

# Audit and Finance Committee Meeting Transcript – 09/22/2021

Title: City of Austin

Channel: 6 - COAUS

Recorded On: 9/22/2021 6:00:00 AM

Original Air Date: 9/22/2021

Transcript Generated by SnapStream

=====

[9:36:17 AM]

>> Good morning, everyone. My name is Alison alter and I am chair of the audience and finance committee. I'm joined on the dais here at city hall this morning by council member pool and council member Fuentes and on the virtual dais by council members Kelly and tovo. It is 9:36 on September 22 and I will call this meeting to order. Just want to make sure you can hear me okay with the mask with the microphone, is that okay? Great. The mayor will be off the dais for this morning's meeting. And council member Fuentes is always welcome but is not a committee member for minutes purposes. All right. So we are going to start with item 1. We do not have any speakers this morning and we are going to take up each item in order except for the EdD item briefing which will be taken up last to give us as much time as

[9:37:18 AM]

possible. We have scheduled this meeting until 12:00. I know one or more of my colleagues needs to leave before then but we will work as quickly as we can and today's briefing is in some ways to get information out there in another forum so I think that will be okay. So I'll entertain a motion for approving the minutes. Moved by council member pool, seconded by council member Kelly. All those in favor. It's unanimous on the virtual and the present dais. I'm not sure what we're supposed to call that these days. So our second item is discussion and possible action regarding the city technology purchases audit. The auditor's office has asked to postpone this item to allow for additional time for management to respond to the audit. To that end, do we have a motion to postpone the city technology purchases audit until the next meeting? Council member tovo makes the motion, seconded by council

[9:38:19 AM]

member Kelly. Seeing no objections on the dais, we will postpone item 2. Our third item is discussion and possibly action on the parks and recreation department follow-up audit. So this is part of a series of audits that the auditor does to take a look back at previous audits and make sure that recommendations have been made. I would like to invite the auditor's office to present. Katie, you're

trying to speak I think but we're not hearing you. >> Yeah, I was just wondering if Cory is there. I thought she was going to be there to introduce the item. If not, we can just get started with the presentation. >> Alter: She what? >> [Off mic] >> Alter: I think she stepped

[9:39:19 AM]

out to print something but I think you can -- oh, there she is. Let's see if she wants to introduce it. >> We can just get started. Anna Morris is going to be making the presentation. >> Ms. Stokes, did you want to start or can Katie go ahead? She wants to introduce it real quick so we will be off the dais first. >> Sorry about that. So this item is our strategic planning follow-up. This took recommendations from two different audits, specifically related to follow-up or specifically related to strategic planning and we'll be presenting the results today. Katie Houston is the manager, Anna Morris is the lead auditor. Anna is going to present for us. I think. >> Okay. Hi, good morning. My name is Anna Morris and I was the auditor in charge for the project. The objective of this project was to follow up on the parks

[9:40:21 AM]

and recreation department's actions to implement recommendations from the park resource allocation and cash handling audits. Both audits evaluated how pard manages its resources and the many programs and functions the department oversees. Next slide, please. The pard resource allocation audit was conducted in 2016 to determine how resources were allocated for pard programs and maintenance and if this process resulted in equity from a city district perspective. The audit resulted in three findings and four recommendations related to management of programming planning, setting and collecting appropriate fees, initiating policy discussions related to funding priorities, and timely response to maintenance requests. The pard cash handling audit was conducted in 2017 to determine if pard accounted for all the money it received. The audit resulted in two findings and four recommendations.

[9:41:22 AM]

The recommendations included implementing new cash handling procedures and training and to reduce the acceptance of paper money at pard sites. For the pard resource allocation audit we verified the department has implemented two of our recommendations and two are underway. We verified the department has implemented all four recommendations issued in the pard cash handling audit. Overall, we found that although pard has made significant improvements to managing its resources, budget constraints may continue to limit the department's ability to effectively offer its current wide range of services. Next slide. Two recommendations from the resource allocation audit have been implemented. Pard has conducted research and planning over the years to present options to city council for making high-cost services

[9:42:22 AM]

such as aquatic, golf courses and cemeteries. City council voted to adopt pard's aquatic master plan in 2018 though adequate funding has not been allocated. And for the development of the new aquatic park facility. We verified that pard how appropriately registers all program participants for paid services

such as swimming lessons and after school programs. We verified that nearly all program participants have paid for the services they received and that payment was made timely. We have determined the remaining two recommendations for this audit are underway. Soon after we conducted this audit pard worked with a

[9:43:23 AM]

consultant to create and implement new subsidy pricing and cost recovery models. Pard is in the process of working with the communications and technology management department and the office of performance management to implement a comprehensive program management system that will help the department with decision making. The department told us this recommendation has not yet been fully implemented because staff were unable to find an affordable ready-made software option so they needed to create one. Pard is also still working on improving their response to facility service requests. We did find the department has revised work order procedures, communicated the changes to staff, and has started to reduce work order backlog. The department is working with ctm on this project as well. Since 2018 they have been working to replace the current work order management system with a new enterprise level solution. However they encountered some technical challenges that extended the implementation

[9:44:24 AM]

time line. These challenges were mostly resolved as of spring 2021. The department says some work groups will begin using the new system at the start of fiscal year '22. Next slide. We verified pard has implemented all four recommendations made in the cash handling audit. Training has improved and the department has eliminated the need to overran transactions which has reduced the risk of theft. The department conducts routine cash audits at pard sites and many sites with high cash intake such as Barton springs pool now has cashless options including pay stations and a mobile app. Next slide. This concludes the presentation. We are happy to answer any questions from the committee. >> Alter: Thank you. This is a follow-up audit. I don't know if there was anything particularly controversial in this but I don't know if pard wanted to

[9:45:25 AM]

respond in any way. Good morning. >> Good morning. Kimberly Mcneely serving as director for the parks and recreation. We concur with the findings of the auditor's office and to your point there is nothing particularly controversial. It's a little disappointing to the department that there's no such systems that we need that are actually available on the market, you know, commercially available that we're having to build our own systems, which has delayed our ability to comply or to make sure that we implement the recommendations but we're well on our way to doing so and perhaps this will be an opportunity for us to share with other entities in our own profession, ways to be able to take care of these things once those systems are built. I'm not saying I'm going to

[9:46:25 AM]

give away proprietary information but I'm saying they don't exist and so this is an innovative way for the city of Austin to show its time and talents in making sure we're managing our resources and our programming efficiently. So I have nothing else to add unless there's questions. >> Alter: Thank you, director Mcneely. Maybe you guys can license it to others and earn some additional funding that way. Thank you. Colleagues, are there any questions or comments on this item? Okay. I wanted to just make one quick comment. You know, the greatest concern to me in this particular, you know, audit recap is the confirmation of information that I think we all already know, which is that the parks department does not have the resources it needs to meet the expectations of our residents at the level we would like. We know that our residents value their parks, their pools, their trails and recreational

[9:47:26 AM]

programs and that park has not had the resources to meet these demands of our growing city. Many of us who are on the dais today have been strong advocates for additional funding. The document makes specific reference to our aquatics facility but we know we have other areas of need, our fields, rec centers, other park assets that also require additional resources for maintenance and also just meet demands of the growing city. I think what this document does is underscore we have work ahead of us to increase our financial allocations for park and determine new ways to infuse investments in this department and I really don't think that business as usual is going to work anymore. We have, many of us on this dais today, have worked really hard over the past several years to increase resources in various ways and have been successful at doing that. But there's much more work to be done. I intend to invest energy and

[9:48:29 AM]

time into trying to find new ways to add to park's funding and I hope that other colleagues will be interested in joining me in those efforts because I think this is something that our community would very much appreciate. So thank you to the auditor, thank you to director Mcneely for bringing this forward. It is important that we see the results of the audits and understand the closure and understand when we do need to make investments such as in the system that she described. So thank you. Do we need -- we need a vote? No? Okay. So I guess this is a different kind of audit so we don't need to approve it. Okay. All right. Thank you. So we'll now move on to item 4, which is discussion and possible action regarding the proposed bylaw amendments for the animal advisory commission. I'm going to invite vice chair pool to introduce this item. >> Pool: I am bringing a

[9:49:31 AM]

motion to create a new committee for the animal advisory commission and to do that we have to amend the commission's bylaws in section 8a. I will refer you all to a memo that we got from chief animal services officer Dawn Bland today that gives some background information on where we're at. And then I will make the motion, chair, when that's appropriate. >> Alter: Thank you. Are there any questions or comments? You want to refer folks to the amendment which I'm assuming is now in backup. >> Pool: That's right. I'll read it into the record so that it's really clear and we don't have any legal concerns about the language that we are using. So my motion.

[9:50:32 AM]

I move to approve the new standing committee as voted on at the September 13 animal advisory commission meeting and to amend the commission's bylaws in section 8a as follows: The animal advisory commission has the following standing committees. One, the committee to sustain and advance no-kill shall serve in an advisory capacity to the full board on issues related to monitoring, maintenance, and advancement of city council's no-kill animal sheltering policy. >> Alter: Thank you. Do we have a second? I'll second that motion. All those in favor? >> Actually, I have a question. I'm so sorry, chair. >> Alter: Go ahead. >> I'm hoping that for people who are at home who might be watching, we could explain maybe a little bit about the

[9:51:33 AM]

history of why this item has come up today and what we know the purpose that it will serve. But just kind of explaining how it will help the animal advisory committee. >> Alter: Sure. Council member pool. >> Pool: Sure. I don't know -- I see Mr. Bland is on the virtual dais there as well. I will say that the city of Austin has a long-held preference for no-kill and in fact we are a leader in the nation for our no-kill policies. The memo that Mr. Bland provided to us lists at least three resolutions, two of which I believe I led on in 2019 to advance these life-saving directives. And we are in a very enviable position at 97% live outcomes from our animal services programs and operations and

[9:52:34 AM]

we -- because of the pandemic, there were changes to the environment such that we realized that without closer attention to no-kill, through monitoring and maintaining and advancing our animal sheltering policy that we might lose some of our stature and status with regard to no-kill. The advisory commission has been talking about this for sometime and they felt it was necessary and wise at this point to bring a more concerted focus around no-kill, to educate our community about what it does and doesn't mean, and then also to ensure that we shore up support for the networks that are necessary in order to maintain such a high level of live outcomes. Officer bland, our animal services officer, Mr. Bland, is there anything you wanted to add? >> Thank you, council member pool. I would like to say that, you

