL television show and a variety of private events. While not located within the residential tower, it is located below the W Hotel and Residences with more than 250 hotel rooms and 159 condominiums. There has never been a sound problem experienced by condominium residents due to events at ACL Live. Violations of the Sound Ordinance are handled by a combination of departments funded through the annual City budget process.

12. Given that Council has now created an Economic Development Corporation with a scope that allows the redevelopment of city-owned parcels to achieve maximum community benefits, have staff considered what role the EDC might play with regard to the redevelopment of Health South and how that would impact affordable housing and community benefits?

As the Austin EDC has only recently been established, the redevelopment of HealthSouth has not been considered for the Austin EDC portfolio.

13. Please describe in detail what affordable housing each developer has constructed in the Austin area.

By separate memorandum to Mayor and Council, staff released the public information packets submitted in the proposals for further information on the development teams.

14. The Request for Proposals included a revenue requirement of \$8.7 million for acquisition costs. The purchase price for this tract was \$6.5 million. Has the city issued debt for this project and begun accruing interest? Please detail what expenses account for the difference between the \$6.5 million and the \$8.7 million.

Responses will be provided directly to Council.

15. What are the affordability terms for each of the proposals?

Responses will be provided directly to Council due to company proprietary information.

16. Will the selected developer be required to accept housing voucher holders?

It is not City policy to require public-private partnerships to accept Housing Choice Vouchers, only projects that receive AHFC subsidies. Council may direct staff as part of the MDA negotiations to ask that the project accept housing vouchers, which may trigger changes to the financial terms and other community benefits.

17. Please provide additional details about the parking specifications in each proposal. If parking is provided in the proposal(s), how many above-ground floors will be devoted to that purpose and in which building(s)?

Responses will be provided directly to Council due to company proprietary information.

18. Who from the City of Austin served on the interview team, and what questions were asked of the applicants?

Responses will be provided directly to Council due to City's best practice in not releasing panelist names publicly.

19. Do any of the proposals include pools / aquatic facilities?

Responses will be provided directly to Council due to company proprietary information.

20. Please provide additional information and context, including the timeframe, for Austin Energy's need of a district cooling facility in the area. Please indicate which proposals accommodate this need. What financial value would the City ascribe to the provision of that facility?

Responses will be provided directly to Council due to company proprietary information.

MAYOR ADLER'S OFFICE

1. How can the city maximize income restricted housing in Austin, including in the downtown area, and especially using city-owned land to do this?

The Austin Strategic Housing Blueprint, adopted by City Council in 2017, calls for an additional 60,000 units affordable to households at or below 80% Median Family Income (MFI) over 10 years. City Council subsequently approved district goals for affordable housing, including a goal of 7,086 affordable units for District 1 (in which the Health South site is located). Any income-restricted residential units on the Health South site will help to meet these ambitious goals.

There are a variety of strategies articulated in the Austin Strategic Housing Blueprint to create or preserve income-restricted housing. The primary mechanisms deployed by the City of Austin include direct subsidy (through Housing Development Assistance programs) and incentives (through density bonus programs and other developer incentives). Publicly-owned land presents a unique opportunity to create additional affordable housing through a combination of subsidy and/or incentives. In fact, the Blueprint challenges the city to maximize public property to build or include affordable housing.

The Health South procurement is well-aligned with the goals articulated in the Austin Strategic Housing Blueprint. As stated in the Blueprint (page 27): "Publicly owned land is a public asset that must be used strategically to achieve multiple public benefits, including the creation of affordable homes in our community. In order to do this, the Austin City Council

must decide to make siting affordable housing on public land a priority by setting policy that construction of affordable housing will always be considered when the City makes decisions regarding its publicly owned land.”

2. *Please provide a means to evaluate whether the city should invest in additional units on this site, or if there is a cash value to the City that can be better invested at another location, potentially nearby, to get more total units or deeper affordability?*

City staff is constantly weighing the benefits of on-site affordability compared with off-site opportunities. Again, the Austin Strategic Housing Blueprint is instructive. One of the five core values articulated in the Blueprint is to “Foster Equitable, Integrated and Diverse Communities.” The city achieves this through inter-related strategies and actions, including incentivizing the inclusion of income-restricted housing in new development, as well as encouraging mixed-income developments through our subsidy and incentive programs.

