



January 27, 2021

Questions and Answers Report



Mayor Steve Adler

Council Member Natasha Harper-Madison, District 1

Council Member Vanessa Fuentes, District 2

Council Member Sabino "Pio" Renteria, District 3

Council Member Gregorio Casar, District 4

Council Member Ann Kitchen, District 5

Council Member Mackenzie Kelly, 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 #3: Approve a resolution appointing Tracy Thompson, Mukesh 'Mookie' Patel, Leslie Thorne, Jennifer Williams, and Angelo DeCaro as directors of the Austin-Bergstrom Landhost Enterprises, Inc. Board of Directors and determine their terms.

COUNCIL MEMBER TOVO'S OFFICE

Does the Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) employ its own staff? If so, how many? Are these staff subject to hiring provisions of Municipal Civil Service? In general, are corporations established by the City of Austin subject to hiring provisions of Municipal Civil Service and/or code provisions such as the revolving door policies? Why or why not?

ABLE does not have any of its own employees, and has not had employees in the past. For several years ABLE has had a professional services contract with the Harney Group, a professional services organization. Mr. Greg Milligan with that firm is designated as ABLE's president and handles ABLE's corporate and administrative work, but he is not an employee of ABLE.

If ABLE elected to hire its own staff, these job positions would not be subject to the hiring rules or other parts of the City's municipal civil service in Art. IX of the Charter, which apply only to certain job positions with the City itself. ABLE is a separate legal entity from the City established under Chap. 303 of the Local Gov't Code as a nonprofit corporation under Texas law. Municipal civil service does not apply to the City's affiliated entities like ABLE.

Item #13: 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 situating 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 situating 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.

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.

8. 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.

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.

12. 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 situating 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.”

ADDITIONAL COUNCIL QUESTIONS

See attachment.

Item #14: Ratify a contract amendment with the Better Business Bureau to provide additional grants to small businesses that had previously applied to the Austin Small Business Relief Grant program, in the amount of \$4,803,025, for a total contract amount not to exceed \$32,008,025.00.

QUESTIONS FROM WORK SESSION

1) What is the purpose of this contract amendment?

Item 14 on the January 27, 2021 City Council agenda asks Council to ratify an amendment to a contract ([Contract 20200611-103](#)) with the Austin Better Business Bureau (BBB). The amendment adds federal CDBG-CV and remaining federal CARES Act funding to the contract. BBB has distributed the CARES funding to Austin Small Business Relief Grant program applicants, and it will make additional Austin Small Business Relief Grant awards when CDBG-CV funds are released.

2) How is the funding on BBB's contract allocated?

The total value on the contract with BBB will be \$32,008,025 if Council adopts this Item. This money is segmented into grant funds and funds used to compensate BBB for administration costs.

BBB Grant Funds

- The total amount of grant funds in the BBB contract is \$30,501,275.
- To date, BBB distributed \$28,001,275 as grants:
 - o Austin Small Business Relief Grant: \$18,630,765 to 956 awardees
 - o Austin Non-Profit Relief Grant: \$6,027,510 to 365 awardees
 - o Austin Creative Worker Relief Grant: \$3,343,000.00 to 1,866 awardees
- There is \$2,500,000 in remaining grant funds on the contract. These are the CDBG-CV funds that will be distributed to existing small business applicants when the funding is made available. Final Housing and Urban Development Department (HUD) requirements are being satisfied now to release the funds.

BBB Administration Costs

- The total fee for BBB's administration of grant funds on their contract is \$1,506,750. In percentage terms, this equates to an administration fee rate of 4.7%.
- Most of the administration fees is paid from CARES funding. A portion of the funds (\$112,500) is coming from the Business Preservation Fund. This amount represents the administration fee associated with the awards made using the CDBG-CV funding.
- This administration fee compensated BBB for the following services:
 - o Program outreach, news appearances, and webinars
 - o Technical support and case management to applicants
 - o Evaluation of each application for eligibility
 - o Evaluation of applications according to scoring criteria provided by the City of Austin
 - o Communication with applicants and awardees
 - o Processing of payments
 - o Collecting and reporting on program data

3) How were award recipients selected?

For each program, every application was evaluated against eligibility criteria determined by the City of Austin in consultation with City Council. These objective criteria (e.g., number of years in operation or location within the City of Austin full purpose jurisdiction) determined the pool of eligible awardees for the program. For each program awardees were determined accordingly:

- Austin Small Business Relief Grant – 50% of the award funding was allocated according to a scoring matrix that prioritized business vulnerability, urgency of need, and equity. The remaining 50% of the award funds were allocated by random lottery. Finally, Council established a small fund to compensate businesses for costs associated with safe COVID-19 compliance. BBB used this fund to make additional awards where possible.
- Austin Non-Profit Relief Grant – All eligible applicants received an award.

- Austin Creative Worker Relief Grant – 50% of the award funding was allocated using a scoring matrix. The remaining funds were distributed by random lottery.

4) *How was BBB selected to administer these new awards?*

EDD staff selected BBB to administer these additional funds because:

- The speed required to distribute CARES funding before the 12/30/2020 deadline required using the existing BBB program knowledge and access to applicant information. Because of this, and because of the City's own payment processes, BBB can make payments faster than the City.
- BBB reduced their administration cost to provide these awards, given the ability to leverage the work they already completed for the Austin Small Business Relief Grant.
- BBB performed well to date, satisfying contract deliverables and operational timelines for each of the other programs they administered.

EDD initially selected BBB as the administrator for these programs after an interview process involving 11 different organizations, a comparison of costs, and an evaluation of organizational capabilities.

Item #20: Authorize negotiation and execution of a 12-month contract with PeopleFund to fund and administer the Micro Enterprise Loans program to provide Displacement Prevention funding to support small businesses in low to moderate income neighborhoods at risk of displacement for a total contract amount not to exceed \$150,000.

COUNCIL MEMBER ALTER'S OFFICE

What is the funding source for this program? How much of the \$150,000 can be applied towards administrative costs, and how much will be provided in microloans?

This item is being postponed by staff to the February 18, 2021 Council Meeting. Responses will be provided as part of the February 18th Q&A report.

Item #25: Approve a resolution consenting to the creation of Travis County Emergency Services District No. 17.

COUNCIL MEMBER ALTER'S OFFICE

Can staff delineate how this agreement will address the issues raised in the most recent audit? And under the terms of the agreement, who was what responsibilities for capital improvements?

Staff consulted with the requestor, who provided the following response.

The proposed Emergency Services District (ESD) #17 medical overlay tax implications, is an allowed maximum of \$0.10 per \$100 of ad valorem. However, based on a pro forma for medical operations, the ESD 17 projected tax revenue estimate is between \$0.05-\$0.06. Based on an ESD 2 average home valuation of \$257,000, the tax implication averages out as follows:

@ \$0.050 = \$10.70/month (\$128/year)

@ \$0.060 = \$12.85/month (\$154/year)

The ESD 2 Fire Department provides fire, medical and emergency transport service to a population of nearly 140,000 residents. ESD 2 funds five emergency medical service ambulances out of its existing fire/first response budget. Continuing to subsidize the five ambulances and advanced life support medical operations out of the Fire budget is not a sustainable model. Creation of the ESD 17 medical overlay would provide the long term financial solution that is needed.

There are currently three voter approved ESD medical overlays in Travis County, including at least one overlay election that included City of Austin ETJ voter participation.

More than 4,700 registered voters petitioned for the ESD #17 election, to include portions of Austin's ETJ. We ask that the City Council approve item 25 and allow those Austin ETJ voters to participate in the election.

The Austin-Travis County Emergency Medical Services Department (ATCEMS) provides emergency medical services to ESD 2 residents only as back-up to ESD 2 under the terms of the existing interlocal agreement with Travis County for emergency medical transport services within Travis County. Therefore, the proposed ESD 17, if created, will not greatly impact service delivery or operations for ATCEMS.

Item #31: Authorize the negotiation and execution of all documents and instruments necessary or desirable to purchase in fee simple approximately 2 acres of land and a building containing approximately 47,355 square feet out of Lot 1-A, Block B, including a non-exclusive joint use access easement over and across 0.081 of an acre of land, more or less, being a portion of Lot 10-A, Block B, both of the Amended Plat of Lot 1 and a Portion of Lot 2, Resubdivision of Lots 7, 8 & 9, Block B, Pecan Park, according to the map or plat thereof, recorded in Cabinet Y, Slides 205-207, Plat Records, Williamson County, Texas; known locally as 10811 Pecan Park Blvd, Bldg #2, Austin, TX 78750 from Apple Pie Hotels, LLC., A Texas Corporation for a total amount not to exceed \$9,500,000, including closing costs.

COUNCIL MEMBER KELLY'S OFFICE

- 1. Has there been any meaningful input from the community regarding the purchase of this hotel? Next door to it is Pecan Park Place, a single family residential community. They have a gated entryway, but each time I drive by the gate is wide open. I am certain their home owners and residents would like input regarding this purchase.*

For transactions involving real estate, staff do not make negotiations public, in order to protect our ability to negotiate with the property owner. As such, staff did not discuss the potential purchase with the community in the area prior to this item being added to the agenda. The Housing Strategy Division and Office of Real Estate Services will be reaching out to adjacent neighborhood(s) this week, and staff will collaborate with Council Member offices to identify key stakeholders for additional community outreach and input. The nonprofit service providers that have expressed interest in operating the property may also be available for community discussions.

2. *I do not know of any meaningful public transportation nearby. Could you provide clarity on what the plan is to provide or bring cap metro bus stops to the area so that individuals experiencing homelessness are able to ride public transportation to/from doctor visits, errands? As a follow up to that, will the city be providing free bus passes to those that are residing there? If so, at what cost?*

The nearest bus stops are .7 and .8 miles (based on Google Maps) from the facility which are stop ID's 3820 and 3824 on the Cap Metro system. Service providers are typically able to make free bus passes available to tenants; this can be determined as part of the contract negotiation and budgeting process.

Staff will work with Capital Metro and service providers to secure adequate transportation access via some combination of the following:

- addition of a bus stop closer to the property
- provision of a dedicated van to be used by staff to drive tenants to transportation nodes and/or key services
- maximization of tenant access to transportation services which may be available to them through Capital Metro or their health insurance plan, based on disability status.

3. *Have we considered what services will be brought there? The closest indigent healthcare I am aware of is in Cedar Park, but that's a VA clinic and WIC services. The bus system does not go out there.*

Intensive case management and supports will be provided by staff working on site. Service staff work to provide robust linkages to primary and behavioral healthcare providers, and the transportation tools described above would be utilized to facilitate access to care.

4. *The nearest grocery store (that I am aware of) is the Walmart on 620. In order for a person to get there from the hotel, they will need to cross major feeder roads. This seems dangerous. Have any traffic studies been completed?*

The nearest grocery stores are HEB and Walmart Supercenter that are 1.1 mile and 1.0 mile from the proposed facility. Both stores would require using signalized and pedestrian protected intersections at either FM 620 or Hwy 183 underpass. A formal traffic study has not been completed.

5. *What will the impact be for emergency services? The nearest AFD / EMS station is over off of Lakecreek parkway. What is the response time to that area and will there be on-site community paramedics so that our resources aren't tied up for other areas?*

Fire Station 34 located at 10041 Lake Creek Pkwy is 1.4 miles away, with an estimated response times at 7 minutes, which is well within the 8-minute goal of our emergency responders. On-site community paramedics are not contemplated.