[9:53:35 AM]

know, animal services is committed and we do have all of the council actions and resolutions and ordinances that we do follow and of course we have acm Hayden Howard who oversees to guarantee that we do follow those. So, you know, with everything that we have in place and with everything that we've been doing proactively during the pandemic to adjust, I think that, you know, it's showed that we are committed to maintaining no-kill and I think we have all of the necessary items in place to keep that going forward. >> Pool: That's, Mr. Bland. And I would just say that the community supports no-kill in the city of Austin. We wouldn't be able to maintain such a high level of live outcomes without our

community members behind us so I thank the animal services advisory commission for coming to us with the request to have a focused standing committee

[9:54:35 AM]

around no-kill. >> Alter: Council member Kelly. >> Kelly: Thank you so much for explaining that, vice chair pool. I guess the part that seems a little confusing to me -- and maybe we could get some clarity -- is that because we are meeting that 90% or greater live outcome rate at the animal facility or the animal services office, I'm curious to know are we trying to strive for better than that by doing this committee so that we have even better outcomes for the animals? >> Pool: I assume that's coming my way or maybe it's to Mr. Bland but I would answer, yes, absolutely, to the extent that we can. >> Kelly: Okay. Thank you for that clarity. >> Pool: You bet. Mr. Bland. >> All I'll say to that is when you are at 97%, 98%, it was just published just a few days

[9:55:40 AM]

ago from American pets alive that your animals that are public safety threats should be 2% to 5% and ours are a lot less than that and so we are already exceeding what the standards are for most people. And so at 97%, 98% it's going to be very difficult to advance to that 100% with, you know, animals that of course have been, you know, hit by cars and things that we can't have any control over. We strive to do the best we probably can with our resources and save everything we possibly can and I don't know that, you know, getting to 99 and 100 is possible but we try. >> Alter: Thank you. So before we vote, just want to

[9:56:42 AM]

confirm I guess what the clerk's office or with the auditor for the backup with this meeting, if we can make sure we have both the actual amendment, which I'm assuming is up already, as well as the memo about all the work that animal services is doing in this regard that they just submitted. And then have all of that also move forward to the council meeting, assuming this will be put on the addendum for a vote next week at the council meeting. Does that work? >> [Off mic] >> Alter: Okay. Thank you. So I believe we have a motion and a second. All those in favor. Council member Kelly, your hand was up. I can't see real well. All right. That was unanimous on the dais with the mayor off. Thank you. Thank you, council member

[9:57:43 AM]

pool. >> Pool: You bet. >> Alter: All right. We are now going to move to item 6, as I mentioned we're moving item 5 until later. So item 6 is the briefing on investment policy updates. Ms. Thomas will introduce that, I believe. >> Good morning, council members. I'm Diana Thomas, deputy chief financial officer with the financial services department. Belinda weaver and Debbie Flemming will be doing the presentation on the proposed changes to the investment policy. Belinda. >> Thank you, Diana. And I believe we have a presentation. City hall av, this is for agenda item no. 6, please.

[9:58:55 AM]

>> Tovo: Chair, while we're pulling up the right presentation, I just want to comment that depending on what time we take up the cultural arts and historic preservation item, I may ask that the historic preservation piece be tabled. I believe it's responding in part to direction that I provided during the budget session and as you know I'm -- I can only remain in audit and finance until our scheduled 11:30 stop. We can see where we get to on it but I believe there's a considerable amount we need to talk about with regard to the historic preservation before the council approves that budget. So hopefully we'll have an opportunity to do that today and if not I'd like an opportunity to do that in a different setting. >> Alter: Sure, absolutely. We may have to do a special-called audit and finance meeting to add additional one in the next couple of months. But we do have the historic funding I believe was scheduled to go first, as I understood it, as of yesterday. They may have changed it in the

[9:59:56 AM]

presentation. But that would accommodate that as well. >> Tovo: Thank you. And the direction really was to come back to the full council so this may just be a preliminary conversation and a different time is scheduled for the full work session, in which case that's a different matter but if this is considered to be the one and only one, I'm not sure that that's appropriate to the direction but we may need to rethink that. Thank you. >> Alter: That's fine. There may have been two conflicting directions. Cultural arts said it would go to audit APD finance next and so they might have been combined. We will do our best to move through. It looks like council member kitchen is trying to speak but we can't hear you. Can you unmute? >> Kitchen: Can you hear me now? >> Alter: Yes, we can. Good morning. >> Kitchen: Thank you, chair. I just wanted to comment that I have -- I'm participating today -- I'm not on the

[10:00:56 AM]

committee but I'm participating today because of the report back, you know, for cultural arts and it was, you know, stated that that would be something that everyone could participate in. But I have the same conflict that council member tovo has at 11:30 so I'm hoping that we can get to the cultural arts aspect of it also by then. >> Alter: We will do the best we can to move through. We have some other items to take up first that we have some responsibility to get through today and that have been postponed a few times. So we are going to take up the investment policy review. >> Kitchen: Chair, can I add something else? I would ask if we're not able to get to it, perhaps the special-called meeting is the solution because this is the only avenue -- I think from what you just said that it was

[10:01:57 AM]

a report back to this committee, which is great, but it's the only avenue for us to participate. So we don't get to it by 11:30, I would ask that there be another opportunity. And maybe we just bring it back to the full council. >> Alter: And hopefully we can get through as much as this as quickly as we can. We're moving pretty quickly this morning and hopefully it won't be an issue. I do just want to point out that this was not intended to be the only time. It was meant to be a check in. I believe they are still very much deep in their deliberations and so I think we're just getting an update, really, at this point of where

the discussions are. We're not actually -- I don't think any firm proposals are before us. The arts commission just met last night and had some updated information, so this was not intended to be the time -- the

[10:02:57 AM]

only time that council weighed in but a check in. But we will address -- try to address everyone's needs as best we can. All right. So if Belinda would like to go. Ms. Weaver. >> Yes. If you could pull up the presentation, please. This is not the correct presentation. >> Alter: It's item 6. It's the briefing on the -- >> Investment policy. >> Alter: There we go. >> Great! Thank you. So good morning, chair and committee members. Belinda weaver, city treasurer and with me I have Debbie Flemming, who is deputy city treasurer over investment management and we're here today to brief you on proposed

[10:03:58 AM]

changes to the city's investment policy for fiscal year 2022. Next slide, please. So the foundation of the city's investment policy is the public funds investment act otherwise referred to as the pfia, which falls under chapter 2256 of the Texas government code. It is very specifically in its requirement of municipalities as it relates to the investment of public funds. It is worth noting that the city continues to be in full compliance with all pfia requirements. Listed here are the pfia requirements related to the investment policy review and approval by the governing body. This pfia details the annual review and approval of the investment policy. There are changes being proposed for the fiscal year '22 investment policy, three of which we consider substantive. The remainder of the changes are minor in nature just small edits and title updates primarily.

[10:04:59 AM]

The fiscal year 22 investment policy has been approved by the city's investment committee and will be brought forth to the full city council for approval on October 14th . Now I'll hand it over to Debbie to go over the proposed substantive changes to the policy. Thank you. >> Good morning, everyone. Thank you, Belinda. On our first proposed change is to the certification section and originates from the suggestion made during the city's investment policy review by the government treasurer's association of Texas from a certificate of distinction, which the city's investment policy did obtain. The recommendation was to incorporate the expanded certification language, which was already in our investment procedures and incorporate that into the investment policy. Next slide, please. The two additional proposed changes are for the operating

[10:06:02 AM]

funds and co-mingled pools for two changes. One, to extend the weighted average maturity of the operating funds from 365 days to two years and, two, extend the maturity of the stated final of a securities purchase from three years to five years. Next slide, please. In a normal yield curve you would expect to lock in funds for a longer period of time and earn a higher yield. This chart is a one-year historical illustration of the yield difference between a U.S. Treasury three-year yield designated by the



blue line, and a U.S. Treasury five-year yield designated by the pink line. The recommendation is to extend the length of the security purchase to periodically take advantage of this additional

[10:07:05 AM]

yield when first liquidity is fully covered. Second, when market conditions are favorable and the pool can pick up yield to do so and, third, the new overall weighted average maturity has sufficient cushion. The pool is not going to creep up close to this proposed new weighted average maturity limit. We always want to maintain flexibility in the portfolio for contingencies. Next slide, please. The pool has steadily increased in size as this graph of the past ten years illustrates. As of August of this year the pool balance was \$2.484 billion. Next slide, please. This is what is the pool invested in as of August 31. As you can tell, we have a very

[10:08:06 AM]

well-diversified portfolio of U.S. Treasury notes, treasury bills, agency notes, and local government investment pools, our lgips, which are like money market funds and provide daily liquidity for local governments. As of August 31st, our weighted average maturity on the portfolio was 193 days. Lgips are currently yielding .02%. In a typical market an lgip rate would be higher than a treasury bill rate but that's not the case today. The city can purchase T bills for a higher rate than the investment pools and currently does so to fund known purchases such as payroll. Since the federal open markets committee is expected to keep the federal funds rate at virtual zero for 2022, having the potential to invest out to the five-year area can provide

[10:09:08 AM]

some higher rates for the pool portfolio but only if we have ample liquidity cushion and the market timing makes sense. Next slide, please. To combat the pandemic, unprecedented monetary and fiscal stimulus has been deployed since March of 2020. The federal open markets committee set the federal funds rate by 1.5% in one month to provide stability to our financial markets. In addition, the federal reserve began purchasing monthly \$80 billion in longer-term U.S. Treasury notes and \$40 billion in mortgage-backed securities to stabilize our markets and keep interest rates low. The fed will start lowering the level of these purchases, or tapering, over the coming

[10:10:09 AM]

months. In fact they can meeting today and will have an announcement sometime this afternoon. During this unprecedented time, the fed has been very transparent about the future monetary intentions. First, inflation is being allowed to run at higher than 2% as sections of the economy are trying to ramp up and restart and had multiple restarts due to covid surges. And secondly, the need to achieve substantial progress for full employment before the fed signals a raise in the federal funds rate. Since March of 2020, a one-year investment has averaged less than .10%. As mentioned before, local government investment pools are yielding at .02. The short end of the market will continue to be at very low levels until the federal funds rate increases but it is

[10:11:10 AM]

expected to be on hold until substantial progress is made for pool employment. We estimate that 8.7 million people continue to remain unemployed. So it is widely expected that a rate hike is at least one year away. The requested changes to the investment policy to extend the weighted average maturity to two years and a final length of a security purchase to five years are to provide additional investment options to utilize when the market timing is favorable, when all liquidity needs of the city have been met. Our investment priorities continue to be safety first, liquidity, and then yield. And happy to answer any questions you might have. >> Thank you. If you can take down the slides

[10:12:10 AM]

so I can see if folks have their hands up. Colleagues, any questions? I had just one question. What accounts for the increase in the pool over time? >> What accounts? >> Alter: So one of your slides was a bar graph on page 6 that shows how the pool balances have increased over time. >> Sorry, go ahead, Debbie. >> That is just the graph of only the investment pool, which we're talking about solely for the extension of both the wam and the security purchases. >> And the growth in the investment pool over time has just been kind of coupled with the growth of the city. So as the city has grown, revenue has grown. The pool itself has grown.