Housing and Planning Department currently collects fees-in-lieu for a variety of geographic-based programs, such as Plaza Saltillo TOD, North Burnet Gateway, and the Downtown Density Bonus. Those fees have enabled staff to provide critical resources to high profile affordable housing developments. Foundation Communities’ Waterloo Terrace (132-unit supportive housing project) received \$827,308 in direct subsidy through the North Burnet Gateway fund. Similarly, DMA Development’s Talavera Lofts (92-unit workforce housing development) received \$1,202,079 through the Plaza Saltillo TOD fund. Oftentimes, fee-in-lieu payments for offsite housing can be both practical and advantageous, such as the Downtown Density Bonus fee-in-lieu funding dedicated to low-barrier, Permanent Supportive Housing. However, the majority of the time, requiring on-site, income-restricted housing helps the city work toward the goal of fostering equitable, integrated, and diverse communities.

3. *From a housing policy perspective, is it better for residents and children of all financial strata to be in a development with a mix of various income levels? And what’s the optimum mix?*

There is an enormous body of national research on this issue, including HUD’s longitudinal Moving to Opportunity study, which began in the 1990s. More recently, nationally-renowned researcher, Raj Chetty’s “Opportunity Insights” has provided extensive data analysis focused on housing and neighborhoods’ impact on social and economic mobility: <https://opportunityinsights.org/>. Raj Chetty is currently working on a partnership with Public Housing Authorities to evaluate the effectiveness of programs designed to move low-income families with children out of high poverty areas into areas of opportunity: <https://www.povertyactionlab.org/page/creating-moves-opportunity> The research will help to inform public policy in the future.

For now, the “optimum mix” of income levels in a community is subjective and elusive. Oftentimes, the income mix of a single development is determined by the financing mechanism. For example, a Low Income Housing Tax Credit (LIHTC) project has specific income levels (established by federal law) that dictate the project size, unit mix, and underlying capital stack. Fortunately, most of our local affordable housing developers strive to create mixed-income opportunities within their developments (where financially feasible) because of a desire to create more diverse and sustainable communities.

4. *What is the optimum percentage of income restricted and market units that is best and we should be trying to achieve in any given project?*

The City of Austin's density bonus programs have been carefully calibrated to incorporate on-site affordability, while recognizing market realities and legal constraints. With many of the existing density bonus programs, the market has enabled developers to dedicate a relatively small but meaningful percentage (10%) of their total units to moderate affordability levels (either 60% or 80% MFI) without providing any direct subsidy. Either increasing the percentage of units or decreasing the levels of affordability (e.g., "pulling any of the available levers"), will require additional subsidy to achieve greater community benefit.

5. *How can the city maximize income restricted housing in Austin, including in the downtown area, and especially using city-owned land to do this?*

The Austin Strategic Housing Blueprint, adopted by City Council in 2017, calls for an additional 60,000 units affordable to households at or below 80% Median Family Income (MFI) over 10 years. City Council subsequently approved district goals for affordable housing, including a goal of 7,086 affordable units for District 1 (in which the Health South site is located). Any income-restricted residential units on the Health South site will help to meet these ambitious goals.

There are a variety of strategies articulated in the Austin Strategic Housing Blueprint to create or preserve income-restricted housing. The primary mechanisms deployed by the City of Austin include direct subsidy (through Housing Development Assistance programs) and incentives (through density bonus programs and other developer incentives). Publicly-owned land presents a unique opportunity to create additional affordable housing through a combination of subsidy and/or incentives. In fact, the Blueprint challenges the city to maximize public property to build or include affordable housing.

The Health South procurement is well-aligned with the goals articulated in the Austin Strategic Housing Blueprint. As stated in the Blueprint (page 27): "Publicly owned land is a public asset that must be used strategically to achieve multiple public benefits, including the creation of affordable homes in our community. In order to do this, the Austin City Council must decide to make siting affordable housing on public land a priority by setting policy that construction of affordable housing will always be considered when the City makes decisions regarding its publicly owned land."

6. *Please provide a means to evaluate whether the city should invest in additional units on this site, or if there is a cash value to the City that can be better invested at another location, potentially nearby, to get more total units or deeper affordability?*

City staff is constantly weighing the benefits of on-site affordability compared with off-site opportunities. Again, the Austin Strategic Housing Blueprint is instructive. One of the five core values articulated in the Blueprint is to "Foster Equitable, Integrated and Diverse Communities." The city achieves this through inter-related strategies and actions, including incentivizing the inclusion of income-restricted housing in new development, as well as encouraging mixed-income developments through our subsidy and incentive programs.