6. *Have you gotten input from business owners? I have had three reach out to me in the last couple of days who are concerned about the security and purchase as well as the impact it may have on their business.*

Prior to agenda posting, staff had not reached out to local business owners in the area due to the ongoing negotiations with the owner of the property. Several business representatives reached out to ORES and/or HSD with questions after the item was posted. Staff has responded to inquiries and remains available for further questions.

7. *Have we had meaningful discussions with our county elected leaders and officials regarding this purchase? I spoke with Cynthia Long (Commissioner Pct 2, Wilco) and she was not yet made aware of the purchase.*

We have not had discussions with County leaders about the proposed acquisition at this time.

8. *What types of training for jobs or job placement will be at this location?*

Job training and/or placement are not typically offered on-site in permanent supportive housing developments, but service staff actively support tenants in pursuit of their employment goals. PSH programs provide varying levels of connection to job training, placement, or supported employment. This question can be further explored during the planning and negotiation process with the nonprofit service provider.

9. *Williamson County does not have the same resources as APH. Is APH going to be the point of contact for this location giving the fact that it is in the City but not the county?*

In the contemplated structure, the City of Austin would be the owner of the building, and Austin Public Health would serve as point of contact, negotiating and managing a contract with an experienced nonprofit organization to operate the apartment property and provide additional wrap-around services to residents.

Item #33: Authorize negotiation and execution of an interlocal agreement with the University of Texas at Austin UT Proactive Community Testing to utilize parks and library property to administer COVID-19 testing to University faculty, staff and students and to share protected health information it collects with Austin Public Health.

COUNCIL MEMBER ALTER'S OFFICE

Can staff more describe more precisely where these sites will be?

The Parks and Recreation Department identified three possible locations meeting the geographical criteria:

Patterson Neighborhood Park, 4200 Brookview Road
Krieg Fields Softball Complex, 515 South Pleasant Valley Road
Adams-Hemphill Neighborhood Park, 201 West 30th Street

Austin Public Library identified four possible locations meeting the geographical criteria:
Ruiz Branch, 1600 Grove Blvd.
Carver Branch, 1161 Angelina St.
University Hills University Hills Branch, 4721 Loyola Ln.
St. John Branch, 7500 Blessing Ave.

Site logistics will be coordinated prior to the start of testing.

Item #34: Authorize negotiation and execution of an agreement with the Austin-Rosewood Community Development Corporation to specify the parties' roles and responsibilities in operating the Millennium Youth Entertainment Center for a term ending on September 30, 2023 with three additional terms to be negotiated, in an amount not to exceed \$680,500 in the first fiscal year and as appropriated by Council in future years.

COUNCIL MEMBER ALTER'S OFFICE

Can staff delineate how this agreement will address the issues raised in the most recent audit?

The recent Millennium Youth Entertainment Complex (MYEC) Audit made the following summary recommendations as it relates to the Agreement:

- Facilitate community engagement to obtain feedback about MYEC operations, enhancements, resolve barriers, consider fees, target population and operating hours,
- Ensure maintenance issues are timely addressed and identify funding sources and
- Evaluate governance structure and establish appropriate oversight.

The Agreement obligates the ARCDC Board to adopt an annual work plan that addresses the Audit Recommendations and serves as an annual performance measure document. The current plan, which is attached as an exhibit to the agreement, outlines deliverables related to community engagement, maintenance and governance structure.

The Audit also includes three recommendations that are not easily addressed via the work plan.

Those recommendations include:

- Strategies to develop and maintain trust between cooperative parties
- Establish agreement monitoring roles
- Establish oversight accountability

The Agreement names the Assistant City Manager for Health and Environment and Culture and Lifelong Learning as the City's point of contact for the agreement, but also provides that the Assistant City Manager may name a designee to serve as the point of contact for specific matters. The Director of the Parks and Recreation Department has been designated as the individual to continue relationship building, serve as the agreement monitor and assume responsibility for Agreement oversight. As the

designee, the Director has taken purposeful steps to address relationship building, agreement monitoring and agreement oversight.

And under the terms of the agreement, who was what responsibilities for capital improvements?

The City of Austin Parks and Recreation Department retains ownership of the facility known as the Millennium Youth Entertainment Complex and associated land. Irrespective of the specific agreement terms, the Parks and Recreation Department evaluates all facilities it owns as part of standard mechanical, structural and ADA assessments and considers these building priorities when considering capital improvement project funding allocations via the established 2018 Bond Program.

Additionally, the agreement terms specify the following as it relates to capital improvements:

“Subject to this Agreement, the Corporation may engage in the following activities while operating the Property:

(a) contract for the development, improvement, construction, operation, and maintenance of the Property and related fixtures, equipment, facilities and amenities;....”

COUNCIL MEMBER TOVO’S OFFICE

Please provide the agreement.

The agreement will be uploaded as backup to the agenda item before the Council Meeting.

Item #39: Ratify Amendment No. 1 to an agreement with Central Texas Allied Health Institute for continued operation of a COVID-19 testing site to extend the term of the agreement through June 30, 2021 and increase funding in an amount not to exceed \$1,552,448, for a revised total agreement amount not to exceed \$2,652,448.

COUNCIL MEMBER TOVO’S OFFICE

Which testing sites will this organization be managing?

Central Texas Allied Health Institute will continue to provide COVID-19 testing at the Lark Center, [1400 Tillery Street, Austin, TX 78721](#).

Item #43: Ratify a cooperative contract with Big Truck Rental, LLC, to provide collection truck rental, in the amount of \$560,880.

COUNCIL MEMBER ALTER’S OFFICE

Is there a process to recoup fees from the manufacturer whose equipment this contract replaces?

There is a process to recoup fees for warranty repairs which is working with Purchasing and the Law Department. Fleet is working with the manufacturer on the root cause of the defect. Once the investigation is complete, Fleet can pursue any reimbursement options. These trucks were repaired by the manufacturer and are back in service.

Item #50: Authorize negotiation and execution of multi-term contracts with 15 firms, to provide leadership coaching services, each for up to three years, for total amounts not to exceed \$750,000, divided among the contractors.

COUNCIL MEMBER ALTER'S OFFICE

Please provide additional detail on the expected number of employees who might receive such coaching, and at which levels of leadership.

Prior to the COVID-19 pandemic, departments across the City requested executive coaching and/or leadership development services. HRD is aware of at least six instances where these types of services were used. These were set up as individual professional services contracts, which can be a slow and costly process. In order to support government that works for all and establish a workplace culture of high performance and continuous improvement that encourages employee growth (SD23 GTW, #13), we are seeking a master agreement in order to utilize these services in a more expedited and cost-effective manner. The proposed contract estimates approximately 5-10 employees annually at various levels of executive management and allows for additional assessment services.

COUNCIL MEMBER ELLIS' OFFICE

Please provide more detail and context regarding the current need for the proposed coaching services. For example, have leadership coaching services been purchased regularly or irregularly by the City in the past, or is this a new form of investment in our departmental leaders? What benefits are anticipated from such coaching?

There are multiple needs for this contract currently. This contract will support Government that Works for All and assist in establishing a workplace culture of high performance and continuous improvement that encourages employee growth (SD23 GTW, #13). Leadership coaching services have been provided in the past. In FY19/FY20 HRD is aware of 6 coaching engagements, but individual departments may have utilized these types of services without making HRD aware. The anticipated benefits from the coaching services is to provide a variety of tools for professional development, competency training and coaching on an as-needed basis from a collection of experts that provide a wide array of services.

How will race and gender equity issues be addressed in the coaching? Will the Equity Office have the opportunity to provide oversight of or feedback on the training to ensure alignment with City goals and values?

This contract is not exclusive to the topics of race and gender equity but deals with a variety of coaching topics. We have a specific contract in place for implicit bias training with the International Training Consortium Inc. to provide training to all employees including training for management and executives on the topic of equity and inclusion. Oversight for the coaching is held by the individual department management/executive. This contract will provide a variety of tools for professional development, competency training and coaching on an as-needed basis from a collection of experts that provide a wide array of services.

If the initial, one-year contract term provides a contract authorization of \$250,000, but only \$150,000 is available in the current fiscal year operating budget of various departments for this purpose, what would be the source of the remaining \$100,000 authorized?

The amount of operating funds available in a contract is based on the estimated annual amount, and how much of that time is within the current fiscal year. In this instance, there will be approximately 9 months of the initial 12-month term occurring this current Fiscal Year, which is estimated at \$150,000, and any funding for the remaining 3 months of the term is dependent on funding in the upcoming Fiscal Year 2021-2022 budget. As is the case with all contracts like this, which are requirements based with no guarantees of any work, the available funding is estimated and the actual amount spent is dependent on both needs that come up as well as available budget in a department.

Item #54: Approve a resolution initiating an amendment to the East 12th Street Neighborhood Conservation Combining District to ensure consistency with anticipated modifications to the East 11th and 12th Streets Urban Renewal Plan.

COUNCIL MEMBER TOVO'S OFFICE

What are the anticipated modifications to the Urban Renewal Plan?

The Urban Renewal Plan (URP), which supersedes the Neighborhood Conservation Combining Districts (NCCDs) and Land Development Code, is currently out of alignment with the 11th St. NCCD. The recommendation to update the URP and the NCCDs is to update the regulations and align the documents with one another. The recommended changes to the URP include:

- Removing the existing definitions section which largely deals with land uses and adding a Land Use section that mirrors the draft NCCDs.
- Moving most of the existing "project controls" for 22 distinct areas in the URP to the NCCD documents to ensure that the site development standards are in one document.
- Update the process to modify the URP to align with the rezoning process.

- Other updates and reorganization to sections that are outdated and adding information about changes to the area since the URP's adoption in 1999.



Council Question and Answer

Related To

Item #27

Meeting Date

January 27, 2021

Additional Answer Information

Approve a resolution appointing Tracy Thompson, Mukesh 'Mookie' Patel, Leslie Thorne, Jennifer Williams, and Angelo DeCaro as directors of the Austin-Bergstrom Landhost Enterprises, Inc. Board of Directors and determine their terms.

QUESTION/ANSWER: Council Member Tovo's Office

Does the Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) employ its own staff? If so, how many? Are these staff subject to hiring provisions of Municipal Civil Service? In general, are corporations established by the City of Austin subject to hiring provisions of Municipal Civil Service and/or code provisions such as the revolving door policies? Why or why not?

ABLE does not have any of its own employees, and has not had employees in the past. For several years ABLE has had a professional services contract with the Harney Group, a professional services organization. Mr. Greg Milligan with that firm is designated as ABLE's president and handles ABLE's corporate and administrative work, but he is not an employee of ABLE.

If ABLE elected to hire its own staff, these job positions would not be subject to the hiring rules or other parts of the City's municipal civil service in Art. IX of the Charter, which apply only to certain job positions with the City itself. ABLE is a separate legal entity from the City established under Chap. 303 of the Local Gov't Code as a nonprofit corporation under Texas law. Municipal civil service does not apply to the City's affiliated entities like ABLE.



Council Question and Answer

Related To

Item #13

Meeting Date

January 27, 2020

Additional Answer Information

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.

MBE/WBE: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9B Minority Owned and Women Owned Business Enterprise Procurement Program. For the services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established in this solicitation phase, but will be negotiated in the contracting phase.

QUESTION/ANSWER: 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.



Council Question and Answer

Related To

Item #13

Meeting Date

January 27, 2020

Additional Answer Information

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.

QUESTION/ANSWER: 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 situating 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 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.

6. *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.