[10:13:12 AM]

>> Alter: Okay. But it went up \$2 billion in ten years? >> It was about \$1.5 billion in about ten years, correct. And those revenue sources come from property taxes, they come from fees, things of that nature. All revenue sources for the city. >> Alter: Okay. All right. So for the next steps on this, this will be coming to an October council meeting with, I assume, a writeup with what the amendments are and the policy and that will be back up to that. Is that the plan? >> That's correct. And within the resolution that's approved by city council it will detail the changes that are being made to the investment policy as well as a backup for a red-lined version of the investment policy. >> Alter: Great. Thank you. This was a briefing so we do

[10:14:13 AM]

not need to take any action this morning. Thank you for being with us this morning. We will now take up item 7, which is a briefing on the strategic facilities governance team on administrative office occupancy plan progress and next steps. And I think Ms. Olivares is leading that. >> Thank you for having us this morning to provide you this update. While the pulling of the presentation, I'll do some quick introductions. The strategic facilities governance team has seen some pretty significant changes in its membership over the last year because of various retirements. [Inaudible] Has retired and joined the app so I am now fulfilling that role. I would like my colleagues

[10:15:14 AM]

introduce themselves before we dive into the presentation. Darrell and Mike. >> Darrell Alexander, the building services officer for the building services department. >> Michael Gates, interim officer for real estate services. >> We also have with us to help answer any questions that might come up, Andy Moore, who is on our team here in FSD overseeing all of the public-private partnership type facilities and we'll talk more about that and I would be remiss to not note him because he has been an amazing team member in leading these new projects in some pretty fantastic facilities. Go ahead and dive in. If you can go to the next slide, please. So we'll quickly move through quite a bit of content this morning. First a quick reminder of what are the guiding principles for our approach to the

[10:16:15 AM]

administrative office needs for the city of Austin. Provide some updates on the developer-assisted facility projects that we've been doing, then an overview of the strategic office investment, impacting covid-19, and also an overview of various upcoming facilities projects we have on the books. Next slide. Next one. So our governing principles, when we first started all of our efforts around our strategic administrative office investment approach, we wanted to make sure that we had principles that really expressed what is driving all of these changes because the city has well over -- around 250 different facilities of which a portion of those are for administrative office purposes. As we look at our offices, we want to make sure that we have

[10:17:17 AM]

work environments for our employees that are going to really help them with their productivity, their efficiency because really when it comes down to it our employees are our greatest asset in the organization. We also want to make sure that we are being cognizant of taxpayer dollars and ensure that our occupancy costs, we're decreasing those overall and that we are making very smart choices for future investments. We also want to improve that customer experience for all of our residents and visitors that interface with the city in various ways. We also want to make sure that similar to the making sure we have great work environments for our city employees, we want to use that as a means to attract and maintain talent for our workforce. And, finally, we want to make sure that we're being particularly flexible and resilient in our facility design and setup because as we have all seen with the

[10:18:17 AM]

pandemic, we have to be ready to shift how we operate and how we provide services very quickly. So we want to make sure that our facilities are designed in a way to be very adaptive. Next slide. Now we just want to provide a little bit of an update on our two major developer-assisted facilities that came online over the last year. First, our prorating and development center. This was the first of -- first facility used for this new approach where we contract with a developer to carry out the design and construction of these facilities where it puts the risk on the developer. So the city is able to avoid the risk, financial, and various risks and in the end once the developer is done building that facility we're able to buy it back from them for our purposes. So the rfp for this development

[10:19:19 AM]

center was issued in September 2016 and we were able to start groundbreaking just over two years later and that includes all of the land acquisition and design work that had to take place. We were then able to close on the purchase of the building in May of 2020. It includes approximately 264,000 square feet and can accommodate nearly 1,000 ftes. With this approach we're able to continue to embrace the values that the city of Austin has in terms of our facilities around environmental needs such as we have the Leed platinum target and the certification is in progress. The Austin energy and green building for star and that also is in progress. Also, well-building targets. We were also able to utilize our better builder program and living wage. The other great part about this particular building is that even with covid we were able to deliver it on time and under

[10:20:20 AM]

budget. The original budget for this building was \$121.5 million and the actual cost ended up being \$120.7 million. So we were able to deliver a building incredibly fast, despite the pandemic and under budget. Next slide. The other facility that recently opened is our new Austin energy headquarters and Austin energy is actively moving their staff into this building. The rfp was issued in 2017. Groundbreaking was two years later in 2019. We finally, we ultimately closed in April of 2021. Over 275,000 square feet, 1200 ftes can occupy this building. It's allowing ae to eliminate the need for a variety of lease spaces. They're able to consolidate a lot of staff into a single facility and similar to the

[10:21:21 AM]

pdc, we have the Leed, green building, better builder program, and living wage. This building was also able to highlight the apprenticeship program. And similar to pdc, we also were on time and underbudget. Original budget was \$142.5 million but the actual cost was \$141.2 million so a great savings there. Again, it was delivered on time during covid. We're excited for Austin energy to move into this space. I know they are very excited as well and we're actively working with them on reallocating prior spaces that are vacating to make sure we're able to continue meeting space needs throughout the organization. So at this point I'm going to actually pass it over to Michael Gates to talk about our strategic administrative office investment overview. >> Thanks, Kim. Next slide, please.

[10:22:22 AM]

So, yeah, this is just a breakdown of the three phases of the strategic initiative office investment overview. We're in phase three now. We have implemented the strategic administrative occupancy plan that was finalized in August of 2019. We are currently assessing key city-owned assets and my colleague will touch on both of those later in the presentation. We've conducted a city-wide census basically determining all the ftes the city has and where they're located. We have also developed an administrative facility specs, we'll touch on that here. We have conducted a telework survey. We have also improved our process with respect to intake for the fgt, we have a new sharepoint site, we have the defining the roles and responsibilities with all the department heads involved in that process and we're looking forward to rolling that out. It's ready to go. We are working on a charter,

[10:23:22 AM]

renewal of our charter for sfgt. In process the forecasting of the expenditures of our assets over their life cycle. We also in the future will be performing basically ground lease assessments of city assets to see if we need to repurpose, redevelop, renovate or monetize them. And then we are, you know, in the process of the transition from lease-owned space to city-owned space. Next slide, please. So why now? Why are we engaging in this process? The city has collectively 759,000 square feet of lease space expiring in the next five years and then we also have 335,000 square feet of city-owned space that is at or nearing functional obsolescence so the recommendation is we repurpose, reinvestment, or

[10:24:22 AM]

monetize those spaces. Between the two of those, that equates to 4500 ftes that will be displaced if growth holds, it is an historic rate, and an increase to 4% leaving 5,000 ftes that will be displaced. Next slide, please. So here's a ten-year forecast based on our current space and any kind of growth projections. I mentioned earlier the facility performance specifications. I wanted to point out to you the current space use is based on an assumption of 371 square feet per fte. As a result of those specs that we arrived at, that now assumes we can transition those folks into more efficient space and shrink the footprint for each fte. It will actually be a compression of our needs in the future based on the 2.5% growth or 4% growth. You'll see the number there, the space requirement and the

[10:25:26 AM]

growth. That dipped to 1.1 because of more efficient space and the line down from that is if you also inject a 25% telework component into that you have further compressed those numbers. As far as the telework study, it did exclude APD whose mission does not lend itself well to teleworking or working from home. We also excluded ctm. Their mission very well lends itself to teleworking from home. Those are outliers. We excluded them and these are the numbers we arrived at. Next slide, please. So this is just a little graphic make the point. City spends approximately \$23 million in leases and so it's basically twice the cost to have an fte in a lease space versus owned space. And for that reason it's just more efficient to own the space you're in. And so you see here a 30-year projection, just assuming

[10:26:28 AM]

300,000 square feet office space build to suit. 1220 ftes. 30-year average cost, almost double over that time. And the totals, again, \$373 million versus \$704 million. So the present value at that, a savings is almost \$170 million so it's real money. Next slide, please. And so this is a graphic showing the mission what we're trying to accomplish here. The top yellow line there is showing our total space needs. Again, make note in 2023 of the slide down, again, that's moving into more efficient space and also introducing a telework component to it. The red line is the city-owned space we would like to bring online and then the bottom line, the blue line there is the lease space that you'll see here in 2023, 2024, as we hopefully exit as much lease space as possible. We will never be able to fully

[10:27:29 AM]

get rid of lease space but the goal is to get out of it as much as we can. I think with that -- next slide, please. I'll turn it over to my colleague Darrell at building services. >> Thanks, Michael. The next couple of slides we'll talk about teleworking and just the impact it has on our workforce at this point. It makes a great -- so we did a survey with the cbre and we surveyed just supervisors, 46 department heads and here are some of the highlights that came out of that. We asked them about teleworking, is it successful? 76% said it was. 91% said it was either improved or maintained the same productivity, so that's pretty good. I think what the real takeaway from this is teleworking is going to be with us for a while. The workforce that we were in before this, before the pandemic is gone. We will always have a hybrid

[10:28:30 AM]

and for us, as it still keeps evolving, we need to look at what does that look like for the city of Austin. Next slide. And here's the final takeaways. We know they are going to at least have 20% to 30% ftes teleworking on a regular basis. Also the offices are critical. So with looking for talent and things like that, offices will play a major role and so will teleworking. I think for us the centralization of teleworking policy is going to be key as we move forward. As you know Travis county has their plan of what that's going to look like, which is 75%. I'm not sure if that's what we're looking for but at least if we have a centralized teleworking policy we can have a benchmark or basis to work through what we can do from a city, a process. What our facility planning is going to look like and how

[10:29:31 AM]

flexible we can be from a departmental stage and allowing department leadership to kind of dictate what they need to do from a workforce perspective, once we get that centralized teleworking policy in place. Next slide. Here's just something to kind of give you an idea of what others are doing and I'll just highlight a few of them. Google plans on reopening in October. They changed their plan from reopening in October 2021 to January of 2022 but they still see 20% of the workforce remaining remote. New York City municipalities have required all staff to return to work as of 13 September. And then just looking over at Microsoft, 70% of their workforce wants to continue working remotely. So there's a vast opinion on what that looks like across the nation.