Housing and Planning Department currently collects fees-in-lieu for a variety of geographic-based programs, such as Plaza Saltillo TOD, North Burnet Gateway, and the Downtown Density Bonus. Those fees have enabled staff to provide critical resources to high profile affordable housing developments. Foundation Communities' Waterloo Terrace (132-unit supportive housing project) received \$827,308 in direct subsidy through the North Burnet Gateway fund. Similarly, DMA Development's Talavera Lofts (92-unit workforce housing development) received \$1,202,079 through the Plaza Saltillo TOD fund. Oftentimes, fee-in-lieu payments for offsite housing can be both practical and advantageous, such as the Downtown Density Bonus fee-in-lieu funding dedicated to low-barrier, Permanent

Supportive Housing. However, the majority of the time, requiring on-site, income-restricted housing helps the city work toward the goal of fostering equitable, integrated, and diverse communities.

7. *From a housing policy perspective, is it better for residents and children of all financial strata to be in a development with a mix of various income levels? And what's the optimum mix?*

There is an enormous body of national research on this issue, including HUD's longitudinal Moving to Opportunity study, which began in the 1990s. More recently, nationally-renowned researcher, Raj Chetty's "Opportunity Insights" has provided extensive data analysis focused on housing and neighborhoods' impact on social and economic mobility: <https://opportunityinsights.org/>. Raj Chetty is currently working on a partnership with Public Housing Authorities to evaluate the effectiveness of programs designed to move low-income families with children out of high poverty areas into areas of opportunity: <https://www.povertyactionlab.org/page/creating-moves-opportunity> The research will help to inform public policy in the future.

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9. *How can uses such as childcare, live music venues for nearby legacy venue operators, and the Downtown Community Court be explored for consideration at this site?*

Upon Council's authorization to negotiate and execute the exclusive negotiating agreement, staff will be able to explore these uses through the negotiations with the selected firm. As directed by Resolution No. 20181004-042, staff solicited proposals for development of 1215 Red River and 606 E. 12th Street, with an emphasis on mixed-income housing, especially multiple-bedroom housing for households who earn 60 percent of median family income (MFI) and below. RFP 5500 SMW3002 also stated, if feasible, additional community benefits, such as art, music, film, cultural arts, health care, workforce and job training, child-care services, small and local businesses, and/or a new Austin Energy district cooling plant facility to serve the area would be welcome. Such potential uses would be included in the Master Development Agreement that would be brought back to Council for approval upon mutual agreement by City staff and the selected firm.

Given such diverse interests, it would be useful to staff for Council to prioritize the type and scale of additional community benefits sought and to confirm the minimum financial offer

required. These uses will change the financial terms and community benefits in the original proposal.

If on the other hand, Council now wishes to use the HealthSouth site primarily for civic uses – DACC, AE district cooling facility, childcare, creative arts space, community pool, and/or primarily affordable housing – then it would be best to cancel the RFP and re-bid with these new priorities required as elements of any proposal.

10. *What does the consortium and planning group for the Innovation Zone think about the use of this tract and how it fits into the dynamics of the larger area?*

Capital City Innovation, the nonprofit organization leading the vision and strategic direction for Austin Innovation District, has not shared its priorities for the site to date. However, two of the key stakeholders in the area – Downtown Austin Alliance and Waterloo Greenway – sent letters to the City stating their priorities. Both place priority on the HealthSouth redevelopment to consider the context of the area – the Central Health campus, Innovation District, State Capitol Complex, Waterloo Greenway and the East 12th Street and I35 Corridor. They support the “highest and best use and monetary value to the City” especially in light of the 2020 recession due to the global pandemic. They seek dense, mixed uses that incorporate affordable, family housing and services for current and future residents, employees and visitors. For convenience, these letters were shared with Council on December 8, 2020 as attachments to memorandum from the Economic Development Department Director Veronica Briseño.

11. *Does staff have a recommendation on whether we should use this asset to generate revenue or resources that we could apply to permanent supportive housing so that the use of this public asset could help us house some of the people downtown that are otherwise living on our streets and in tents?*

This question is much broader than can be answered by the Economic Development Department. Unless already allocated for specific purposes, revenues generated by redevelopment projects (in this case General Fund revenues) become part of the City’s revenue forecast and are used for expenses as put forward in that year’s proposed budget. The proposed budget represents the recommended allocation of revenues based on priorities.

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Item #31: Approve an ordinance authorizing the acceptance of emergency grant funding in the amount of \$7,262,074 from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG-CV)-based COVID-19 relief programs; and amending the Fiscal Year 2020-2021 Housing and Planning Department Operating Budget (Ordinance No. 20200812-001) by appropriating the \$7,262,074 accepted from HUD for CDBG-CV-based COVID-19 relief programs; and authorizing the City Manager to apply for CARES Act funds and to negotiate with the federal government to receive the CARES Act funds.