7. *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.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
1	AE DISTRICT CHILLER PLANT	Provide a detailed analysis of economic and use impacts of including AE's district cooling plant facility in this project.	Tovo	Council message board 12/10/20	Austin Energy continues to seek a site in northeast downtown for a chiller plant to serve adjacent developments. Design and construction of a plant takes approximately two to three years. AE first conducts a feasibility study (est. cost \$250K) for any new plant to determine if pursuing the plant would be economically feasible. A new plant is not currently budgeted; for reference, Seaholm DCP#3 cost \$45M to construct; land/space acquisition are additional costs. See also Council's confidential sharepoint site.
2	AE DISTRICT CHILLER PLANT	Provide information about the funding available for land costs associated with the AE district cooling plant facility and the Downtown Austin Community Court.	Tovo	Council message board 12/10/20	Austin Energy continues to seek a site in northeast downtown for a chiller plant to serve adjacent developments. Design and construction of a plant takes approximately two to three years. AE first conducts a feasibility study (est. cost \$250K) for any new plant to determine if pursuing the plant would be economically feasible. A new plant is not currently budgeted; for reference, Seaholm DCP#3 cost \$45M to construct; land/space acquisition are additional costs. See also Council's confidential sharepoint site.
3	AE DISTRICT CHILLER PLANT	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?	Tovo	12/10/20 Council Q&A Report	Austin Energy continues to seek a site in northeast downtown for a chiller plant to serve adjacent developments. Design and construction of a plant takes approximately two to three years. AE first conducts a feasibility study (est. cost \$250K) for any new plant to determine if pursuing the plant would be economically feasible. A new plant is not currently budgeted; for reference, Seaholm DCP#3 cost \$45M to construct; land/space acquisition are additional costs. See also Council's confidential sharepoint site.
4	AFFORDABLE HOUSING	1 & 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?	Mayor	12/10/20 Council Q&A Report	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."

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
5	AFFORDABLE HOUSING	2 & 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?	Mayor	12/10/20 Council Q&A Report	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.
6	AFFORDABLE HOUSING	3 & 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?	Mayor	12/10/20 Council Q&A Report	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.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/department/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
7	AFFORDABLE HOUSING	4 & 8. 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?	Mayor	12/10/20 Council Q&A Report	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.
8	AFFORDABLE HOUSING	More affordable housing to such an extent that affordable housing is the site's primary use, be it through a 9% Low Income Housing Tax Credit application or a General Obligation bond subsidy if necessary.	Tovo	Council message board 12/10/20/20	See EDD memos to Mayor/Council on 12/8/20 and 1/20/21. 2018 Resolution did not direct site's primary use to be affordable housing; if it is current Council's consensus to do so, this solicitation should be cancelled and rebid.
9	AFFORDABLE HOUSING	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.	Tovo	12/10/20 Council Q&A Report;	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
10	AFFORDABLE HOUSING	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.	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
11	AFFORDABLE HOUSING	13. Please describe in detail what affordable housing each developer has constructed in the Austin area.	Tovo	12/10/20 Council Q&A Report	See EDD 12/8/20 memo to Mayor and Council; attachments are proposers' public information packets. Additional information on Council's confidential SharePoint site.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/department/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
12	AFFORDABLE HOUSING	15. What are the affordability terms for each of the proposals?	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
13	AFFORDABLE HOUSING	16. Will the selected developer be required to accept housing voucher holders?	Tovo	12/10/20 Council Q&A Report	It is not City policy to require public-private partnerships to accept Housing Choice Vouchers, only projects that receive AHFC subsidies. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal.
14	AFFORDABLE HOUSING	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?	Mayor	12/10/20 Council Q&A Report	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.
15	AFFORDABLE HOUSING	Require an affordable housing term length of 99 years for rental and ownership.	Tovo	Council message board 12/10/20/20	City housing programs require a 99-year term for ownership and 40 years for rental. This aligns with other financing sources and nationwide best practices. Additional information on Council's confidential SharePoint site.
16	AFFORDABLE HOUSING	Alter the unit makeup of the affordable units to reflect a significant shift from one-bedroom and studio homes to two- and three-bedroom homes to align with recommendations from the 2008 Families with Children Task Force.	Tovo	Council message board 12/10/20	Per 12/8/20 and 1/20/21 EDD memos to Mayor/Council, Aspen Heights' proposal offers the most on-site affordable units with 2 or more bedrooms; additional community benefits including changes to the affordable unit sizes and mix may be negotiated but could trigger changes to financial and other terms of AH proposal. Additional information for Council is available in the confidential SharePoint site.
17	AFFORDABLE HOUSING	Include a "Right of First Refusal" provision for the City of Austin that would be enacted upon expiration of the affordability terms or if the affordable rental homes convert to a condominium use.	Tovo	Council message board 12/10/20	At Council's direction, this may be included in staff negotiations yet would trigger changes to financial and other terms of AH proposal. Current City single-family homeownership programs require AHFC to be named under a ROFR. A ROFR under a condominium project is more complicated yet may be negotiated at additional cost to the City. There is not a City requirement for a ROFR on affordable apartments in the event they convert to condominiums. For rental units, assuming ROFR is placed at the end of the affordability period as in LIHTC program, AHFC has instructive language. In HPD's new rental housing guidelines, AHFC requires a ROFR favoring AHFC in all developments receiving AHFC subsidies. The ROFR is subordinated to TDHCA's ROFR.
18	AFFORDABLE HOUSING	Require source of income non-discrimination and the acceptance of Housing Choice Vouchers, the City of Austin's local housing vouchers, or other rental subsidies for the affordable rental homes.	Tovo	Council message board 12/10/20	It is not City policy to require public-private partnerships to accept Housing Choice Vouchers, only projects that receive AHFC subsidies. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/department/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
19	AFFORDABLE HOUSING	Designate a certain percentage of the income-restricted affordable rental homes to be reserved for voucher holders and Continuum of Care units.	Tovo, Kitchen	Council message board 12/10/20; Meeting with Briseño, Truelove & Carbajal 12/17/20	This is not current City policy nor was it included in the 2018 Resolution. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal.
20	AFFORDABLE HOUSING	For the reasons outlined in University of Texas School of Law Clinic Entrepreneurship and Community Development Clinic November 2020 report, "Public Facility Corporations and the Section 303.042(f) Tax Break for Apartment Developments," the rent charged (including a utility allowance) in the affordable rental units shall not exceed 30% of a household's income at 60% MFI or 50% MFI income levels and the income restrictions (and rent restrictions) shall be adjusted for household size under HUD guidelines. https://law.utexas.edu/wp-content/uploa ... Report.pdf	Tovo	Council message board 12/10/20	This request may need clarification. Staff supports setting project's rent restrictions to comply with City HPD and TDHCA/US Treasury rent restrictions. Tying a rent ceiling to 30% of an individual household's income would not provide sufficient certainty for developer and financing partners.
21	AFFORDABLE HOUSING	Ensure the inclusion of our current policy, in which the sale price of the affordable homes must be no more than 3 times the household's annual income (or 3.5 times the household's income if someone in the household has completed approved homebuyer counseling or education). Ownership units must also subject to an equity cap, where the homeowner's equity can increase up to 2 percent per year for 30 years (at which point no additional equity can be earned). This allows the homeowner to gain some appreciation at resale, while also preserving the affordability of the home for future income-eligible homebuyers.	Tovo	Council message board 12/10/20	Two separate requirements are presented. The equity cap is City policy and enforced through the Restrictive Covenants. It is expected this policy will be incorporated in the final terms and conditions in the MDA governing HealthSouth tracts. The City's maximum sales price policy, however, was effective July 1, 2020, after the HealthSouth RFP closed. Thus, proposers are not required to incorporate this standard. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal.
22	BUILDING DESIGN / CONSTRUCTION	Achieve LEED Gold rating or 4-star Green Building standards.	Tovo	Council message board 12/10/20	These are AH proposed sustainability goals as noted in the 12/1/20 staff briefing; Aspen Heights' public information packet and the 12/8/20 EDD memo. All of which are available on EDD project page.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/department/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
23	BUILDING DESIGN / CONSTRUCTION	List any waivers or approvals required to execute development as proposed.	Tovo	Council message board 12/10/20	At this stage of the solicitation, such a list does not exist. Additional confidential information for Council in SharePoint site.
24	BUILDING DESIGN / CONSTRUCTION	Include a study by a qualified acoustical consultant documenting current sound conditions in the area and prescribing a plan for construction and design solutions to minimize sound impact to residential portions of the redevelopment not only for any contemplated venue uses within the project, but also for amplified sound from the adjacent Waterloo Park.	Tovo	Council message board 12/10/20	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. Additional acoustic studies or sound accommodations are not current City policy nor was it included in the 2018 Resolution. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal.
25	BUILDING DESIGN /CONSTRUCTION	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.	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
26	BUILDING DESIGN /CONSTRUCTION	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)?	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
27	COMMERCIAL USE	Explore the inclusion of on-site high-quality affordable childcare as a use within the proposal and return to Council detailing its feasibility and options for inclusion in the negotiation for the master development contract.	Tovo	Council message board 12/10/20	This was not included in the 2018 Resolution. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal. Additional confidential information for Council in SharePoint site.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
28	COMMERCIAL USE	Negotiate inclusion of city uses within this office space, including the Downtown Austin Community Court.	Tovo	Council message board 12/10/20	This was not included in the 2018 Resolution. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal. The City's Strategic Facility Governance Team recognizes the HS site as a way to maximize affordable housing on site, other City assets have been identified to provide administrative office space.
29	COMMERCIAL USE	Provide information about what ways the commercial space at the HealthSouth redevelopment could help further the City's goal to implement a portfolio approach to city real estate.	Tovo	Council message board 12/10/20	A portfolio approach of real estate owned by municipalities is a best practice. Utilizing City assets at the direction of Council allows for specific needs of the City to be addressed. Staff has worked to strategically identify tracts ripe for redevelopment as well as planning for administrative and facility use. The City's Strategic Facility Governance Team recognizes the HS site as a way to maximize affordable housing on site, other City assets have been identified as spaces to provide administrative office space.
30	COMMERCIAL USE	Provide an analysis of how creating office space for the City at HealthSouth could open up possibilities for more affordable housing at One Texas Center.	Tovo	Council message board 12/10/20	Incorporating City offices at HealthSouth has not been evaluated; it's not clear how moving offices from OTC to HS would free up space for affordable housing unless the intent is to demolish OTC. Preliminary land massing analysis of OTC allows for both administrative office space and housing without impacting the HS property. This municipal use was not envisioned in Council Resolution 20170323-052 directing staff to evaluate the HS site nor in Resolution 20181004-042 directing this solicitation. Council would need to clarify its goals, and it would take time for staff to analyze the impact of moving offices between HS and OTC and corresponding impacts on the portfolio approach. As noted in 1/20/21 EDD memo, if Council's priorities for HS have changed since 2018 then staff recommends cancelling this solicitation and issuing new one with current priorities.
31	COMMERCIAL USES	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.	Tovo	12/10/20 Council Q&A Report	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.
32	COMMERCIAL USES	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.	Tovo	12/10/20 Council Q&A Report	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.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/department/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
33	COMMERCIAL USES	19. Do any of the proposals include pools / aquatic facilities?	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
34	COMMERCIAL USES	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?	Mayor	12/10/20 Council Q&A Report	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.
35	COMMERCIAL USE	Require the local retail / commercial / office components of the proposal to include the City of Austin's living wage standard, including a mechanism to ensure that these wages mirror the City of Austin's living wage as it increases in future years.	Tovo, Casar	Council message board 12/10/20 & public meeting	This was not included in the 2018 Resolution. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal. It would set a new precedent and place the project at a market disadvantage. This requirement currently applies to City vendors and their subcontractors under direct contract and for vendors at ABIA and Convention Center. It also applies under Chapter 380 Program, Third-Party Agreements, Art Space Assistance Program, Expedited Permit Review Incentive Program, and certain non-construction procurement activities. As it's a requirement, vendors price their bids accordingly.
36	COMMERCIAL USE	Craft agreement to ensure commercial tenants will be independent, local merchants.	Tovo	Council message board 12/10/20	This was not included in the 2018 Resolution. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal. Additional confidential information for Council in SharePoint site.
37	FINANCIAL	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.	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
38	FINANCIAL	6. Please provide projected profits for the developer from each of the respective projects.	Tovo	12/10/20 Council Q&A Report	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. Additional information for Council is available in the confidential SharePoint site.
39	FINANCIAL	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.	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
40	FINANCIAL	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.	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site due to company proprietary information.
41	FINANCIAL	Estimate the amount of property tax revenue that could flow to the Affordable Housing Trust Fund as a result of taxable uses on this site.	Tovo	Council message board 12/10/20/20	See Confidential Sharepoint for City Council
42	FINANCIAL	Provide independent analysis of financial qualifications of developer in writing	Kitchen	12/17/20 meeting with Briseño, Truelove, Carbajal	See Confidential Sharepoint for City Council
43	FINANCIAL	Similar to other City of Austin master development agreements, a provision that allows for profit-sharing for the City beyond a certain internal rate of return once costs are covered.	Tovo	Council message board 12/10/20	Council may direct staff as part of negotiations to have the City share in revenues from the commercial and/or residential property, which may reduce the offer price and/or other community benefits. Such a “waterfall” financing structure where the City takes a profit-sharing stake works when the City invests funds upfront to ensure project’s success. Such was the case in Mueller, 2nd Street District retail, and Seaholm. The City invested in the deals and stipulated that if the developer achieved a financial return, the City would share in surplus. Seaholm outperformed expectations, so the City received a full repayment of its investment. In 2nd Street District, Lambert’s landlord achieved his guaranteed return and the City began sharing in the profits. The City is not projected to share in profits with the AMLI Austin Retail project for decades. The impact of COVID19 will likely eliminate any 2SD profits for the foreseeable future. The Mueller project is not yet complete, so the City’s share of participation has not yet been determined.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
44	FINANCIAL	Provide information about what real estate costs the City would expect to incur if the DACC and the AE district cooling plant facility are located elsewhere in the Downtown area.	Tovo	Council message board 12/10/20	Austin Energy continues to seek a site in northeast downtown for a chiller plant to serve adjacent developments. Design and construction of a plant takes approximately two to three years. AE first conducts a feasibility study (est. cost \$250K) for any new plant to determine if pursuing the plant would be economically feasible. A new plant is not currently budgeted; for reference, Seaholm DCP#3 cost \$45M to construct; land/space acquisition are additional costs. See also Council's confidential sharepoint site. The proposed lease for DACC brought to Council recently listed costs \$21M over 10 years, which is a reliable estimate. DACC's current budget does not include these expenses.
45	PROCESS	Ensure that, at a minimum, the Finance Department, Office of Real Estate, Parks and Recreation Department, and Housing and Planning are deeply involved and engaged in the negotiation of the terms of the Master Development Agreement.	Tovo	Council message board 12/10/20	Staff concurs.
46	PROCESS	Provide information regarding how this project might be managed by the Austin Economic Development Corporation to ensure maximum community benefits.	Tovo	Council message board 12/10/20	As the Austin EDC has only recently been established, the redevelopment of HealthSouth has not been considered for the Austin EDC portfolio.
47	PROCESS	City Manager is directed to return to Council at least eight weeks prior to the Recommendation for Council Action as it relates to the execution of the agreement to detail their findings	Tovo	Council message board 12/10/20	Staff concurs.
48	PROCESS	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?	Tovo	12/10/20 Council Q&A Report	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
49	PROCESS	Staff to return for Council approval of ENA (Jan 27 to grant authority only to negotiate, not execute)	Kitchen	12/17/20 meeting with Briseño, Truelove, Carbajal	An ENA is not a policy document, nor does it set project requirements or community benefits. That is within the Master Development Agreement. The ENA sets rules for exclusive negotiations with developer, such as milestones, timeline and duties of the City and Developer during the negotiations. Staff recommends Council grant authority to negotiate and execute the ENA, and move immediately into MDA negotiations. The final proposed MDA terms and conditions will be subject to robust public comment process prior to Council consideration.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
50	PROCESS	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.	Tovo	12/10/20 Council Q&A Report	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 11/5/19, 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.
51	PROCESS	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.	Tovo	12/10/20 Council Q&A Report	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.
52	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?	Tovo	12/10/20 Council Q&A Report	As the Austin EDC has only recently been established, the redevelopment of HealthSouth has not been considered for the Austin EDC portfolio.
53	PROCESS	18. Who from the City of Austin served on the interview team, and what questions were asked of the applicants?	Tovo	12/10/20 Council Q&A Report	Responses provided on Council's confidential Sharepoint site.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
54	PUBLIC COMMENT	Host at least one public session prior to returning to Council to provide information and receive feedback on the proposal and project terms, in a manner similar to public discussion and engagement opportunities at the Seaholm Intake Building and other public projects of this nature.	Tovo	Council message board 12/10/20	See EDD memos to Mayor/Council on 12/8/20 and 1/20/21. The 2018 Resolution did not direct staff to incorporate public comments. To do so now would likely find the City out of compliance with state law and City Purchasing practices. While staff cannot insert a public comment process before executing the Exclusive Negotiating Agreement because it was not included in the RFP, staff recommends incorporating a robust public comment process on the terms and conditions of a Master Development Agreement prior to returning to City Council for authority to execute.
55	PUBLIC COMMENT	Conduct briefings at the Community Development Commission and Design Commission and provide these Commissions the opportunity to give feedback on the proposed terms of the Master Development Agreement prior to its return to Council.	Tovo	Council message board 12/10/20	Staff concurs.
56	PUBLIC COMMENT	Allow public to provide input on proposal(s) prior to Council action on January 27	Kitchen	12/17/20 meeting with Briseño, Truelove, Carbajal	See EDD memos to Mayor/Council on 12/8/20 and 1/20/21. Both EDD and HPD notified stakeholders and members of the Downtown, Design and Community Development Commissions of the opportunity to speak on Item #13 on January 27th and of the project webpage. The 2018 Resolution did not direct staff to incorporate public comments on proposals. To do so now would likely find the City out of compliance with state law and City Purchasing practices. While staff cannot insert a public comment process before executing the Exclusive Negotiating Agreement because it was not included in the RFP, staff recommends incorporating a robust public comment process on the terms and conditions of a Master Development Agreement prior to returning to City Council for authority to execute.
57	PUBLIC COMMENT	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?	Mayor	12/10/20 Council Q&A Report	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 as attachments to 12/8/20 EDD memo.
58	RECREATION / PARKS	Require that members of the public be able to access the viewing deck through a means other than the proposed restaurant.	Tovo	Council message board 12/10/20	Aspen Heights' public information packet states a benefit is a "viewing deck where visitors can see Austin from a vantage point typically reserved for those who live and work downtown." At Council's discretion, a requirement that access to viewing deck is through public, common space may be included in staff negotiations yet trigger changes to financial and other terms of AH proposal.