[10:30:31 AM]

Next slide. Next slide, please. Now we're going to look at some of the facilities that are in play here. Just want to talk to you about Austin energy service center. Right now that's one of the active facilities that we have working right now. Just go through the rfp requirements, 130,000 square feet of warehouse space, 20,000 feet of expansion, 15,000 feet of office space, and 15,000 square feet of expansion options. I think Michael said this earlier, this service center will allow for three different facilities to consolidate three different facilities for Austin energy. And the Ena, the exclusive negotiating agreement, if it hasn't been signed, it will be signed this week. After that we anticipate the council request for negotiation and execution in November '21

[10:31:33 AM]

and actually for this facility to be completed in December 2022. Next slide. So cbre did a comprehensive study on several facilities within the city of Austin and they determined whether it should be renovated, whether it should be redeveloped, whether we should repurpose it or tear it down and start something else. And one of those facilities was one Texas center. The recommendation was that we redevelop this building instead of renovating . Next slide. And that recommendation here is what we've kind of selected for that. It is two towers and a tower

[10:32:34 AM]

for affordable housing. It is centrally located with some feedback from some department heads. It will change the capacity for one Texas center from 900 to almost 2,000 ftes and we understand that it is in the south central waterfront district and we've had conversations with the EdD and others about how we can work together to hopefully to have this integrated into that and we will continue to do so. But I think for one Texas center, somebody said it was a linchpin, it is actually a trigger that once we can get this done it doesn't solve our leasing problem but it definitely puts a significant impact to that leasing problem to where we can get out of a lot of leases, get into owned property, which is the direction from the council.

[10:33:35 AM]

Next slide. The next building that we looked at is the Austin police headquarters. We know it's almost obsolete at this point. We also had direction from council to relocate it so we're looking at the Rutherford lane campus to maybe renovate or redevelop. There are programming processes that will start happening with APD in mid October -- I think it's the 19th and 20th of October with cbre to look at what's the best fit for them. Again, this is another place that we can increase that capacity from 700 to over 1100 people there. Okay. And we can put a significant part of APD headquarters or ap -- yeah, ap headquarters right there at rlc. Six can be a significant impact and what maybe happened is it can be a public safety hub.

[10:34:37 AM]

Fire, ems down there so I think we need to look at it from a holistic perspective when it comes to public safety headquarters. Next slide. So this next slide is about city of Austin service center and warehouses and this is pretty passionate for me. The service centers right now, especially when you look at fleet and Austin resource and recovery, they are located with a lot of other sites and some of those locations are just not good locations for employees to be working at. When we talk about retain and recruiting, this is going to be a significant impact for us, right? Some of the areas that these guys working in or these employees or working in, especially when it comes to the fleet side and arr, we're looking at places that no climate control, there's no air, there's no heat so they're

[10:35:38 AM]

working in very arduous conditions. And then there's no space because they're in tight spaces so the process needs to be more efficient. There's an inability for that. These are frontline employees and these employees ensure that police vehicles are running, our daily vehicles that dsd uses are running, fire department vehicles are running. That's what these guys do. They actually are the heartbeat of the city and it's important that we need to look at these service centers and how we can improve the service centers for the city, right? We're looking at some -- maybe some multiservice service centers throughout the city. I think it's very important that we look at that. It's something that we need to do now because if we don't, we're going to be looking at something like that for five or ten years. As the city grows, so will the employees grow, so will the demand for vehicles, whether they're electric or gas but

[10:36:40 AM]

it's important that we start looking at this now and we don't look at it how will we fix it today, how we're going to fix this for the future, for the next five to ten years because it is something that we just can't do nothing. We have to do something. Along with that, what we found out since we started talking about this is there's a need for warehouse space so we're going to start looking at active warehouse space and looking at warehouses that they can use them for when we have these emergencies like uri that just occurred because that's the kind of space that we need to have. We may not use it all the time but it needs to be available when those things happen. These are two important pieces that I think is going to be impactful to the city as we move forward, especially when it's the day-to-day operations of how the city runs.

[10:37:42 AM]

Next slide, please. The Austin energy warehouse is underway right now. Johnny Morris warehouse and service center, that's something that's in the works. One Texas center, we like to get that moving quickly because I think it's going to be a real trigger and linchpin to the successes of the city from this point on when it comes to facilities and buildings. Rutherford lane for APD we were going to start working that with cbre, our partner, in mid October. And then the new service centers, we are starting to get that moving but it's going to be important that we get something done for these service centers because we've got to improve those areas for the frontline employees. That's going to be a huge retaining piece, especially now with all these -- the Teslas and Amazons and apples that are coming, working for the city needs to be, hey, this is a great facility and I'm going to

[10:38:43 AM]

stay here for that. I think it's a good opportunity for us to kind of stick to the values that we say we want for the city. And to provide for our employees. Having said that, next slide. If you have any questions for any of us, we're open. Thank you. >> Alter: Thank you so much. Appreciate it. So I want to start by thanking you for this briefing on the ongoing strategic facilities governance project. I got involved in this pretty quickly after I came on council and worked really closely with the prior team and hope that my office and audit and finance can continue to work closely with you. Moving from leased to owned space is projected to yield millions in savings over the



[10:39:45 AM]

coming years and allows us to move costs from o&m to debt which with the 3.5% cap is really critical and I want to also highlight again, you know, the other many important reasons with respect to our employees, the health and productivity of their work environment, our ability to recruit and retain the public-facing experience and the flexibility of our facilities as well. So this is a really important project. It may not seem like the fanciest thing that we do as a city or a city council but it is extremely important for the future of our city. So I have two questions. I want to go back to may of 2020. I had a resolution that asked the city manager to revisit the telecommuting policies and the context of covid and advancing our overall climate goals. As you mentioned, Travis county is moving to 75% telecommuting

[10:40:50 AM]

policy. They have documented a savings of \$1.3 million just on utilities and are looking to save their, you know, emissions something like that 30%. I understand this is not exactly what you guys are focusing on as your remit but the choices that we make within this do depend on that telecommuting policy. You referred to it a couple of times. Can you at this point provide us a sense of the plan for getting to that more centralized telecommuting policy and as a centralized telecommuting policy I understand there will be broad parameters that will be set centrally and then flexibility per department given the wide variety of tasks that our departments do. So can you speak a little bit to the plan for getting to that centralized policy? >> Council member, we're just now digging into what was -- the information from cbre

[10:41:52 AM]

provided a little more. I think for us is to collaborate with a couple of departments, hr and some of the leadership and kind of look at it in its totality and then kind of assess, okay, what do we do from here and make recommendations to leadership at this point? I know that's a roundabout answer but I think that's the piece for us. It's not so much the sfgt team, we were just looking at how it would impact office space at this point. And it will make an impact but we will still have offices, and we know that, it's just where can we capitalize on some savings or opportunities for savings down the road. Does that answer your question? >> Alter: Yeah, I understand it's not your team, per se, but obviously what you're doing intimately links up to that policy. >> Yes, ma'am. >> Alter: And I'm not sure who is the representative, per se, from the city manager's office today for our meeting.

[10:42:56 AM]

Perhaps Ms. Olivarez, you can convey this. This is a certain amount of time sensitivity. We currently have a lot of employees who are telecommuting, as god willing we can transition out of covid we'll will shifting that and it will be a lot more conducive for continuing the telecommuting if we're not going back and forth, you know, tremendously, which is I think what Travis county is trying to take advantage of. So if you can convey the urgency for getting that policy and I think we will probably invite hr in a couple months when hopefully we'll have a space on our calendar to come back and speak to us specifically

about the next steps on that policy. Does that work, Ms. Olivarez? >> Absolutely. We'll all make sure to convey that and I would also add the current stage, stage five

[10:43:56 AM]

situation definitely delayed a lot of folks on some of the reintegration efforts but I do know that many departments are being far more generous with their teleworking, telecommuting opportunities for the staff. But we again, like Darrell was saying, we'll work closely with human resources as well as the city manager's office as well as with other departments that are piloting options to make telecommuting and just that hybrid need of telecommuting and working in the office on occasion more efficient, more effective for everybody. Not only for the employees' experience but also from a facilities and planning perspective. So we'll make sure to have -- prepare for when you do want to have that come back to the audit and finance committee. >> Alter: So a few years ago when we were looking at this with the team that was led by

[10:45:01 AM]

Greg Canale, there were projections of a \$300 million savings and a \$20 million per year shift to debt from o&m. Now that was pre-launch of the planning development center and ae. Your projection showed about \$170 million. Is that just the difference from -- okay, we're already capturing that from the planning and department center and Austin energy or was there some major shift in the calculations? >> Those numbers that you said are just for a general 300,000 square feet. It's not really tied to a specific building but it's a general number. But Mike, do you have some additional information you can provide there? If not, that's fine. >> Alter: Okay. So that was just for 300,000 but we need more than -- we need more than that so the savings would be greater.

[10:46:03 AM]

>> Space-wise, yes. That was only for 1220 ftes so you ramp that up you expect to save -- I'm not sure exactly but it would definitely increase the savings. >> Alter: I didn't catch that that was just for the 300,000 square foot. I thought that was for the whole comparison. >> It was an example. >> Alter: That will get me the difference, I think. Council member pool. >> Pool: I was curious if y'all could tell me which departments were part of the strategic administrative office investment work group? Or which departments were included in the assessment? >> Are you referring to the -- let me look at the slides here. Define roles and responsibilities for those departments that play a role in office investments and lease space? >> Pool: Yeah, and specifically I'm looking to see where the office of the city

[10:47:03 AM]

clerk was included in this conversation. >> Pretty sure -- we reached out to those departments and offices that played a role. Whenever we get a request for a facilities action request form and since the city clerk's office -- I do not recall them playing a role, these are mainly departments that will actually be involved in the delivery of new space for a city department that requests it. So the city clerk's office -- I'm trying to pull it up here -- but I'm almost certain they weren't part of that process. >> Pool: When

you were looking at the administrative offices in order to work out what our needs were into the future, were you looking outside of city hall, specifically? Not this particular building? Was there any work done around the offices here in city hall?