COUNCIL MEMBER ALTER’S OFFICE

Please provide additional detail on where this fits into our COVID spending framework and the anticipated use of these funds.

Below is the recommended use of the additional CDBGCV dollars and the responsive COVID19 Spending Framework category and activity:

- \$2.2 Million for Emergency Rental Assistance: Funding for emergency rental assistance activities will be used for direct rental assistance payments made to landlords. The intent of this program is to provide emergency rental assistance to households impacted by COVID-19. This program is designed to be a short-term solution and a rapid response to those experiencing financial hardships as a result of COVID-19, supporting the City of Austin’s goal to provide stable housing options for families. This effort will also help the department in its mission of preventing the displacement of Austin’s low-income community members.
 - Responsive to COVID19 Spending Framework Category Economic Support, Rental Assistance
- \$2.5 Million for Childcare Services: Funding for childcare assistance activities will be used for direct childcare services to sustain jobs of low- to moderate-income essential workers responding to coronavirus. There continues to be a waitlist for childcare subsidies for over 2,000 children, and this funding will enable eligible essential workers on the waitlist to receive childcare. This funding will also help to keep childcare facilities operational and low- to moderate-income workers employed.
 - Responsive to COVID19 Spending Framework Category Economic Support, Childcare Services
- \$2.5 Million for Small Business Assistance: Funding for this activity will be used for grants to small businesses negatively affected by the COVID-19 pandemic, for the purpose of creating and retaining employment for low- to moderate-income workers.
 - Responsive to COVID19 Spending Framework Category Economic Support, Small Business Assistance

Additional information related to Item 31 may be found at:

<https://www.austintexas.gov/edims/document.cfm?id=351769>

Item #40: Authorize negotiation and execution of a ninth renewal to the interlocal agreement with Travis County for the City's provision of public health services, for a nine-month period beginning January 1, 2021 in an amount not to exceed \$4,654,183 to be paid to the City.

COUNCIL MEMBER ALTER'S OFFICE

Have any of the cost estimates changed given the impact of the COVID-19 pandemic?

No, the cost estimates have not changed. The Public Health ILA does not include COVID response expenses.

Item #42: Authorize negotiation and execution of an agreement with Caritas of Austin to provide rapid rehousing services to individuals experiencing homelessness that are residing in protective lodges and/or at high risk for contracting COVID-19, for a 21-month term in an amount not to exceed \$7,500,000.

COUNCIL MEMBER HARPER-MADISON'S OFFICE

1. How many clients does Caritas expect to serve, and with what services?

This will be determined during the negotiation process.

2. How much flexibility will Caritas have in allocating funds? (For example, if there is more need for food services rather than education, will Caritas have the option to allocate funds freely?)

As this is grant funding from HUD, funds have to be used for activities identified in the Consolidated Plan. This Rapid Rehousing which includes case management, housing location, and financial assistance (rent and utilities).

3. What reporting will be available to describe the use of these funds?

Metrics will be determined as part of the negotiation process, and will be in alignment with those identified through recent consultant process (Poppe and Associates) and federal grant requirements.

4. Will Caritas have the option to subcontract under this grant? (For example, if a client requires medical navigation services, can Caritas subcontract this out?)

Caritas will have the ability to subcontract out for Rapid Rehousing services only and is looking to utilize the BSS Plus Collaborative and partners as the template going forward.

5. What are the authorized expenditure areas for these funds / what falls outside the parameters of this grant?

Emergency Solutions Grant – Coronavirus (ESG-CV) Rapid Rehousing Funding can be used for financial assistance for rent and utilities, housing location and stabilization, case management services.

Item #43: Authorize negotiation and execution of an interlocal agreement with the University of Texas at Austin-Dell Medical School to conduct two studies regarding (1) the impact of COVID-19 on individuals with severe

mental illness, and (2) the longevity of COVID-19 antibody responses in the Austin population, for a term from December 14, 2020 through August 30, 2022, in an amount not to exceed \$939,022.

COUNCIL MEMBER ALTER'S OFFICE

Please provide additional detail on why this utilization of funds was deemed a priority and what our anticipated timing is for receiving results that can be used for future decision making.

The seroprevalence study was initially introduced and approved in the COVID-19 Spending Framework on 6/4/2020 in the planning and research section. Additionally, Dr. Escott provided an update on this topic during the standing COVID-19 briefings. This study will seek out approaches to create greater resiliency in the community. A mental health component was added to the study in response to recent community discussions as it relates to the impact of COVID- 19 on one's mental health with a focus on those with a precondition of severe mental illness (SFI).