CITY COUNCIL MEETING JANUARY 27, 2021 ITEM #13 REDEVELOPMENT OF HEALTHSOUTH TRACTS

STAFF RESPONSES TO COUNCIL QUESTIONS

For all public documents, please visit EDD Health South project page at: <http://www.austintexas.gov/departments/1215-red-river-606-east-12th>

TOPIC		COUNCIL REQUEST	COUNCIL MEMBER	ORIGIN	STAFF RESPONSE
59	RECREATION / PARKS	Codify the commitment that park / green space be fully accessible to the public and ensure that the developer provides and maintains obvious, discernible street-level signage in English and Spanish to that effect.	Tovo	Council message board 12/10/20	Aspen Heights' public information packet states a benefit a "half acre elevated public park overlooking the State Capitol and Waterloo Park." The renderings show public access. Thus it will be included in the project requirements and in recorded, legal documents. The City does not require bilingual signage in non-dedicated parkland. At Council's direction, this may be included in staff negotiations yet could trigger changes to financial and other terms of AH proposal. Additional confidential information in Council's SharePoint site.
60	RECREATION / PARKS	Require that any pool or aquatic amenity be fully accessible to the public at no charge. Any such facility should be included on the aforementioned signage.	Tovo	Council message board 12/10/20	The 2018 Resolution did not list a public pool as a priority community benefit in the redevelopment. PARD's 2016 Aquatics Master Plan does not identify a downtown pool as a need, nor was it included in the PARD Long Range Plan adopted by Council in 2018. There are multiple pools within proximity to the site (Rosewood, Westenfield Neighborhood, and Givens Community Pools). Additional confidential information on Council's SharePoint site.
61	RECREATION / PARKS	Specify that costs for maintaining the park and any aquatic facility will not be the responsibility of the city.	Tovo	Council message board 12/10/20	As the elevated, programmed park included in Aspen Heights' proposal is listed as community benefit, its creation and maintenance will be the responsibility of the project owner and residents. This will be one of the project requirements in the MDA. An aquatic facility / public pool was not listed in the 2018 Resolution, nor do PARD's Aquatic and Long-Range Plans list a downtown public pool as a need. Any private pool will be maintained at the expense of the residents.



Council Question and Answer

Related To

Item #14

Meeting Date

January 27, 2021

Additional Answer Information

Ratify a contract amendment with the Better Business Bureau to provide additional grants to small businesses that had previously applied to the Austin Small Business Relief Grant program, in the amount of \$4,803,025, for a total contract amount not to exceed \$32,008,025.00.

QUESTION/ANSWER: Questions from Work Session

1) What is the purpose of this contract amendment?

Item 14 on the January 27, 2021 City Council agenda asks Council to ratify an amendment to a contract ([Contract 20200611-103](#)) with the Austin Better Business Bureau (BBB). The amendment adds federal CDBG-CV and remaining federal CARES Act funding to the contract. BBB has distributed the CARES funding to Austin Small Business Relief Grant program applicants, and it will make additional Austin Small Business Relief Grant awards when CDBG-CV funds are released.

2) How is the funding on BBB's contract allocated?

The total value on the contract with BBB will be \$32,008,025 if Council adopts this Item. This money is segmented into grant funds and funds used to compensate BBB for administration costs.

BBB Grant Funds

- The total amount of grant funds in the BBB contract is \$30,501,275.
- To date, BBB distributed \$28,001,275 as grants:
 - o Austin Small Business Relief Grant: \$18,630,765 to 956 awardees
 - o Austin Non-Profit Relief Grant: \$6,027,510 to 365 awardees
 - o Austin Creative Worker Relief Grant: \$3,343,000.00 to 1,866 awardees
- There is \$2,500,000 in remaining grant funds on the contract. These are the CDBG-CV funds that will be distributed to existing small business applicants when the funding is made available. Final Housing and Urban Development Department (HUD) requirements are being satisfied now to release the funds.

