

Report of the Reinvestment in Facilities and Assets Working Group to the 2018 Bond Election Task Force

The six members of the Reinvestment in Facilities and Assets working group (“working group”) have met frequently with the professional staff of many City departments over the past several months, sometimes on a weekly basis. On many occasions, City department staff have been called back to further explain their needs and suggestions. The working group has listened to countless hours of testimony from and engaged in discussion with the public and various advocacy groups regarding many City activities and programs. In recent months, as the task force began meeting around the City, many more citizens and citizens’ groups have spoken with the working group and task force.

Initially, upon hearing from several citizens that Austin taxation was excessive and that citizens and businesses were being priced out of town, the working group made recommendations gauged to minimize a potential tax rate increase. Unfortunately, that range of funds does little to address the many deficiencies and needs identified, and the working group heard continuous pleas from citizens to restore funding to needed programs and assets.

Following are the recommendations of the working group after consideration of all of these contributors. The working group wants to express its appreciation to the various staff contributors and especially to Ms. Katy Zamesnik and Ms. Carla Steffen for organizing and assisting the working group in its deliberations and discussions.

The title of the working group’s charge is “Reinvestment in Facilities and Assets,” with a focus on repair or renovations. Despite this, there are many “new builds” presented to the task force for review and analysis. These new builds focus on achieving equity in a city where some neighborhoods have experienced less investment in the past, and therefore do not have access to equitable services today.

RECOMMENDATION #1: The working group recommends that public input begin much earlier in the process for the next Bond Election Advisory Task Force. A formal mechanism should be established to identify projects and details raised throughout the process to be chronicled for subsequent review and consideration. Further, the working group suggests that a procedure be established and advertised to maintain citizen communications in an orderly and organized manner. The working group was often overwhelmed by public input, and as a consequence unable to discuss the information delivered. Perhaps making 25% of meetings closed to comment would be a good starting point.

FUNDAMENTAL OBSERVATIONS: The working group has been amazed at the costs for City construction of facilities. The working group concluded that over the years, the Public Works Department, Council, and other City departments have methodically added requirements, interdepartmental fees, inspection fees, review fees, regulations, and other similar costs for construction of facilities by the City of Austin. Largely due to these City-imposed fees, regulation costs, and costs associated with city policies, the City of Austin cannot build a facility at a cost comparable to or competitive with private industry. This is a staggering observation. City cost estimates are often twice, or sometimes even more than

reasonable, direct comparable costs for a privately-constructed facility. The working group has reached the reluctant conclusion that **the citizens of Austin, Texas, cannot afford to underwrite or incur long-term indebtedness to amortize a City-constructed facility.** This is a very serious situation that must be corrected if the City is to continue its service to the citizens and taxpayers of Austin.

For example, upon reviewing City cost estimates:

- The working group found that almost every project calls for Architectural Engineering Consultants charging around 9% of the project estimated cost. Hasn't the proposed facility been designed by this point? If so, then what if this fee for?
- The working group found that every project includes "interdepartmental charges" apparently consisting of Public Works Department fees for project management services and construction services totaling about 6% of project costs. The working group wonders why there is not a single project manager who is responsible for the entire project.
- The working group discovered a fee for construction material testing, often accompanied by fees for geotechnical reports, hazardous material testing, and environmental assessments. Often, these fees and services are required by the City, even when building on existing City property.
- The working group found special inspections such as a "commissioning agent" for a 1% fee. What does a commissioning agent do? And why is this expense necessary?
- The working group noted a 35% construction contingency, which is likely proper, but then there was also a hazardous material abatement fee and an "ROCIP." The working group wonders why such a large contingency is allotted when so much is already specified.
- The working group finds a fee for "debt issuance," which is not fully understood by the working group. There is also an undefined "GAAYN connection" fee.
- The working group finds that the City of Austin must pay a permit fee to the City of Austin to build a facility for the City of Austin, which the working group finds to be appalling.
- In many cases, new equipment and furniture are included in cost estimates for bonded investments. The working group finds this to be inappropriate. Borrowing money for up to 30 years to amortize furniture that may last 10 years is poor practice.
- The working group found that "Art in Public Places" was required at about 1% of the project. Most of these projects are garages and warehouses, not available to the public, thus the working group feels such a fee is inappropriate.
- Lastly, the working group found an additional 10% project contingency fee, as well as a line for "project budget escalation".

These observations reflect cost estimates that are typical of City of Austin projects. Most City projects have costs per square foot far in excess of costs in the general real estate industry. Throughout this report the working group will note other similar excessive costs.

RECOMMENDATION #2: The working group recommends that the task force recommend to the City Council that a study be commissioned by the council to compare private construction costs to those carried out by City staff.

RECOMMENDATION #3: The working group recommends that the task force recommend to the City Council that an analysis and study be commissioned by the Council to identify and quantify the individual costs of the respective fees, costs required by city regulations or city policies, and costs related to the series of inspections by various departments, and that these costs be provided to the members of the City Council to illustrate and amplify the impact of their rules upon the costs of City construction.

P3 - The working group highly recommends expansion of current “Private-Public Partnership” (“P3”) discussions in the City’s attempt to reduce the unit costs of construction. The principle problem, however, is city-imposed cost features, which if applied against a private builder under contract, will have the same effect upon construction costs.

RECOMMENDATION #4: The working group recommends that the task force recommend to the City Council the establishment of a high-level task force to explore the broad possibilities of the City contracting with private builders and developers to provide the City needed space for lease-purchase by the City.