[10:48:04 AM]

>> So, I'm sorry. We're referring to two different things. Yeah, with the cbre, who conducted the study, kind of our space needs and the advancing of adjacencies, I would hate to hazard to guess off the cuff. I'm happy to go back through that report with a fine-tooth comb and determine which departments were contacted and involved in that process but I would hate to give you any misinformation. If I could have the grace of circling back with you on that. >> Pool: That would be great, Mr. Gates. Ms. Olivarez, if you could chase that down for me, the need for comprehensive space for the staff of the city clerk has been known to the council and the city manager for quite sometime. And when you talk about staff being displaced, the clerk has had to scrounge for meeting room space in order to house

[10:49:04 AM]

some of her employees and they're on different floors here in city hall and there's a concerted interest by the council to addressing the situation for the city clerk. Part of the situation for the city clerk has been addressed simply because of the pandemic and the closing of the restaurant that was next door but the staff had to deal with working in an environment where cooking smells were coming through the walls and it wasn't pleasant. As I said earlier, the needs of the clerk's office have been documented and they're long standing, in my opinion. I would like to see where this effort with facilities and staffing and space provision can find room for inclusion of the city clerk's needs and I am -- and if you could explain -- it doesn't have to be right now. We can have another meeting but

[10:50:05 AM]

I do want to understand why that particular situation was not included in this work here, specifically because both of these efforts were happening simultaneously and seems like there could have been an overlap and inclusion so that we could deal with some of the real concerns that the clerk has. And that's another office where the staff really can't work productively or properly from home. So that's a high priority for the council, for sure. So I would be happy to have my staff work with yours to set up some meetings and then we can drill down on that. But I'll be looking for an answer. >> [Inaudible] >> Pool: We're all looking for a way to resolve the

[10:51:05 AM]

longstanding concerns of space for the city clerk's office here in city hall. Thanks. >> Alter: Ms. Olivarez, did you want to comment? >> I'm sorry. I didn't mean to interrupt you. We definitely hear what your concerns about city clerk space. We'll make sure that we're addressing -- we include that as part of all of our analysis in addressing space needs overall. We've definitely been focusing quite a bit on lease space but we understand that the city hall is obviously not part of the lease space, it's part of the owned space but owned space challenges definitely exist in our portfolio, so we're looking at that as well. There might

be some really great opportunities, for example, with future plans related to OTC placement but we'll definitely incorporate that into our work. >> Pool: That sounds great, especially since if there are shifts in city hall to accommodate the clerk's office then we need to pinpoint where

[10:52:06 AM]

that space is coming from and does that mean that those staffers, would they stay here, go to lease space or other city-owned property. It is part of that domino effect. So thanks very much for that and I'll look forward to working more closely with you all on that particular issue. Thanks. >> Alter: Thank you, council member pool for raising that issue. I share your concern for addressing the clerk's office's needs. I did have a conversation with the clerk and I do think the telecommuting has some impact and it might not be an obvious but I think there was some movement in a positive direction with that but I think it definitely should be more transparent in this process. I do want to just point out there are two different parts. There's the space analysis that we need to figure out and make sure that the clerks were covered in but then there's the changes to the real estate

[10:53:07 AM]

procedures for folks who are going out to do lease space or to owned space that might not necessarily involve the clerk's office. I think those are -- unless I'm misunderstanding it, I think there are two different parts of the process and absolutely the clerk needs to be in the first one but it's not clear that they're building like a pdc or something like that. And they're not moving out of lease space. So any other colleagues with questions? Council member Kelly. >> Kelly: Thank you. I just also wanted to thank council member pool for raising that issue. We also, in my office, are concerned about the clerk's office not having the space that it needs and so I also look forward to learning more about what some options might be. Thank you. >> Alter: Council member tovo. >> Tovo: Yeah, thank you. Thanks -- sorry. I have two things going. Let me figure out how to deal

[10:54:10 AM]

with it. >> Alter: We could hear you a second ago. Not right now. When you first started, we could hear you. >> Tovo: Yeah, the problem is it echos. >> Alter: We don't hear the echo. >> Tovo: You do or do not? >> Alter: We do not. Or I do not. >> Tovo: Okay. I think I pieced it together between the two devices I now have one system. I wanted to go back to the one Texas center -- two things, actually. First, Mr. Gates, at one point you talked about monetizing assets. Would you help me understand the point that you were making at that stage? I think you were talking about city-owned facilities and city-owned land but I want to make sure I understand the

[10:55:10 AM]

context. >> Yes, there are -- let's see here, APD headquarters, technical center, rbj, 411 Chicon, the old building on 7th street. We need to determine what the best move is for the city with respect to holding those assets, possibly monetizing them, a redevelopment scenario with a third party. That's essentially -- what we've got there right now in terms of ftes and programming needs and either finding alternatives

to those elsewhere and basically allowing those to be freed up for repositioning or investing in those properties and holding them. That's really what I was getting at is options that we would have with all of these assets that are near functional obsolescence.

[10:56:10 AM]

>> Tovo: We have had conversations from the dais and they tend to happen on a one-off kind of trend. And, you know, I've mentioned several times and I'm really eager to work with several of you as you're interested in a work group form to figure out what are the policies that council wants to put in place for the use of our city-owned assets as they are coming up for these conversations. I think I'm really supportive of using them to the fullest potential and really making sure that we are looking carefully at properties, you know, such as the Ryan drive tract, which for years was the site of the reclamation plant and poolyard storage and is being transformed into a use in serving as a community asset to meet some of the critical

[10:57:10 AM]

needs. I'm very interested in having those conversations. As they have come to council in the past they tend to have been focused on just one of those elements, monetizing the asset. The tract that we're now using for urban -- that we're leasing to urban roots for a farm, for example, was being -- was on our council agenda for a sale. So I really think it's incumbent on council to sit and to develop a policy to add to the really great work that the strategic facilities governance committee is doing in terms of you've set some very important goals and considerations for the use of property. I would like the council to now have some input into that as well in terms of crafting a policy that really asks -- sets in place a very standard, consistent process for evaluating each and every one of those tracts for a broader array of community benefits.

[10:58:14 AM]

And so, you know, again, I welcome -- I've got a couple of you my staff may have already asked you if you're interested in serving on that committee but in any case I'm interested in doing that work together. With regard to one Texas center, I understand the recommendation you're making today. I would be interested in getting some more details about it. Let me just note though that the south central plan affordable housing is a really key element of the south central waterfront plan and I really hope -- >> Alter: We just lost you. >> Tovo: In each and every one of those residential developments that may result in south central waterfront area. But the reality is to get to that 25% goal, 25% of the housing that's redeveloped or constructed anew in the south central waterfront is designed by the plan that the council approved to be affordable. And so a lot of that may likely

[10:59:14 AM]

need to be on one Texas center. So I know you mentioned, Mr. Gates I believe you were handling this part of the presentation, that the staff recommendation is to use it as an administrative facility and to have a tower of affordable housing. I'm not sure what the numbers look like on that and would be

interested in more of the details. But, you know, I just want to remind my colleagues that we have done -- this council approved a resolution that I brought forward to that in part added a provision to look at one Texas center and really get some specifics around what the affordable housing component would be of any potential redevelopment and I think that is still a critical and key use, especially in that area. And I guess as the conversations about an administrative center proceed, I really want to get some more detail around that. You know, the conversation in terms of moving planning and development outside of one

[11:00:16 AM]

Texas center talked about who really needs -- looking really carefully at who among our city staff needs to be central. Understanding that we don't want to necessarily require all of our city staff to have to come downtown to one of our most congested areas in the city to do their jobs. So I wonder this seems to be a different -- adding a different complexity to the conversation of that we previously had in terms of trying to site employees in different areas across the city. I thought, frankly and personally I thought the planning department should remain really close to city hall and really close to the nexus of our downtown. That was not the decision that our staff recommended and that our city manager made but it is, you know, we're revisiting. It seems to me we're going in a slightly different direction in terms of talking about having an administrative center on that site rather than in various areas. Those are just some of the

[11:01:16 AM]

thoughts. I don't know if our staff has feedback they want to offer at this point but that's mine on those particular points. >> Council member, thank you for those comments. One thing that I can assure you is that with one Texas center the programming design has really not begun so we have a lot of opportunities for conversations to take place to really think through what could, should, or shouldn't take place on that site. We're also coordinating closely with internal staff related to south central waterfront. We also had plans to go speak with the waterfront advisory board just to continue to coordinate closely with them. But we hear you about the affordable housing so the numbers, those don't really exist, per se yet, because that programming design work has not

[11:02:16 AM]

taken place. So we do. Again, we have that opportunity to have those conversations to make sure we're meeting the needs from an administrative organizational perspective but also meeting needs from the community perspective and maximizing that space to its greatest potential. So we look forward to working with you and we ask the council on those needs and what ultimately shows up on that site. >> Tovo: Thank you. What is the next stage -- thank you for that information and for the commitment to having those conversations. What's the next step for one Texas center? What are the series of next steps? >> Okay. So right now we're just looking -- we're determining what is our best approach for just a facility delivery for that site, period, through developer-assisted or some other delivery method. So once we work through that, that then allows us to start

[11:03:18 AM]

thinking through that programming and delivery. If we do proceed with a developer-assisted approach then we would go through an rfp process. But until we work through that determining our ultimate delivery method, we're kind of at a little bit of a standstill on proceeding with those design and programming efforts. So we don't want to get ahead of ourselves is essentially what I'm saying. >> Tovo: I think I need to probably follow up with you or ask my staff to do so to get just a little bit more clarity around where the council input happens in these early stages. I want to be sure we have an opportunity at council to really talk about our vision for that space to the extent that we're considering uses beyond what the council has directed, which was at this point just affordable housing. So maybe between now and whenever some of those next

[11:04:18 AM]

stages happen we can have an additional conversation. I know we have had some. An additional conversation about where those points of input and feedback are. Thank you. >> Alter: Thank you. I think those are important discussions that we'll need to have to figure out how we balance the office needs and desires of the particular area on the community there. So look forward to those conversations. Seeing no further questions, we're going to move on. I'm going to do item 8, which is future items, super quickly. Do you want to -- okay. I'm just going to go through quickly, just to give folks an idea of our packed agenda. So we have the draft calendar year '22 audit plan. We need to make appointments to aprs. We are going to have a briefing on the pension system. We have bylaws for the project

[11:05:18 AM]

connect community advisory committee, and we have the city technology purchase audit that we postponed today as well as likely a storm uri audit, the one from the auditor's office that will be coming back. And I know that council member pool and council member Kelly had a recent special request with respect to homelessness costs that they also want us to speak to on the agenda when we can fit it in. We have an October meeting and a November meeting scheduled. They're fairly close together so we'll have to see whether a special-called meeting is even possible but if committee members can plan to the extent that they don't have another obligation already to plan to stay until 12:00 on those days, that would be great. Unless -- does anybody have anything they want to add to that? Diana, Cory, vice chair? Nope? Great. Now we're going to move back to the EdD item, which is I

[11:06:23 AM]

believe item no. 5. I had understood the plan was to do the heritage first. Is that correct? So we're going to lose council member tovo at 11:30. >> That is correct, council member alter. >> Alter: Why don't we do that and we can use this as an initial time and if we need more time, we'll figure out an appropriate mechanism to do that and hopefully we'll be able to present some of the cultural arts as well. It doesn't look like we have too many slides here for the heritage. And maybe we can at least get the information out while council member kitchen can still be here. These are briefings. There's no action being taken

[11:07:24 AM]

today so I just want to underscore that. Go ahead. >> Thank you, council member alter. And we'll move quickly. >> Alter: I'm going to ask you if you can speak up a little bit or put your microphone closer to your mouth. Thank you. >> Thank you again. Deputy director with economic development department and we'll move quickly through our presentations today. Today the first presentation will be on heritage tourism and I'm pleased to have Alyssa Alvarado here with me who is the division manager, as well as sayla, along with our equity officer Brian oats and Margie Reese with mjr. Again, thank you for this opportunity to present the heritage tourism division and I'll turn it over to mels. >> Thank you. Good morning, Melissa Alvarado, heritage tourism. >> Alter: We cannot hear you. I can't see you to see if you have a microphone or whatever. We can hear just a tiny bit.