BBB Administration Costs

- The total fee for BBB's administration of grant funds on their contract is \$1,506,750. In percentage terms, this equates to an administration fee rate of 4.7%.
- Most of the administration fees is paid from CARES funding. A portion of the funds (\$112,500) is coming from the Business Preservation Fund. This amount represents the administration fee associated with the awards made using the CDBG-CV funding.
- This administration fee compensated BBB for the following services:
 - o Program outreach, news appearances, and webinars
 - o Technical support and case management to applicants
 - o Evaluation of each application for eligibility
 - o Evaluation of applications according to scoring criteria provided by the City of Austin

- Communication with applicants and awardees
- Processing of payments
- Collecting and reporting on program data

3) *How were award recipients selected?*

For each program, every application was evaluated against eligibility criteria determined by the City of Austin in consultation with City Council. These objective criteria (e.g., number of years in operation or location within the City of Austin full purpose jurisdiction) determined the pool of eligible awardees for the program. For each program awardees were determined accordingly:

- Austin Small Business Relief Grant – 50% of the award funding was allocated according to a scoring matrix that prioritized business vulnerability, urgency of need, and equity. The remaining 50% of the award funds were allocated by random lottery. Finally, Council established a small fund to compensate businesses for costs associated with safe COVID-19 compliance. BBB used this fund to make additional awards where possible.
- Austin Non-Profit Relief Grant – All eligible applicants received an award.
- Austin Creative Worker Relief Grant – 50% of the award funding was allocated using a scoring matrix. The remaining funds were distributed by random lottery.

4) *How was BBB selected to administer these new awards?*

EDD staff selected BBB to administer these additional funds because:

- The speed required to distribute CARES funding before the 12/30/2020 deadline required using the existing BBB program knowledge and access to applicant information. Because of this, and because of the City's own payment processes, BBB can make payments faster than the City.
- BBB reduced their administration cost to provide these awards, given the ability to leverage the work they already completed for the Austin Small Business Relief Grant.
- BBB performed well to date, satisfying contract deliverables and operational timelines for each of the other programs they administered.

EDD initially selected BBB as the administrator for these programs after an interview process involving 11 different organizations, a comparison of costs, and an evaluation of organizational capabilities.



Council Question and Answer

Related To

Item #20

Meeting Date

January 27, 2021

Additional Answer Information

Authorize negotiation and execution of a 12-month contract with PeopleFund to fund and administer the Micro Enterprise Loans program to provide Displacement Prevention funding to support small businesses in low to moderate income neighborhoods at risk of displacement for a total contract amount not to exceed \$150,000.

QUESTION/ANSWER: Council Member Alter's Office

What is the funding source for this program? How much of the \$150,000 can be applied towards administrative costs, and how much will be provided in microloans?

This item is being postponed by staff to the February 18, 2021 Council Meeting. Responses will be provided as part of the February 18th Q&A report.



Council Question and Answer

Related To

Item #25

Meeting Date

January 27, 2021

Additional Answer Information

Approve a resolution consenting to the creation of Travis County Emergency Services District No. 17.

QUESTION/ANSWER: Council Member Alter's Office

Staff consulted with the requestor, who provided the following response.

The proposed Emergency Services District (ESD) #17 medical overlay tax implications, is an allowed maximum of \$0.10 per \$100 of ad valorem. However, based on a pro forma for medical operations, the ESD 17 projected tax revenue estimate is between \$0.05-\$0.06. Based on an ESD 2 average home valuation of \$257,000, the tax implication averages out as follows:

@ \$0.050 = \$10.70/month (\$128/year)

@ \$0.060 = \$12.85/month (\$154/year)

The ESD 2 Fire Department provides fire, medical and emergency transport service to a population of nearly 140,000 residents. ESD 2 funds five emergency medical service ambulances out of its existing fire/first response budget. Continuing to subsidize the five ambulances and advanced life support medical operations out of the Fire budget is not a sustainable model. Creation of the ESD 17 medical overlay would provide the long term financial solution that is needed.

There are currently three voter approved ESD medical overlays in Travis County, including at least one overlay election that included City of Austin ETJ voter participation.

More than 4,700 registered voters petitioned for the ESD #17 election, to include portions of Austin's ETJ. We ask that the City Council approve item 25 and allow those Austin ETJ voters to participate in the election.

The Austin-Travis County Emergency Medical Services Department (ATCEMS) provides emergency medical services to ESD 2 residents only as back-up to ESD 2 under the terms of the existing interlocal agreement with Travis County for emergency medical transport services within Travis County. Therefore, the proposed ESD 17, if created, will not greatly impact service delivery or operations for ATCEMS.



Addressing Funding for Emergency Medical Services in Travis County Emergency Services District No. 2

Community Relations Workgroup Report to the Board

7/30/2020

(this page intentionally left blank)

TABLE OF CONTENTS

1.0	EXECUTIVE SUMMARY	P. 4
2.0	BACKGROUND AND HISTORY OF EMS TRANSPORT SERVICE IN ESD2	P. 5
3.0	FOUR OPTIONS AND ASSOCIATED IMPACTS	P. 7
3.1	Option 1 - Do Nothing	P. 7
3.2	Option 2 - Reduce or Eliminate Emergency Medical Services	P. 10
3.3	Option 3 - Establish An Interlocal Agreement (ILA) With the District, the City of Pflugerville, and Travis County to Cooperatively Fund EMS in the District.	P. 12
3.4	Option 4 - Voter Creation of an EMS Overlay ESD	P. 13
4.0	FREQUENTLY ASKED QUESTIONS	P. 14
4.1	Why doesn't Austin/Travis County provide EMS?	P. 14
4.2	Would Austin/Travis County EMS providing two ambulances solve the problem?	P. 14
4.3	Can the District raise fees to cover the cost?	P. 14
4.4	Won't commercial growth cover the expenses?	P. 15
4.5	Is an overlay district a separate tax?	P. 15
4.6	What would the boundaries of the overlay ESD be?	P. 15
4.7	What would the tax rate of the overlay ESD be?	P. 15
4.8	If a new ESD is created, would taxes go down in ESD 2?	P. 15
4.9	What are the incremental costs?	P. 15
4.10	Is there a pro forma budget available?	P. 16
4.11	Would splitting ESD 2 into multiple smaller ESDs help?	P. 16
5.0	RESOURCES AND SUPPORTING DOCUMENTATION	p. 17

1.0 EXECUTIVE SUMMARY

By Fiscal Year (FY) 2024, financial projections show the District will deplete its reserves and begin to operate at a deficit unless an alternate revenue source is identified or the District reduces the level of service and protection it currently provides; this includes cutting emergency medical service (EMS), transport services, and accepting increased response times to emergencies. This is the result of a disproportion growth in service demand and lack of adequate funding for EMS. Additional revenue growth limitations put in place by the legislature have compounded the problem. District staff has identified an estimated \$6 million dollar shortfall in FY2024, which would be required to maintain current service levels.

The District is legally permitted, but not *required* by law, to provide EMS. The District began working towards a solution for EMS in the community in 2010. In 2010, staff began seeing increased Austin Travis County EMS ambulance response times. At that time, the District was providing basic life support (BLS) first response in the community. BLS care is where firefighters, who are all emergency medical technicians (EMTs), provide basic life saving measures such as airway procedures, non pharmacological cardiopulmonary resuscitation, non-invasive medical treatment, and limited trauma care. First response refers to the initial response to a medical emergency that typically arrives well in advance of ambulances with transport capability and this service is delivered via firefighters arriving by way of fire apparatus. BLS is a component of the EMS system, along with advanced life support (ALS), and transport service as the other two components. ALS is typically delivered by a paramedic and includes physician level airway procedures, broad range pharmacology administration that can quickly improve life threatening conditions, and includes advanced clinical decision making made in the field to determine the patient's condition and needs. ALS is usually delivered by paramedics on an ambulance, but can also be delivered by firefighters who are also trained as paramedics.

By 2015 the growing EMS response times became increasingly problematic as Austin-Travis County EMS (ATCEMS) ambulance response time climbed to 13:48 minutes and then to 14:09 minutes in 2016. District firefighter/EMTs serving as BLS first responders witnessed first hand these increased response times alongside patients while waiting for ambulance transport and ALS care to arrive. The firefighter/EMTs providing BLS care realized the profound need for additional, more immediate ALS emergency medical services, including transport to definitive care in the District. This is why the District began providing this critically needed service, "Because We Care", with the intention of supplementing the existing ATCEMS services.

Staff has identified four options as potential solutions for the financial problem facing the District. The District has already implemented traditional government budget reduction procedures to include: evaluation of all operational programs and services which reduced the operations budget by 12% in FY2021. Service and user fees were also evaluated and updated for FY2021. These changes will positively impact the budget by reducing spending and increasing revenue. However, these two significant, and unpopular, changes will not solve the projected budget deficit.

District leadership is trying to solve a very complex problem with regard to adequately funding EMS and is at a point where the community and local stakeholders must be engaged in working together towards a solution for the benefit of the community. This report details each option and summarizes the organizational and community impacts of each. The District is prepared for all of them, but our hope is that a community based solution that is both logical and beneficial is reached.

2.0 BACKGROUND AND HISTORY OF EMS TRANSPORT SERVICE IN ESD2

EMS transport service has not been adequately funded historically in the District to date. Previously these services were provided through an interlocal agreement between Travis County and the City of Austin for EMS transport service, funded by Travis County residents. This arrangement began to have several problems in service delivery due to the area growing and ATCEMS not being able to keep up with the demand. This problem became even more obvious when the two Austin-Travis County EMS (ATCEMS) ambulances placed in the District for EMS response were assigned to calls 44% of the time, leaving no ambulances in the District. This resulted in increased wait and response times for an ambulance. District firefighter/EMTs were on all of these emergency incidents alongside patients, waiting for ambulances. The problem was further complicated because of the challenge faced by the City of Austin to provide its third party service within its own limits as the primary objective, and then trying to extend those resources to provide service to the growing Travis County population.

ATCEMS utilizes a third party EMS system to deliver EMS transport, which is the most expensive system to deliver EMS in a community. The City of Austin also has significant business and labor challenges that increase the cost of providing this service. Examples of this include costly labor contracts and increased costs for land and construction- which are almost 50% higher than building a fire/EMS station outside the city of Austin. These cost drivers are outside the control of Travis County residents. Travis County relying on this model to provide service through an ILA is not sustainable and the system continues to struggle to meet response time performance in several areas to this day despite recapturing the additional two ATCEMS ambulances that were previously located in ESD2. Also of note, the county taxes paid by ESD2 residents for these services have never been returned or reinvested in terms of direct support for EMS transport in ESD2.

In addition to this professional assessment, an external consultant study [by Management Advisory Group (MAG)] of the ATCEMS system concluded in 2011 that:

- ATCEMS has longer response times in County areas outside the city of Austin
- It has been difficult for the County and the ESD's to obtain timely and comprehensive information and responsiveness from the City of Austin EMS Staff
- The service costs to the County are increasingly expensive as a result of increasing labor costs, duplication, and administrative fees

- The County has no control over cost factors due to labor cost increases in negotiations completed between organized groups and the City of Austin
- When a County Ambulance that transported a patient to a hospital in the City of Austin, clears the hospital and attempts to return to its response area in the suburban County, the Computer Aided Dispatch (CAD) system shows the ambulance as “available” for another dispatch. Frequently, these ambulances are dispatched to another call within the City before they arrive back in their assigned response area. This results in longer response times for other units to cover the County area.
- For-profit EMS should only be considered if consolidation of ESDs or each ESD providing fire based EMS can not be implemented.

Nearly all of these challenges still exist today and in 2020 it was reported in the Austin American Statesman that ATCEMS is still unable to meet its current call demand. The report went on to cite an example where there were no ambulances available in the city of Austin [Caprariello, A. (2020, July 14th). EMS Association says medics are working at capacity, fear shortage of ambulances due to COVID-19. Austin American-Statesman.]

The MAG study concluded that doing nearly anything other than the status quo would lead to improvements in service for the residents and taxpayers in Travis County. The study provided specific recommendations, one of them was for Emergency Services Districts to begin providing fire based EMS transport services in their respective districts. It went on to recommend that once these systems were implemented, a comparison of the cost and performance of these services with ATCEMS could reveal improvements to efficiency and responses times, and provide a sustainable solution to EMS transport service in Travis County that allowed for local input and control of these resources in their respective communities.

At the direction of its Board of Commissioners, the District considered these third party recommendations in addition to its own analysis of the problem, leading to the District providing EMS transport services today. This has proven the recommendations to be valid by all accounts and serves as a proof of concept for a cost effective way to deliver EMS transport service in Travis County. Improvements were realized almost immediately with deployment of four District ambulances compared to only two ATCEMS units, at nearly half the cost per unit, and response times being reduced by two minutes. While the original plan was to only add two ambulances to augment the two existing ATCEMS ambulances, the City of Austin ultimately relocated those two units to support other areas outside the District.

Currently the District is one of a few ESDs that meets the Travis County ambulance response time standards specified in the interlocal agreement with the City of Austin. District costs and response time performance are superior to ATCEMS. However, a 25% increase in incidents between 2015-2019 and the recent changes enacted by Senate Bill 2 during the 2019 Texas Legislative Session to limit revenue growth have limited the ability of the District to maintain these services as currently funded.

3.0 FOUR OPTIONS AND ASSOCIATED IMPACTS

In May 2020 Board President Mike Bessner appointed Commissioners April Griffin and Mike Howe to work with staff in a subcommittee to identify options to handle the upcoming financial problem for the District. The collective work of this committee produced four potential options and solutions. These options were presented to the board in July 2020.

The four options are:

Option 1 - Do nothing. This option does not solve the problem. Response times will continue to grow and will lead to negative emergency outcomes, increased maintenance costs, additional workload on firefighter/paramedics, recruitment and retention problems. It will eventually lead to Option 2.

Option 2 - Reduce or eliminate services. The District ceases providing EMS. The City of Pflugerville and/or Travis County would need to provide these services at their own cost.

Option 3 - Establishment of an agreement between the District, the City of Pflugerville, and Travis County to provide at least \$6 million in supplemental funding annually to sufficiently maintain current levels of advanced life support and EMS transport service provided by the District.

Option 4 - Voter driven creation of an overlay district to fund EMS and preserve advanced life support and EMS transport service the community currently receives.

Detailed information is provided herein to summarize each option, as each option was thoroughly investigated in order to examine the impacts of each to the organization and community. District staff are fully prepared to implement each option, or a combination of options.

3.1 Option 1 - Do Nothing

It is important to acknowledge that this option is not a long-term solution. This option would be unsustainable as it does not address additional funding for EMS and would eventually force the District to reduce or eliminate services.

The District completed a resource deployment study with the help of an outside consultant in 2020 that determined that the District is not meeting its response time goals for the community, particularly in the eastern part of the District. This analysis took into account future population growth, traffic effects, and other variables. One of the recommendations includes adding two stations in order to keep up with growth and to improve [response times](#). If stations and resources are not added, response times will continue to increase. The consequences of that are impacts to critical incident outcomes for fires, heart attacks, strokes, traumatic injuries,

public complaints/sentiment, and increased [risk of litigation](#) for failing to arrive in a timely manner. Additionally, this will create an increase in wear and tear on both firefighter/paramedics and equipment, and further lead to compromised safety standards, performance, and recruitment/retention issues.

Response times are critical to successful outcomes for the most serious call types the District responds to, which is a cardiac arrest (where a patient is not breathing and their heart has stopped beating properly). The District responds to about 160 of these incidents each year, or about 1 every other day. Research done by W. Ibram that was published in the National Center for Biotechnology Information explained that with every minute without CPR, survival from cardiac arrest decreases by as much as 10%. Additionally, research published in the Annals of Emergency Medicine and the Journal of the American Medical Association by M.P. Larsen, et al. titled, "Predicting Survival from Out of Hospital Cardiac Arrest: A Graphic Model", showed that:

- A 11-minute initial arrival time prior to pre-hospital emergency medical intervention gives the patient only a 1 in 15 chance of survival.
- A 6-minute arrival by firefighters, with the initiation of CPR in 5 minutes, increases the probability of patient survivability to 1 in 4.
- Firefighters delivering defibrillation within 8 minutes increases the probability of patient survivability to 1 in 3.
- Firefighters trained as paramedics, and delivering cardiac medication within 9 minutes, increases the probability of patient survivability to 1 in 2.
- All times include total response time (alarm handling + response time)

The Districts standard of cover is our commitment and guarantee to the community concerning what they can expect when they call us on their worst day. It takes into account the need for quick life saving response times, as explained above, balanced with population density, service demand, and the realistic funding needed to meet the standards. The standard is to arrive 90% of time in 6.5 minutes for urban areas, 7.5 minutes for suburban areas, and then 12.5 minutes in rural areas. Urban areas are defined as being greater than 2,000 persons per square mile, suburban areas are greater than 1,000 persons per square mile, and rural areas are less than 1,000 persons per square mile. All of these response time goals are beginning to grow and will continue to grow if stations and resources are not added. The following table is a simple representation of the impact to aggregate response times by doing nothing at our current deployment levels.

Call Volume and 90% Total Response Time Projected Increases

Year	Projected Incidents	Projected Response Time	Total	
2020	11,166	10:52	8 sec	Increase from previous year
2021	11,857	11:00	8 sec	Increase from previous year
2022	12,591	11:08	8 sec	Increase from previous year
2023	13,370	11:16	8 sec	Increase from previous year
2024	14,370	11:24	8 sec	Increase from previous year

Equally important is managing workload balance, or unit hour utilization impacts. This calculation acknowledges the balance of total workload of a firefighter/paramedic in the District and considers the actual work performed on a daily basis by firefighters. In addition to emergency response, the utilization calculation accounts for time needed for readiness and preventative maintenance of equipment, state mandated continuing education requirements, internal policies and patient treatment protocol review, quality management improvement processes, community risk reduction activities, report writing and documentation, physical fitness, and recovery time. All of these activities are important to ensure a community is adequately protected and the overall environment contributes to greater chances of success when the community is confronted with hazards. Maintaining an appropriate workload balance for the firefighter/paramedics is also a key safety mechanism that allows the best patient care and outcomes.

Through comprehensive analysis, including comparison with applicable national standards and regulations, an outside consultant, outside agency benchmarking, and generally accepted best practices, the District established a goal for unit hour utilization of 15% for emergency response. The upper limit is 30% and is considered an emergency trigger requiring immediate and significant changes to prevent significant operational failures (risks to life safety for patients and responders). Each percentage point increase above 15% represents a reduction in the ability to perform the required fire and EMS work activities outside of emergency response. It also represents an increase in life safety risk for firefighter/paramedics and the public.

The following table is a simple representation of the impact of doing nothing to the current emergency response unit hour utilization percentage at the current deployment level (5 ambulances).

Projected Unit Hour Utilization

Year	Projected Incidents	Avg UHU	Projected Call Volume Increase
2020	11,166	18 %	6 % Increase from previous year
2021	11,857	20 %	6% Increase from previous year
2022	12,591	21 %	6% Increase from previous year
2023	13,370	22 %	6% Increase from previous year
2024	14,370	23 %	6% Increase from previous year

While doing nothing is certainly an option, it is only a temporary one as it does not ultimately provide a long term solution. District leadership understands there are many challenges being faced in the community, and we are just one part of these challenges, though an essential part. Failing to address this problem, funding EMS, will eventually lead to increases in nearly every critical category throughout the entire organization. Reductions in services would have to be implemented to maintain the core function of the District- fire/rescue and fire code services only.

3.2 Option 2 - Reduce or Eliminate Emergency Medical Services

Emergency medical services represent a significant expense for the District. This option involves the District discontinuing EMS service in portions of the District, or all together, based on resident and stakeholder support for EMS transport service. The District is committed to providing this service, as is evidenced by the system built over the last five years and officially implemented since 2017. However, if adequate funding is not provided, the District will be forced to fall back to its core functions- fire/rescue services and fire code administration only. This is what the District was originally created for and funded to do.

Without appropriate funding, the District would have to cease providing these services to parts or all of the District based on citizen and stakeholder input/commitment. For example, if the District were to cease providing EMS transport and revert to our fire & rescue mission only, the City of Pflugerville would need to acquire EMS transport service elsewhere through its own budget or return to requesting this service from Travis County. (See Option 3 for the associated challenges).

The estimated cost for the City of Pflugerville to provide a third-party EMS service would be approximately \$1.5 million per ambulance for start-up, and \$1.2-\$1.4 million per year for each ambulance (price difference represents the use of demand ambulances). This is based on what

ATCEMS currently requires to operate an ambulance. Current response time and utilization data shows the need for at least five ambulances to maintain current response times in the District. The city of Pflugerville represents 47% of the call demand for the District, and equally important is the total EMS system coverage that is provided in order to effectively handle duplicate calls in close proximity areas to maintain response times. Therefore it would cost at least \$7 million annually for the City to operate its own ambulances using a third-party model and maintain appropriate response times.

This does not include initial start-up costs of approximately \$6 million for additional reserve unit costs, and the fixed facility costs. The City does not own stations to house EMS equipment and personnel due to the loss of economies of scale provided by fire based EMS deployment.

The District operates an ambulance for \$665 thousand annually. The District is able to do this by using existing personnel and facilities that are already strategically located in the community, including within the city limits of Pflugerville. The District currently operates 5 front-line ambulances with a 6th planned in early 2022, also stationed within the city limits. Four of these are currently located within the city of Pflugerville - but all operate within the city limits on a daily basis due to duplicate calls in the city.

An additional scenario could happen where the City of Pflugerville chooses to provide its own EMS transport services, through its own budget and management, and Travis County chooses to fund District ambulances to cover the remaining unincorporated county. In this instance the District would relocate its ambulances to best support response times in those unincorporated areas. This would include Wells Branch, Northtown, and far eastern parts of Travis County outside the city of Pflugerville. Service agreements would need to be established in order to provide backup for duplicate calls and disasters. This would create islands of coverage, and would fracture the area with regard to the EMS system as it operates today.

For-profit ambulances or private EMS are another option. This option comes with significant changes in performance and the quality of service. In the District's professional analysis, this is the worst choice for the community. For-profit EMS will identify the minimum level of service needed to be profitable and will accept significant lapses in response time. An example of these minimal levels of service resulting in a significant increase in response times can be seen in Bastrop, Texas. Some examples there include ambulance response times of 47 to 55 minutes in some cases. For more information on for-profit EMS go [here](#).

Many for-profit EMS systems rely heavily on existing BLS services provided by the local fire department to subsidize their operating costs. They will typically staff their ambulance with only two personnel which is the bare minimum number of personnel required to respond to a basic emergency medical incident. This staffing is predicated on relying on the supplemental BLS staff provided by the fire department to assist on high acuity incidents. The for-profit EMS systems typically do not reimburse the fire department for this supplemental service, but will aggressively bill the patient for their costs and profit. In a critical care situation, such as a cardiac arrest (which occurs about every other day in the District), a minimum of six EMS

personnel are required to deliver high performance CPR known as “pit crew” CPR. To increase CPR performance and outcomes on these incidents, an additional crew of at least two personnel is needed to rotate out in order to maintain the required number and fast pace of chest compressions. Several other emergency medical situations require similar levels of staffing not provided by a for-profit EMS system. The District would be saddled with this unreimbursed expense and would have to pursue reimbursement for those costs by billing the City or patient since the for-profit corporation will not pay those bills (keeping in mind many patients can not pay their medical bills in the first place).