[11:08:27 AM]

If we can get the volume up, that would be great. >> Can you hear me now? >> Alter: Better but not super strong. >> Oh, my goodness. >> Alter: That's good. >> Okay. Great. Melissa Alvarado, heritage tourism division manager. The purpose of the heritage preservation grant is to promote tourism through preservation of historic buildings or through planning, educational, and marketing projects that are rooted in heritage and history. The program supports an inclusive cultural and heritage tourism approach that tells the multilayered history of Austin. The state law requires that grants be awarded to projects that are in the vicinity of the convention center or in areas that are likely to be visited by tourists. I'll walk through the draft program guidelines following an overview of the historic preservation fund budget summary by EdD's acting

[11:09:30 AM]

director, Sylvia rab. >> Just as a reminder, this fund uses hotel occupancy tax and at the time of budget appropriation it is built on an estimate. Just a reminder that at the beginning of this fiscal year we estimated we would receive \$10 million in hotel occupancy tax but due to covid, there's a reduction and we're going to receive approximately 55% of what is budgeted. As part of the fy '22 budget. >> Ms. Holt-rabb, sorry to interrupt. It's still really hard to hear you and I know our ctm folks here and chambers has got it turned up as high as we can. Can you just lean in a wee bit more, please? >> I have on a headset so I'll try and use my sports voice. >> Sports voice is absolutely appropriate today. Thank you.

[11:10:30 AM]

>> All right. Thank you. So as part of the fy '22 budget we are only focused in on two items at this time. That is funding for parks and recreation as well as the heritage preservation grant, which Melissa will now go into further details. Next slide. >> Thank you. So the economic development department is reimagining its cultural funding program for arts, heritage, and music with an intentional focus on equity and inclusion while more effectively promoting tourism in Austin. Before I proceed I wanted to take a moment to introduce sayla to give a context in terms of local andal designations and perspective. Say L.A. La . >> Good morning, everyone. I apologize. My dog is barking right now but



[11:11:31 AM]

I just am real excited to be with you today and hopefully you can hear me. Can you all hear me okay? >> Alter: We can hear you okay. Yes. >> Okay. Great. My name is sayla and I am a historic preservationist and recently joined the heritage tourism office this past year. Prior to that, I was working for the national trust for historic preservation where I was a senior field officer and focused on underrepresented historical sites throughout the country. And so I am really excited about this revision program, especially as we see throughout the United States that there are so many underresourced sites that are so worth saving and full of rich history associated with black and brown communities, lgbtq and women, especially. One of the biggest things we

[11:12:32 AM]

keep going back to as we're having this discussion is how important it is to help preserve these sites, to help support these sites through these resources, especially knowing that there are sites within our own city and then sites throughout the country that are listed within the national register of historic places that don't necessarily reflect our communities. With that, I will pass this back over to Melissa. Thank you. . >> Thank you. The update to the draft guidelines began with research and conversations that were centered on best practice by leading preservation groups. Tackling very similar conversations including for cultural in Seattle, Colorado that does preservation work throughout the state, and the city of San Antonio, which has been a great advocate and resource for Austin. In addition we had discussions with the heritage tourism division within the Texas historical commission. We've had conversations with

[11:13:33 AM]

preservation Austin in addition to the historic preservation office and the pard office of heritage tourism within the city of Austin. All to develop and determine opportunities and gaps that could be addressed to expand access and opportunity within the program. We also took into consideration the equity and program expansion recommendations made by the heritage grant working group to council in 2018. In addition, mcdue preservation worked on our behalf and conducted focus groups with potential applicants to gather feedback on technical assistance needs and evaluation of expanding the program to include the preservation and maintenance of historic interiors. One side note that they learned through that work is that maintenance and preservation work of historic interiors is complex, it is cyclical and it

[11:14:34 AM]

is often deferred when other finances are necessary to be expended in other areas. A briefing and discussion led by mjr partners was conducted for the historic landmark commission last August for input and feedback on this overall process. And then late last year the economic development department heritage arts and music divisions hosted joint virtual community meetings and question and answer sessions that was marketed by each one of our divisions as we started this work. In August we released our draft guidelines. We hosted virtual walk throughs, similar to something like this with a q&a format at

the end of the website. We kept the dynamic frequently asked questions list and posted that to our website, in addition to a survey that we encouraged folks to participate in to provide additional

[11:15:35 AM]

input. We sought reviews by our legal department and our equity department before briefing the historic landmark commission and grants committee, the joint inclusion committee and the equity action committee. Information was also shared with the quality of life commissions as well. Next slide, please. Based on the research and the conversations and the input, the following are proposed for fiscal year '22. \$2million is proposed for the program with two-year reimbursement contract terms. This was a direct feedback that we received in December at one of those community meetings that we hosted. Both nonprofit and for-profit entities are eligible to apply, regardless if they own or lease their historic building. Capital and planning projects

[11:16:37 AM]

must be historically designated or eligible for designation. And historic culturally-significant educational or marketing projects will no longer require a historic designation. Other program enhancements to develop more equity and preservation include inclusive funding for underrepresented communities. We have worked to generate and develop a simplified online application process removing any preservation jargon that may not be familiar to applicants. In addition, we will be expanding awareness workshops providing eight to ten simultaneous with the application process and providing supportive technical assistance training. We also look forward to taking advantage of the community navigator program, which was so successful for arpa-funded

[11:17:37 AM]

programs to also support applicants in need of additional assistance. As a division, we will prioritize first-time applicants and awardees will be eligible for marketing training. New eligible expenses include a optional 10% project management allowance not to exceed \$10,000 for capital projects, an optional \$1,000 fiscal sponsor fee. Optional eligible insurance fees and an insurance waiver for events that are 100% virtual with no on-site footprint. All projects must meet the hotel occupancy tax statute. Applicants may reside within the msa but projects and activities must occur within a 10-1 district on a historic site. Applicants must also have two years of evidence programming experience in Austin.

[11:18:37 AM]

Next slide, please. Eligible capital projects include restoration of historic buildings, sites, districts, and associated historic cultural landscapes, which is a new program area proposed this fiscal year based on feedback. All capital projects again must have that historic designation in place or be eligible. The grounds must be publicly accessible and open to tourists. They must meet the national and local historical design standards as these projects must be reviewed and approved by the historic landmark commission. Existing preservation plans for the preservation of historic interiors or cultural landscapes is strongly recommended. In addition the program funds planning projects to secure the professional

preservation planning expertise necessary to help organizations develop some preservation priorities for the preservation of their

[11:19:38 AM]

buildings. We will be prioritizing properties deemed eligible within the east Austin historic survey conducted on behalf of the historic preservation office. Next slide, please. Educational projects must actively create experiences for tourists to interact with places and events. That authentically represent the stories and people of the past that are centered on our shared heritage community and history. These projects must benefit tourists and hotel guests. Again, no historic designation is required but it must occur at a historic site. Projects must meet at least two of the following historic cultural significance criteria. This is new within our proposed guidelines. The direct association with the historic event, significant people or a group of persons who had influence on local history, significant era, and

[11:20:44 AM]

significant movements. Some of the eligible expenses under this category include tours for historic heritage, legacy, or natural resources. Exhibitions, programs, demonstrations, conferences, workshops. In addition to events. And, again, any 100% virtual event we will waive that insurance. Next slide, please. Marketing projects are also eligible to connect and market heritage particularly of underrepresented histories and historic places or events. These projects again must also benefit tourists or hotel guests where no designation is required as long as the two criteria for historic cultural significance is met. This can include a variety of different project types from brochures and map to translation of any of the above. Website enhancements in

[11:21:47 AM]

addition to tourism marketing campaigns promoting Austin as a destination. Next slide. This is an overview of ineligible projects or expenses. I won't read through the list but I'll just kind of touch on a few. Food and beverage, historic interior furnishes, landscaping, neon signage, unless it has been preapproved by the historic landmark commission, residential properties are ineligible. Wayfinding, this particular item will be up for council review and consideration on the 30th of this month. So we look forward to providing some templates to make wayfinding and interpretive projects easier within the community. This is the proposed scoring criteria, which includes

[11:22:47 AM]

preservation or historic cultural significance, in essence asking the applicant to share the historic architectural significance of the project being proposed. Applicant representation. This is the organization or entity with leadership roles who belong to a segment of Austin's diverse population that is historically been underrepresented in historic preservation, including black, African American, indigenous, hispanic, Latino, Asian American, Middle Eastern, pacific islander, women identifying lgbtqia plus or disability communities. Tourism. How is the applicant marketing and reaching out to attract

tourists and how will they expand or engage new audiences to the movement of historic preservation or heritage. Feasibility. This is the qualifications of the project team, who all is involved at ensuring a

[11:23:48 AM]

successful completion of a project proposal. First-time applicants and community collaboration. Next slide, please. That concludes my presentation. We continue to host virtual office hours for anyone who has any questions, who has a creative idea and is uncertain if it would qualify for the program. We host those virtual open office hours each Tuesday from 10:00 A.M. Until 12:00 P.M. These draft guidelines and the working faq is also posted on our website. Thank you. If you have any questions, I'm happy to assist. >> Alter: Thank you. Council member tovo, did you want to start with questions? Do you want to take questions on a different day? What would you like to do? >> Tovo: I think with six minutes left there's just no way to ask questions. And I didn't understand that we

[11:24:49 AM]

were going to be focusing today on draft guideline changes and other things. I have -- colleagues, I had provided the direction that we, as a council not approve the historic preservation fund allocations for fiscal year 2022 because I believed we needed to discuss them and I still do. So I think I'll just stop there and ask our staff what the -- when are we having that conversation at the council work session? I've got just a slew of questions for you about that we did not address in the budget, which is the reason we didn't approve those allocations but this year there are quite a few administrative costs built into the proposed fiscal year historic preservation fund expenditures. We have two very important, in my opinion and in the opinion of this council, which has directed the manager to pursue the acquisition of one of two very important historical

[11:25:49 AM]

structures and I believe we need to consider changing the allocations for how we spend historic preservation fund over the next couple of years to accommodate those potential acquisitions. That's just a snapshot of the range of questions I have for you. Very nitty-gritty detailed questions about the proposed expenditures. I would like to engage with my colleagues on a conversation about shifting the allocations for the next couple of years to make possible those and so, I mean, it's very useful and interesting to know about the proposed draft guideline changes but I guess fundamentally I need to understand what our path forward is for reviewing, deliberating on, and providing you with the affirmation you would need to make the 2022, when is that contemplated to happen with council. >> Thank you, council member tovo. I'm in discussion with our interim budget officer to hopefully bring that information in October.