In addition to the subsidy required by the fire department to support for-profit EMS on high acuity calls, the District would likely have to reduce responses to lower acuity calls in order to maintain operations. Many times these calls are initially triaged by 911 as a lower priority incident, and then found to be a higher priority incident once assessed by on scene EMTs and paramedics. This would cause a significant delay in deploying additional necessary resources to the scene and would lead to negative outcomes.

As previously stated, in extended response time situations with for-profit EMS (as long as 47-55 minutes), fire department EMTs would be on the scene of these emergencies waiting alongside the patient. This puts the community squarely back to the same situation as 2016 with ATCEMS with regard to response times. This also places additional legal liability and risk to the District. Placing District personnel in these situations is both unfair to them as medical providers and to the patient. From a legal perspective, in order to limit District liability, the District may have to eliminate this service and cease responding to these calls altogether.

Lastly, for-profit EMS would be required to reimburse the District for costs to house their ambulances in District facilities. For-profit EMS companies will typically not pay for this and will instead just post their staff and equipment in parking lots.

3.3 Option 3 - Establish An Interlocal Agreement (ILA) With the District, the City of Pflugerville, and Travis County to Cooperatively Fund EMS in the District.

This is the most logical option, but arguably the most politically complicated. This plan would entail each of the three governments contributing money to fund EMS in the District. Staff had previously attempted this in 2013 with Travis County Emergency Services Executive Danny Hobby and City of Pflugerville Public Safety Subcommittee Council Members Brad Marshall and Starlet Sattler who initially agreed to such a plan. Ultimately, the political atmosphere at the time would not allow for this plan to be successful.

The current situation for an agreement of this kind is further complicated by the fact that the two ATCEMS ambulances that used to operate in the District were relocated outside the District in 2017 in order to try and meet failing response times in other parts of the county. To date, ATCEMS still struggles to meet response time performance goals as defined in the interlocal agreement. It should also be noted that no funding has ever been returned to or reinvested in the District from the County for the improved EMS transport services currently provided by the

District. Current County staff only offer medical direction and fire marshal services as resources for the District. Neither of these County services are needed by the District because the District already provides these services at much lower costs, and they are dedicated resources for the District. Nor do the cost of these services match the tax investment from the residents.

The funding requirements that would be required to make this option work

- Total incremental funding required to maintain ALS EMS transport services is approximately \$6 million annually. This includes the cost of ambulances and capital improvements to deploy these services.
- Travis County would need to contribute \$3 million annually to ESD 2.
- City of Pflugerville would contribute \$3 million annually to ESD 2.

3.4 Option 4 - Voter Creation of an Overlay ESD to provide EMS

Under State law, voters can create an “overlay” ESD. In that scenario two ESDs cover the same territory, but provide funding for different services. When an overlay district is created, it provides a single emergency service — such as EMS — and the other provides a different service — such as fire protection.

Voters could consider creating an overlay district such as Travis County ESD 17. ESD 17 could provide emergency medical services through a contract with Travis County ESD 2. ESD 2 would continue to provide fire protection and would then have appropriate funding from ESD 17 to provide EMS.

With the creation of an overlay, there would be dedicated EMS revenue for Travis County ESD 17, which could continue to provide the highest level of emergency medical service. This would relieve the burden of EMS funding from Travis County ESD 2, and allow the District to appropriately provide for and respond to the growth in our area.

A taxpayer petition must be presented to the Travis County Commissioners Court for creation of a new ESD. Municipalities inside the proposed ESD are required to consent to its creation; a municipality has 60 days to take action on the matter once in receipt of the request. With municipal consent, and if approved by the Travis County Commissioners Court, the proposal is presented to the voters at an election. If approved by the voters, the new ESD is then established by the County.

4.0 FREQUENTLY ASKED QUESTIONS

The following collection of frequently asked questions is an attempt to address actual questions received by members of the Board, citizens, and other local stakeholders.

4.1 Why doesn't Austin/Travis County provide EMS?

Austin/Travis County EMS previously provided inadequate service to the area. They were only able to provide two units that were not in the District 44% of the time. They are the most expensive option, allowing for more local tax dollars to leave the area, and will not be able to meet the current demand as they still struggle in other less-demanding parts of the County.

4.2 Would Austin/Travis County EMS providing two ambulances solve the problem?

No. The financial forecast shows construction of Station 6 and 7 and related staff equipment being the largest increased expense to our future financial situation - most of that cost is for staffing and apparatus. The reason we still have a financial issue even with potential to add 2 ATCEMS units is because the District is already shouldering the cost for 5 ambulances and adding 2 ambulances will not provide any financial relief for those costs already shouldered and invested in by the District. This funding could be used to focus solely on the fire mission, but instead is being used to provide EMS transport service in the District. Keep in mind ATCEMS still struggles to meet response times in other less populated parts of Travis County along with the call demand in the City of Austin.

The funding that ESD2 taxpayers pay to Travis County that is then paid to ATCEMS should be returned to ESD2 since the District is providing EMS transport services. This would help with the District's financial problem with regard to EMS transport services. This allows for local input by taxpayers for EMS transport services. Additionally, the District has a deployment standard that meets response time goals and has a more efficient cost per ambulance- due to taking advantage of cost saving by using firefighter/EMTs and paramedics who are already located and working in the community.

4.3 Can the District raise fees to cover the cost?

We are in the process of doing this very unpopular practice. However, even significant increases in fees will not fund EMS adequately. Those covered by Medicare are limited as Medicare has a limit that it will pay for EMS transport. Keep in mind many of the citizens we serve are below the poverty line and are unable to pay.

4.4 Won't commercial growth cover the expenses?

Certainly commercial growth helps, but let's take a large commercial center for example - Let's assume it goes on the tax rolls at \$250 million in property value. At the maximum ESD tax rate of 10 cents per \$100 of assessed value, that will generate \$250,000 in taxes annually for the ESD. That won't quite cover half of the cost of what it takes to operate a single ambulance. Keep in mind the 1,000 plus people employed and the increased traffic it will generate (vehicle accidents), which increases the number of incidents the District must respond to. Those 1,000 people will also need places to live- resulting in more residential service demand.

4.5 Is an overlay district a separate tax?

Yes, an overlay would create a separate taxing entity to fund EMS.

4.6 What would the boundaries of the overlay district be?

Same as current ESD 2 boundaries.

4.7 What would the tax rate for the overlay district be?

The petition would ask what the Texas Constitution allows; a max of a 10 cents per \$100 of assessed property value. However, based on conservative pro forma analysis we believe it may be between 6-7 cents per \$100 of property value. The actual rate would be decided by the new district's Board of Commissioners.

4.8 If a new ESD is created, would taxes go down in ESD 2?

No, the current funding for ESD2 provides fire and rescue services. Due to ever increasing number of incidents, these costs are not going down. The District must be funded to continue to provide these services and also address future growth and service needs in those areas.

4.9 What are the incremental costs of the new ESD?

We have projected a 3% per year revenue growth in FY24 and FY25 to project potential property value increases and keep us below the 3.5% revenue growth established by Senate Bill 2. If growth and value trends continue, this additional revenue will come as a result of property value increases or additions of new property. Assuming the tax rate was set at \$0.04 per \$100 and if values don't increase and there are no new properties then we would propose a tax rate increase. To increase the revenue in FY24 by 3% the tax rate would be approximately \$0.0412 and FY25 \$0.0424.

4.10 Is there a pro forma budget available?

Yes, a pro form is included as a resource in this report.

4.11 Would splitting ESD 2 into multiple smaller ESDs help?

No matter how you divide it, the current revenue streams, even when combined for obvious economies of scale, can not meet the demand. Splitting the ESD would actually further limit and reduce services by reducing funding available to pay for these services through resource pooling. Smaller ESDs struggle to provide basic fire/rescue services at all, let alone additional expensive services such as EMS. Third party analysis by consultants, such as the MAG report, actually recommends doing the opposite, whereas consolidation provides economies of scale by combining ESDs. This would also be a significant legal undertaking and would be costly in terms of legal expenses.

5.0 RESOURCES AND SUPPORTING DOCUMENTATION (Available upon request)

- 5.1 Budget and Finance Report from the Fire Chief to the Board of Commissioners
- 5.2 Financial forecasts for ESD 2 and Different Levels of Forecast Assumptions
- 5.3 Historical Five-year budget growth for ESD 2
- 5.4 EMS pro forma analysis
- 5.5 Historical five-year incident and response volume for ESD 2
- 5.6 EMS incidents in the District, including the City of Pflugerville
- 5.7 Response times in the District
- 5.8 Why response times matter
- 5.9 Cost of operating ambulances
- 5.10 Benchmarking: How do we compare to ATCEMS (response time)
- 5.11 Benchmarking: How do we compare to other ESDs and municipalities (ad valorem, cost per capita/per incident)?
- 5.12 Pre-Hospital Emergency Medical Care Study by Management Consulting Services for Travis County, Texas



Council Question and Answer

Related To

Item #31

Meeting Date

January 27, 2021

Additional Answer Information

Authorize the negotiation and execution of all documents and instruments necessary or desirable to purchase in fee simple approximately 2 acres of land and a building containing approximately 47,355 square feet out of Lot 1-A, Block B, including a non-exclusive joint use access easement over and across 0.081 of an acre of land, more or less, being a portion of Lot 10-A, Block B, both of the Amended Plat of Lot 1 and a Portion of Lot 2, Resubdivision of Lots 7, 8 & 9, Block B, Pecan Park, according to the map or plat thereof, recorded in Cabinet Y, Slides 205-207, Plat Records, Williamson County, Texas; known locally as 10811 Pecan Park Blvd, Bldg #2, Austin, TX 78750 from Apple Pie Hotels, LLC., A Texas Corporation for a total amount not to exceed \$9,500,000, including closing costs.

QUESTION/ANSWER: Council Member Kelly's office

1. *Has there been any meaningful input from the community regarding the purchase of this hotel? Next door to it is Pecan Park Place, a single family residential community. They have a gated entryway, but each time I drive by the gate is wide open. I am certain their home owners and residents would like input regarding this purchase.*

For transactions involving real estate, staff do not make negotiations public, in order to protect our ability to negotiate with the property owner. As such, staff did not discuss the potential purchase with the community in the area prior to this item being added to the agenda. The Housing Strategy Division and Office of Real Estate Services will be reaching out to adjacent neighborhood(s) this week, and staff will collaborate with Council Member offices to identify key stakeholders for additional community outreach and input. The nonprofit service providers that have expressed interest in operating the property may also be available for community discussions.

2. *I do not know of any meaningful public transportation nearby. Could you provide clarity on what the plan is to provide or bring cap metro bus stops to the area so that individuals experiencing homelessness are able to ride public transportation to/from doctor visits, errands? As a follow up to that, will the city be providing free bus passes to those that are residing there? If so, at what cost?*

The nearest bus stops are .7 and .8 miles (based on Google Maps) from the facility which are stop ID's 3820 and 3824 on the Cap Metro system. Service providers are typically able to make free bus passes available to tenants; this can be determined as part of the contract negotiation and budgeting process.

Staff will work with Capital Metro and service providers to secure adequate transportation access via some combination of the following:

- addition of a bus stop closer to the property
- provision of a dedicated van to be used by staff to drive tenants to transportation nodes and/or key services
- maximization of tenant access to transportation services which may be available to them through Capital Metro or their health insurance plan, based on disability status.

3. *Have we considered what services will be brought there? The closest indigent healthcare I am aware of is in Cedar Park, but that's a VA clinic and WIC services. The bus system does not go out there.*
Intensive case management and supports will be provided by staff working on site. Service staff work to provide robust linkages to primary and behavioral healthcare providers, and the transportation tools described above would be utilized to facilitate access to care.
4. *The nearest grocery store (that I am aware of) is the Walmart on 620. In order for a person to get there from the hotel, they will need to cross major feeder roads. This seems dangerous. Have any traffic studies been completed?*
The nearest grocery stores are HEB and Walmart Supercenter that are 1.1 mile and 1.0 mile from the proposed facility. Both stores would require using signalized and pedestrian protected intersections at either FM 620 or Hwy 183 underpass. A formal traffic study has not been completed.
5. *What will the impact be for emergency services? The nearest AFD / EMS station is over off of Lakecreek parkway. What is the response time to that area and will there be on-site community paramedics so that our resources aren't tied up for other areas?*
Fire Station 34 located at 10041 Lake Creek Pkwy is 1.4 miles away, with an estimated response times at 7 minutes, which is well within the 8-minute goal of our emergency responders. On-site community paramedics are not contemplated.
6. *Have you gotten input from business owners? I have had three reach out to me in the last couple of days who are concerned about the security and purchase as well as the impact it may have on their business.*
Prior to agenda posting, staff had not reached out to local business owners in the area due to the ongoing negotiations with the owner of the property. Several business representatives reached out to ORES and/or HSD with questions after the item was posted. Staff has responded to inquiries and remains available for further questions.
7. *Have we had meaningful discussions with our county elected leaders and officials regarding this purchase? I spoke with Cynthia Long (Commissioner Pct 2, Wilco) and she was not yet made aware of the purchase.*
We have not had discussions with County leaders about the proposed acquisition at this time.
8. *What types of training for jobs or job placement will be at this location?*
Job training and/or placement are not typically offered on-site in permanent supportive housing developments, but service staff actively support tenants in pursuit of their employment goals. PSH programs provide varying levels of connection to job training, placement, or supported employment. This question can be further explored during the planning and negotiation process with the nonprofit service provider.
9. *Williamson County does not have the same resources as APH. Is APH going to be the point of contact for this location giving the fact that it is in the City but not the county?*
In the contemplated structure, the City of Austin would be the owner of the building, and Austin Public Health would serve as point of contact, negotiating and managing a contract with an experienced nonprofit organization to operate the apartment property and provide additional wrap-around services to residents.



Council Question and Answer

Related To

Item #33

Meeting Date

January 27, 2021

Additional Answer Information

Authorize negotiation and execution of an interlocal agreement with the University of Texas at Austin UT Proactive Community Testing to utilize parks and library property to administer COVID-19 testing to University faculty, staff and students and to share protected health information it collects with Austin Public Health.

QUESTION/ANSWER: Council Member Alter's Office

Can staff more describe more precisely where these sites will be?

The Parks and Recreation Department identified three possible locations meeting the geographical criteria:

- Patterson Neighborhood Park, 4200 Brookview Road
- Krieg Fields Softball Complex, 515 South Pleasant Valley Road
- Adams-Hemphill Neighborhood Park, 201 West 30th Street

Austin Public Library identified four possible locations meeting the geographical criteria:

- Ruiz Branch, 1600 Grove Blvd.
- Carver Branch, 1161 Angelina St.
- University Hills University Hills Branch, 4721 Loyola Ln.
- St. John Branch, 7500 Blessing Ave.

Site logistics will be coordinated prior to the start of testing.



Council Question and Answer

Related To

Item #34

Meeting Date

January 27, 2021

Additional Answer Information

Authorize negotiation and execution of an agreement with the Austin-Rosewood Community Development Corporation to specify the parties' roles and responsibilities in operating the Millennium Youth Entertainment Center for a term ending on September 30, 2023 with three additional terms to be negotiated, in an amount not to exceed \$680,500 in the first fiscal year and as appropriated by Council in future years.

QUESTION/ANSWER: Council Member Alter's Office

Can staff delineate how this agreement will address the issues raised in the most recent audit?

The recent Millennium Youth Entertainment Complex (MYEC) Audit made the following summary recommendations as it relates to the Agreement:

- Facilitate community engagement to obtain feedback about MYEC operations, enhancements, resolve barriers, consider fees, target population and operating hours,
- Ensure maintenance issues are timely addressed and identify funding sources and
- Evaluate governance structure and establish appropriate oversight.

The Agreement obligates the ARCDC Board to adopt an annual work plan that addresses the Audit Recommendations and serves as an annual performance measure document. The current plan, which is attached as an exhibit to the agreement, outlines deliverables related to community engagement, maintenance and governance structure.

The Audit also includes three recommendations that are not easily addressed via the work plan.

Those recommendations include:

- Strategies to develop and maintain trust between cooperative parties
- Establish agreement monitoring roles
- Establish oversight accountability

The Agreement names the Assistant City Manager for Health and Environment and Culture and Lifelong Learning as the City's point of contact for the agreement, but also provides that the Assistant City Manager may name a designee to serve as the point of contact for specific matters. The Director of the Parks and Recreation Department has been designated as the individual to continue relationship building, serve as the agreement monitor and assume responsibility for Agreement oversight. As the designee, the Director has taken purposeful steps to address relationship building, agreement monitoring and agreement oversight.

And under the terms of the agreement, who was what responsibilities for capital improvements?

The City of Austin Parks and Recreation Department retains ownership of the facility known as the Millennium Youth Entertainment Complex and associated land. Irrespective of the specific agreement terms, the Parks and Recreation Department evaluates all facilities it owns as part of standard mechanical, structural and ADA assessments and considers these building priorities when considering capital improvement project funding allocations via the established 2018 Bond Program.

Additionally, the agreement terms specify the following as it relates to capital improvements:

“Subject to this Agreement, the Corporation may engage in the following activities while operating the Property:

(a) contract for the development, improvement, construction, operation, and maintenance of the Property and related fixtures, equipment, facilities and amenities;....”



Council Question and Answer

Related To

Item #39

Meeting Date

January 27, 2021

Additional Answer Information

Ratify Amendment No. 1 to an agreement with Central Texas Allied Health Institute for continued operation of a COVID-19 testing site to extend the term of the agreement through June 30, 2021 and increase funding in an amount not to exceed \$1,552,448, for a revised total agreement amount not to exceed \$2,652,448.

QUESTION/ANSWER: Council Member Tovo's Office

Which testing sites will this organization be managing?

Central Texas Allied Health Institute will continue to provide COVID-19 testing at the Lark Center, [1400 Tillery Street, Austin, TX 78721](#).



Council Question and Answer

Related To

Item #43

Meeting Date

January 27, 2021

Additional Answer Information

Ratify a cooperative contract with Big Truck Rental, LLC, to provide collection truck rental, in the amount of \$560,880.

QUESTION/ANSWER: Council Member Alter's Office

Is there a process to recoup fees from the manufacturer whose equipment this contract replaces?

There is a process to recoup fees for warranty repairs which is working with Purchasing and the Law Department. Fleet is working with the manufacturer on the root cause of the defect. Once the investigation is complete, Fleet can pursue any reimbursement options. These trucks were repaired by the manufacturer and are back in service.



Council Question and Answer

Related To

Item #50

Meeting Date

January 27, 2021

Additional Answer Information

Authorize negotiation and execution of multi-term contracts with 15 firms, to provide leadership coaching services, each for up to three years, for total amounts not to exceed \$750,000, divided among the contractors.

QUESTION/ANSWER: Council Member Alter's Office

Please provide additional detail on the expected number of employees who might receive such coaching, and at which levels of leadership.

Prior to the COVID-19 pandemic, departments across the City requested executive coaching and/or leadership development services. HRD is aware of at least six instances where these types of services were used. These were set up as individual professional services contracts, which can be a slow and costly process. In order to support government that works for all and establish a workplace culture of high performance and continuous improvement that encourages employee growth (SD23 GTW, #13), we are seeking a master agreement in order to utilize these services in a more expedited and cost-effective manner. The proposed contract estimates approximately 5-10 employees annually at various levels of executive management and allows for additional assessment services.



Council Question and Answer

Related To

Item #50

Meeting Date

January 27, 2021

Additional Answer Information

Authorize negotiation and execution of multi-term contracts with 15 firms, to provide leadership coaching services, each for up to three years, for total amounts not to exceed \$750,000, divided among the contractors.

QUESTION/ANSWER: Council Member Ellis's Office

Please provide more detail and context regarding the current need for the proposed coaching services. For example, have leadership coaching services been purchased regularly or irregularly by the City in the past, or is this a new form of investment in our departmental leaders? What benefits are anticipated from such coaching?

There are multiple needs for this contract currently. This contract will support Government that Works for All and assist in establishing a workplace culture of high performance and continuous improvement that encourages employee growth (SD23 GTW, #13). Leadership coaching services have been provided in the past. In FY19/FY20 HRD is aware of 6 coaching engagements, but individual departments may have utilized these types of services without making HRD aware. The anticipated benefits from the coaching services is to provide a variety of tools for professional development, competency training and coaching on an as-needed basis from a collection of experts that provide a wide array of services.

How will race and gender equity issues be addressed in the coaching? Will the Equity Office have the opportunity to provide oversight of or feedback on the training to ensure alignment with City goals and values?

This contract is not exclusive to the topics of race and gender equity but deals with a variety of coaching topics. We have a specific contract in place for implicit bias training with the International Training Consortium Inc. to provide training to all employees including training for management and executives on the topic of equity and inclusion. Oversight for the coaching is held by the individual department management/executive. This contract will provide a variety of tools for professional development, competency training and coaching on an as-needed basis from a collection of experts that provide a wide array of services.

If the initial, one-year contract term provides a contract authorization of \$250,000, but only \$150,000 is available in the current fiscal year operating budget of various departments for this purpose, what would be the source of the remaining \$100,000 authorized?

The amount of operating funds available in a contract is based on the estimated annual amount, and how much of that time is within the current fiscal year. In this instance, there will be approximately 9 months of the initial 12-month term occurring this current Fiscal Year, which is estimated at \$150,000, and any funding for the remaining 3 months of the term is dependent on funding in the upcoming Fiscal Year 2021-2022 budget. As is the case with all contracts like this, which are requirements based

with no guarantees of any work, the available funding is estimated and the actual amount spent is dependent on both needs that come up as well as available budget in a department.



Council Question and Answer

Related To

Item #54

Meeting Date

January 27, 2021

Additional Answer Information

Approve a resolution initiating an amendment to the East 12th Street Neighborhood Conservation Combining District to ensure consistency with anticipated modifications to the East 11th and 12th Streets Urban Renewal Plan.

QUESTION/ANSWER: Council Member Tovo's Office

What are the anticipated modifications to the Urban Renewal Plan?

The Urban Renewal Plan (URP), which supersedes the Neighborhood Conservation Combining Districts (NCCDs) and Land Development Code, is currently out of alignment with the 11th St. NCCD. The recommendation to update the URP and the NCCDs is to update the regulations and align the documents with one another. The recommended changes to the URP include:

- Removing the existing definitions section which largely deals with land uses and adding a Land Use section that mirrors the draft NCCDs.
- Moving most of the existing "project controls" for 22 distinct areas in the URP to the NCCD documents to ensure that the site development standards are in one document.
- Update the process to modify the URP to align with the rezoning process.
- Other updates and reorganization to sections that are outdated and adding information about changes to the area since the URP's adoption in 1999.