[11:26:50 AM]

It is critical that we bring that in October. >> Tovo: And so in the meantime, I hope then that none of the projects that were proposed to be funded through the 2022 allocations are moving forward. >> No. We have not launched any new programs but there are staffing associated with departments that are part

of the budget too. >> Tovo: There were quite a few. In fact, it looked to me like more staffing and administrative costs were now being funded through historic preservation fund than in past years, which was absolutely a conversation I wanted to have before the responsibility for funding those shifted to our really scarce preservation dollars. Are you suggesting that's already happened? That those staff -- that those administrative costs are already being paid for through the 2022 allocation? >> At this time it is contemplated but there were no new ftes added, either within

[11:27:52 AM]

economic development or the parks and recreation department. And I can send back the question that we responded to during the budget process. >> Tovo: Yeah, I've got that up. I mean, it was one of the reasons why -- it was one of the reasons why I pulled this area for conversation during the budget because, you know, a good deal of -- I mean, I'll just run through some of the expenses. 250 for marketing rep, 93 for a program coordinator, 108 for another coordinator, two temporary employees. You know, those I wanted an opportunity to discuss each and every one of those if they have -- especially if they are new positions and/or have been funded through other means in previous years because, you know, we worked really hard to try to get this funding freed up from other areas of hotel occupancy tax and in part that was to really help fund

[11:28:55 AM]

preservation projects within the community but it was also -- and I appreciate that we need staff and we want to have great programs at these sites but we also have two priority structures that we're attempting to purchase and the more money -- you know, if the preservation fund is now picking up costs that were elsewhere in the budget, we just have less resources for those critical purchases. >> So, again, I will consult with Cary Lange to get on the next agenda but ftes in this current year being funded by historic preservation are the same. There are no new ftes. >> Tovo: Are they -- have they been funded through the preservation fund in previous years? >> Yes. >> Tovo: Okay. >> I might add that the large

[11:29:55 AM]

majority of the positions that you mentioned were approved -- I believe it was in 2018 before the creation of this division or before economic development took over the administrative role. And so that is where a large portion of those positions came from. >> Tovo: Okay. So, again, I guess -- excuse me. Maybe the way to handle this is to request with a colleague that we put this on a work session agenda. I think it's certainly -- and if we're going to -- if you are marching forward with revisions to the historic preservation fund I want an opportunity to talk about those and maybe the way to do it is alongside the cultural arts funding conversations that I know many of us are interested in as well. But it is important to me that we look carefully.

[11:30:55 AM]

You know, the next year or two may not be the years to provide grants to outside organizations, given the need to really shore up our resources with regard to acquisition. And so I think that is a conversation we need to have pretty quickly, especially if staff are engaging in conversations with individuals in the community about what kinds of program they want and, you know, how they would suggest the grant program, look, I would hate to have those conversations if what we're going to do is really trim that program for the next year or two. >> Yes. Interim budget officer Cary Lange is listening and we will get back to you. >> Tovo: I appreciate it, thanks. >> Alter: Council member tovo, before you go, I wanted to just note that, you know, one of the things that we're talking about with cultural arts is that there's a certain uncertainty with respect to the hot funding. I don't know how that is

[11:31:58 AM]

playing out in the historic preservation fund budget as we see here. It was very conservatively budgeted for cultural arts, probably rightly given delta, but there is, you know, the potential for additional hot funds to be deposited, you know, which may provide some of the additional leeway that we need and we'll have a better idea of those soon. So I wanted to make that observation and then I just wanted to ask that it sounds like you have a lot of really detailed questions that perhaps you can try and get some of those answered before work session and so that in work session we can focus on some of the policy questions and you can raise the details that we need to know from those conversations. I think that might be, you know, we should definitely do this in work session but I think it sounds like perhaps some of these -- like the previous funding that was, you

[11:32:59 AM]

know, my recollection and I thought that we had talked about that during budget, that we had funded certain positions from the get go in 2018 that we're continuing and those were not newly funded because there was also, at the time of moving to the hot taxes, a desire to cover a certain portion, not a huge portion but what we could cover with respect to pard-funded historic-related positions. I believe those are the ones largely that were covered. But I think some of those details we could cover off the dais first and then we can really focus in on the important question you're raising about the acquisition versus the new program and what the funding looks like and maybe we can get an update on the most recent hot numbers to have a fuller picture. >> Tovo: Sure. And we did ask -- you know, one of the things we typically get a chance to review is the list

[11:34:00 AM]

of proposed projects with city facilities that would be funded. And I believe that in the context of this larger conversation I also asked for a sense of which projects were funded through last year and whether any of those could be halted. If we could have that information distributed, either to the audit and finance or to the whole council, that would also be helpful so we see if we were to approve as you've proposed, the allocations as they are currently, what would be the city facilities that March forward in terms of getting that funding so that we know if we're having that policy conversation about shifting the allocations we have a sense of what projects will not be moving forward immediately. >> And council member tovo, we did not propose any city facilities in fy '22, so they have a current

portfolio parks and rec that they are working on so the balance of funds are available to be distributed as council sees appropriate.

[11:35:02 AM]

>> Alter: Thank you. It would be helpful to have that level of detail clarified and shared with us so we understand that. Council member kitchen. >> Kitchen: Yes, I have to leave and won't be able to participate in the conversation so I just wanted to say one thing. I want to say thank you to director holt-rabb. I understand you all are taking some more time to work with the community and I think that that's very helpful and I appreciate that so I look forward to additional briefings in the future and would love to see a briefing in front of the full council at a work session. And as you get further along in talking with the community, this is funding for cultural arts is very challenging, particularly in our current environment, just because of limitations on resources.

[11:36:02 AM]

And I appreciate the difficulties that you all are dealing with and so I appreciate -- I just wanted to let you all know I appreciate that and council member alter, I appreciate your committee looking at this and I'm sorry I won't be able to participate today but I know that we'll have an opportunity for future conversations and I think at the right time it would be good to have a conversation in front of the full council as sinovia and her team work through them. Just wanted to share that today. >> Alter: Thank you, council member kitchen. I'm sorry we're not getting to this soon enough. I apologize for that. Council member Fuentes, did you have a question? >> Fuentes: I have a quick comment and a question. Just to piggyback off the

[11:37:02 AM]

conversation regarding previously-funded historical preservation projects, I wanted to request -- I'm sure this information is available somewhere but if someone can point me to where I can find a list of previously-funded projects through the historic preservation fund I would be curious to see previous investments that the city has made through these dollars as well as information as to the current -- or I guess if this is available, a comprehensive list of historical sites that are designated in the city that are eligible for this funding. I would love to take a look at that and have more of a sense of entities and sites and potential organizations that would be eligible but for whatever reason haven't applied. And thank you, staff for your presentation. I'm thrilled to hear about the emphasis on underinterpreted histories and having that part of our consideration and our work as we look at our historic preservation efforts and what

[11:38:03 AM]

that looks like throughout the city. And my question is director holt-rabb, you mentioned that the hot funding was about 55% of what we projected it would be at this point and I just want to clarify because I know September is the end of our fiscal year so is that projection based on the end of fy '21? In other words, are we landing at 55% of what we thought we would take in from the hot taxes? >> At this time

we are but just as a reminder we will go through a formal close of the financials of the city and it will be verified at least through close for certain. >> Fuentes: When does that usually come out, the information, when is that usually disclosed? >> Formerly -- Diana Thomas is on and she may clarify but we

[11:39:04 AM]

have to formally close and submit our reports in March. >> That is correct. >> But we have a very good idea by the end of October too but the formal closing is by March. >> Fuentes: By March of next year. So, wow. That's six months later. That's good to know. Thank you. Thank you for providing that information. >> Alter: Thank you. I think we'll move on to the cultural arts presentation and we will do our best to stop at noon. I do think it is important, given the conversation that's been going on in the community, that we at least have the presentation. If we have time for questions, that's great but I want to definitely allow you the opportunity to share the information because I think a lot has been shifting and there's been a lot of really good open discussion with the community to get input and feedback and I know that you're

[11:40:08 AM]

actively working towards next steps but are not there yet but I wanted to give you an opportunity, give us an update of where you are at this point in time. Ms. Holt-rabb, it's really difficult to hear you. I know you're not doing the presentation but that would be helpful. Thank you. >> Thank you, council member alter and again my apologies. For the sake of time, I'm going to ask Meagan wells to start with slide 4. The first couple of slides were just acknowledgment of the city support through saves funding, cares act funding and so if Meagan just could jump right into the presentation, that would be great. >> Hello, council, my began wells, cultural arts division manager within the economic development department. I just want to start with a reminder about our city's strategic direction '23 that leads with a lens of racial equity and healing and we know that race is a primary

[11:41:10 AM]

predictor of outcomes and it's time for us to recognize, understand, and address racism at its various levels, leading with and embedding equity into Austin's value system means changing hearts and minds, transforming local government from the inside out, eradicating disparities and ensuring all Austin community members share in the benefits. We use this lens to take a stance. Operationalized equity gets to the heart of how this is done, and I'll focus on that next. The equity office suggests a continuous process of normalizing conversations around race and racial equity, organizing around the work to be done with data and outcomes, and then operationalizing the work, which is making changes and focusing on practice that distills the equity commitment into changes and action. This slide includes just a few

[11:42:10 AM]



examples of operationalized racial equity but we have a longer list on our website, which is [austintexas.gov/departments/cultural-funding](https://austintexas.gov/departments/cultural-funding) that we have just recently added to show many of the ways in which racial equity can be prioritized to shift power, agency, financial resources, representation, and decision making within systems and organizations. Like I said, there are many ways that we operationalize equity. We intend to have more conversation with our cultural contractors about the valuable equity-driven work they're currently doing and how the city can continue to support this work. Next slide. To illustrate our historic inequities we need only look at our cultural funding data. On this slide we're taking a closer look at the data of groups who have received funding for ten years or longer, which we're calling legacy groups. Looking at the entire history

[11:43:12 AM]

of cultural funding from 1981 to 2021, we have a total of 167 legacy groups out of a total of 871 contractors over time. This includes both nonprofits and sponsored projects. Only 33% of our legacy groups are led by people of color. While this is telling in the need to increase funding to legacy organizations who are bipoc led, we have more work ahead of us to prioritize bipoc organizations who have not received large investments for quite sometime due to our policies of award amounts being capped by organizational budget size. For example, receiving \$12,000 a year for 30 years is very different than receiving more than \$100,000 per year for 30 years. If we're looking at all cultural contractors over time, 72% of all groups funded were not led by people of color. And they received 80% of total

[11:44:15 AM]

funding. Only 28% are groups led by people of color and they received 20% of total funding. This data tells us there's a need for change. Next slide. The need for racial equity center shifting in the cultural arts division funding program is clearly illustrated through this slide. Showing a more recent segment of time since 2015 when we do have self identifying race codes and you can see a clear disparities in the funds between demographic groups. Even in fy '21 with the creation of our equitable economic resiliency framework, black contractors account for only 9% of total dollars awarded and other contractors of color account for 8%. White contractors account for the majority of funds at 63%. It is data like this that reveals how our cultural funding system has been

[11:45:20 AM]

exclusionary over time. Lgbtqia, disability and gender identifying, et cetera. Next slide. In community conversations, we heard and recognized the importance of shaping the vision and goals for our cultural ecosystem around diversity, prosperity, inclusion, and self-determination, which this slide illustrates. We are centering both art and equity and we're mindful of the big picture of trying to celebrate and elevate Austin's full and unique creative culture. We are centering equity in our vision for this vibrant, diverse creative arts ecosystem and we are rebalancing support. Again, cultural arts division will measure operational equity through representation, redistribution, and other ways that organizations have committed to ongoing equity efforts. The arts commission as they're meeting this past Monday established a working group to better plug into this work and conversation, better connect

[11:46:20 AM]

voices of color to this process to inform our steps forward. Next slide. Let me talk about how these vision and goals manifest through our programs, which again are still under development. Nexus would leverage investments that encourage neighborhood-based activities by specifically funding community-centered collaborative projects. New and existing contractors could apply to nexus. Thrive would lead with racial equity to prioritize identifying and funding a cohort of culturally-specific creative partners, contractors for organizationally improvement leveraging funding to develop arts institutions of color will increase the stability of existing arts organizations led by people of color. Finally, elevate would be open to individuals, organizations, and unincorporated groups who are currently evidencing a

[11:47:22 AM]

commitment to racial equity through a variety of ways including programming. This would offer flexible organizational support to continue their equity-driven initiatives. Let me reiterate we are still open to feedback on the guidelines and the evaluation rubrics of these programs and we do not plan to launch any new program until we have brought back revised versions of these resources to the community and to the arts commission for further discussion. We've heard an urge to pause this work from some stakeholders but to correct these historic and structural disparities that have led to inequitable funding awards for decades, changes are necessary, if not now, then when? If we wait any longer to make these changes in the cultural funding programs we are perpetuating current inequities that we created. It will keep out my diverse applicants many of whom have been doing this work for years

[11:48:24 AM]

without city support. Staff has been running several funding scenarios, which I'll present in the next slide, but please keep in mind that if we continue with the status quo with the funding we have available for next year, contractors may still experience up to 91% cuts in their awards. Our funding bottom line is that we have limited resources. Only \$3.5 million, which is a 75% decrease to what existing contractors have received in the past at \$12 million. Utilizing another bridge year funding perpetuates the systemic racism of cultural arts funding and process. We are not proposing these scenarios or recommending them but wanted to show more clearly why we've ruled them out. If we maintain the equitable economic resiliency framework that we used in fy '21, which was also a major cut from pre-covid years, it wouldn't go far enough to meet our equity commitment and there would

[11:49:24 AM]

still be a significant award reduction for most economically-vulnerable contractors. If we did an equal reduction for everyone, it would be a 47% cut in all awards. And we know that equality is not the same as equity. Equity recognizes that each person has different circumstances and we should be allowing resources at different levels through an equity-driven model. The equality scenario involves award levels not meaningful for the cultural services that we're contracting for and we are denying applicants that have been waiting for at least two fiscal years to graduate to one of the larger funding programs. I'll now

hand it over to Brian oaks, chief equity officer, to wrap up this presentation with his insights. Next slide.  
>> Chair, before Mr. Oaks starts, can I ask a question of Ms. Wells? >> Alter: Sure.

[11:50:24 AM]

>> Pool: Thanks. Ms. Wells, in the portion of your presentation where you were giving us the percentage of applicants falling in the various demographic categories, I would also like numbers on how many applicants per category you have. I'd like to see the universe so that we have an understanding. For example, if 10% of one demographic group is participating in our cultural contracts but in the universe of applicants that portion is pretty close to how many of them received funding, then that is an important piece of information for us to have. And that is lacking. So please go back to your numbers and bring us back the

[11:51:26 AM]

universe broken into applicants by the same demographic categories that you have and then later we can look at what share of the funding pie those categories have achieved, historically and presently. Thank you. >> Thank you, council member. >> Alter: Mr. Oaks. >> So just in closing, I really wanted to tell our economic development team that I really appreciate the hard work that you all are doing because equity work is really hard and difficult and challenging work to do. It requires us to really disrupt patterns and procedures that we've become accustomed to for decades. It pushes us to really rethink systems and rebuild our program structures to try to achieve better outcomes. It humbles us at times because we had to admit that maybe the

[11:52:28 AM]

design program, our structure didn't create the type of access that we wanted to for certain populations. And it requires overall a significant amount of change, which is really hard. And at times, in the face of this change, we face a circumstance where everyone isn't equally invested in the change and that a lot of people don't even believe that change needs to take place, period. And you find yourself, when you do equity work in that environment constantly. I think one of the biggest obstacles that confronts us doing really good equity work is the notion that it's a zero sum game. The work stalls out really quickly in many circumstances because there's a perception that for someone else to win or benefit from a program or initiative, it must come at the loss or expense of those historically that have historically benefited from the program. We've talked to many

[11:53:28 AM]

stakeholders and community members during this process and it's really been a reoccurring theme that we've heard a lot about. I feel that as we do this work our challenge is really around how do we push ourselves to break away from this paradigm and visualize more emerging models that look at growth and expansion of the larger system and the opportunity we all have in the long run to benefit because we grow and we expand the pie. There's a moral and social justice imperative to center equity but I don't think we talk enough about the business case for equity and the quest of advancing equity and

how it actually leads to improving our systems, creating growth of our ecosystems, and also building resiliency in our economy. Many of you are probably familiar with the work of Dr. Angela Glover Blackwell. She is the former CEO of policy

[11:54:28 AM]

link and while she was at policy link she wrote extensively about the relationship between equity and the strength of economies. And in this case we're really looking at the well-being and the strengths of our arts economy or sometimes our cultural arts division, they like to say the ecosystem. The bottom line is that the research tells us that reducing inequity is really good for growth. Great economic inclusion corresponds with more robust economic growth. However, when you have systems with major inequities it stifles and hinders growth and expansion. Our data indicates a historic pattern of inequity and who was able to access and draw down funding from our cultural arts programs. The research tells us that there's a beneficial relationship between equity and growth. The federal reserve bank of Cleveland analyzed the growth trajectories of 118 regions and found that measures of both

[11:55:32 AM]

racial inclusion and income equality were positively associated with a host of economic growth measures, including employment, output, productivity, and per capita income. Dr. Glover Blackwell writes that by building the capabilities of those who are the furthest behind, we begin to solve our most serious challenges but we also create the condition that will allow everyone to flourish. Equity is not a zero sum game, it's a win-win proposition. The more we invest in each other, the better off we'll all be. Equity matters to our economic recovery and our economic future. Equity is the superior growth model. Our efforts to make the changes to drive better racial inclusion, cultural arts funding programs helps us grow and expand so that we can create a healthier, more resilient arts ecosystem and

[11:56:34 AM]

create opportunities in the long run for everyone to be able to thrive. And I'll turn it back over to Meagan. Thank you. >> That concludes our presentation. >> Alter: Thank you very much. So in the interest of time, I want to make sure folks know that the arts commission met on -- I believe it was Monday night. It sound like they're having some really fruitful discussions. They have, you know, they're continuing this community engagement process, working closely with the cultural arts division. I think the guidelines and rubrics are continuing to be revised and looked at and I know that, you know, one of the pieces that is a focus is trying to understand how many of the existing organizations were engaged deeply in the equity work of, you know,

[11:57:35 AM]

creating spaces and opportunities for artists, bipoc artists to present and what that meant for those artists, et cetera, and finding ways to continue to support and encourage that kind of work and I understand that's beginning to appear in the draft proposals. The arts commission elected on Monday to form a community equity working group of artists and leaders, including bipoc, black, hispanic, native

American, lgbtq, disability, and women to facilitate communication and management. My understanding from this presentation and from the arts commission, there's a recommendation from staff advising the guidelines based on the feedback but are looking at launch plans and program prioritization. And that the arts commission affirmed a priority to get the arpa money out the door. I will just remind folks that

[11:58:37 AM]

the arpa money has a different set of requirements and allows us to think about investments, allows us to think about both the transition through covid as well as the transition for the cultural arts program, assuming that we want to continue with centering equity, provides us some mechanisms for that. I believe that the arts commission has some creative approaches that they're trying to refine and look at using and deploying those funds to help our arts organizations get through this period of time in ways that allow them to determine what the best use of the funds are for those organizations. And I think they have some really good next steps in terms of their formulas, et cetera, and I think we need to let that work continue. That being said, I know the mayor was off the dais today and I know there's a strong

[11:59:37 AM]

feeling among council that we want to be able to talk about this and be able to be comfortable and confident moving this forward. And while I agree with that, I do want to thank the arts commission and all the folks who are working on this and our staff. I think we need to let those conversations happen. I think it's a conversation that needs to be had. It's a difficult conversation. It's particularly difficult under covid circumstances but I think we are getting to a point where it is a productive and a constructive conversation that more robust conversation more of knowing that we have INT rested individuals and organizations

[12:00:41 PM]

who want to follow along with us is when can they expect that the next conversation? It sounds like if

[12:01:41 PM]

folks want to continue to voice their input and participate in this process that the more immediate and direct connection would be through the arts commission and

[12:02:52 PM]

their working group meetings. I know they're having community meetings as well in their next commission meeting. Thank you.

[12:03:59 PM]

>> Alter: Thank you. Seeing no further comments, thank you, staff for presenting this morning. It is 12:05 and I will adjourn

[12:05:11 PM]

the audit and finance committee. Thank you folks for staying a little bit later today.