AUSTIN POLICE DEPARTMENT

The Austin Police Department came before the working group with requests for four facilities.

- A 25,000 square foot 3rd floor addition to an existing APD classroom building. Upon working group review of its cost estimate, the construction cost was over \$308 per square foot. In view of this cost for classroom space, the working group concluded that the City and its taxpayers would be better served if APD simply leased the space required.
- The renovation of an existing approximately 10,000 square foot building for the joint use of APD and PARD Park Ranger Patrol. The existing building appears to be a former residential building, and the cost estimate came out to be \$827 per square foot. As above, the working group concluded and recommended that APD and PARD find a better solution.
- APD manages 3 helicopters and 1 fixed-wing aircraft. APD currently leases hanger space from a fixed-base operator at Bergstrom. APD wanted to locate its new facility nearer to the existing National Guard facility at Bergstrom. Again, upon working group analysis, assuming about 17, 078 square feet, the cost of a new hanger would run about \$470 per square foot. Again, the working group concluded that in face of this cost, the taxpayers of Austin would be better served by APD continuing to lease hanger space.
- APD needs a new North East substation. They proposed a 20,268 square foot facility was designed. However, the cost estimate for that proposed facility was \$825 per square foot. The working group considered that to be unreasonable and unaffordable, and recommended that APD find another solution.

AUSTIN FIRE DEPARTMENT

The working group has not seen specific cost estimates for proposed AFD facilities. However, staff requested and the working group recommended: **\$13,000,000**

This amount includes driveway repairs on the following fire stations:

- 1, 3, 4, 14, 15, 21, 22, 24, 26, 27, 28, 29 and 40, and
- deferred maintenance level 1 condition to the following fire stations:
- 14, 15, 17, 18, 19, 21 and 28

In addition, although the working group was not focused on new construction, the Austin Fire Department identified five critical locations for fire stations as noted below. The initial projected cost for these five stations and appurtenances was over \$100 million which the working group concluded was excessive and unreasonable. Upon receipt of numerous public comments reinforcing these significant additional needs, along with Asst. City Manager Rey Arellano's October 9, 2017 memorandum, the working group now recommends an additional package of: **\$31,000,000**

This amount includes the construction of three new fire stations from the following identified list:

- Travis Country [District 8], Loop 360 [District 10], Goodnight Ranch [District 2], Moore's Crossing [District 2], Canyon Creek [District 10].

This is well below the requested construction amount. The working group concludes that fire-fighting apparatus should not be included in a 30-year bond request, but rather should be provided for in annual operating funds. The working group hopes for significant reduction in the cost per station can be achieved.

Resulting in a total recommendation for the Austin Fire Department of: **\$44,000,000**

EMERGENCY MEDICAL SERVICES – EMS

Facility upgrades to the following stations, including renovation of building systems, building expansions/additions to better provide services, and necessary ADA compliance, staff suggests the following funding. The working group has not seen specific cost estimates for these requested projects.

- FS 1: \$5,050,000
- FS 5: \$5,570,000
- FS 7: \$4,580,000
- FS 10: \$7,670,000
- FS 13: \$1,430,000
- FS 33: \$383,000

Total: **\$24,683,000**

It should be noted that AFD has operations in each of these stations.

Resulting in a total funding recommendation for Austin EMS of **\$25,000,000**

PARKS AND RECREATION DEPARTMENT (PARD)

The Parks and Recreation Department (PARD) has massive assets and programs throughout the City of Austin. The working group met with PARD staff more than with the staff of any other department, as well as many collections of citizens in organized groups and individually who are advocates for various PARD programs and assets. The working group has seen no cost estimates for individual PARD projects, but it is assumed that the same excessive construction cost problems appear here as in other departments.

ARTS AND CULTURAL CENTERS

The Dougherty Arts Center (“DAC”) is located on the NW corner of Dawson Road at Barton Springs Road. The facility was originally built in 1947 by the US Navy Reserve. The major facility need is a resolution to a badly deteriorating, heavily used Dougherty Arts Center (DAC) [District 5]. This need has been identified on several bond proposals in the recent past with no action forthcoming. The DAC is adjacent to West Bouldin Creek and is subject to periodic flooding (cited as being within the “25-year flood plain”) because it has a surface-level entrance which receives flood waters from Barton Springs Road. The DAC is located upon a supposed landfill, subjecting the facility to TCEQ Subchapter T methane emission monitoring. Further, the DAC is inefficient and has become very difficult and costly to maintain and repair. A citizens group has studied the staff proposal and supports it. In consideration of this, staff recommended that the current facility be razed and converted to parkland or another PARD-associated use, and that a new facility be constructed to be located at Butler Shores to accommodate DAC users. The working group has not seen a cost estimate. The staff suggested budget for this is \$25,000,000. Many of the 66,000 regular users of the DAC advised members of the working group that the greatest advantage of the DAC is its physical location, not necessarily its facilities. The proposed Butler Shores location, across Lamar Boulevard would be in the same general area. Adequate parking space is a strongly recommended consideration.

(For comparison, it is noted by the working group that the Hill Country Indoor Sports and Fitness Center was constructed privately in Bee Cave, TX including 140,000 interior square feet of high-ceiling space, a separate parking garage for 613 vehicles, 5 party rooms for children’s events, for a total construction cost of \$25,000,000, equal to the amount requested for the DAC).

Nonetheless, the working group acknowledges that something must be done for the DAC. The staff suggestion and the working group recommendation is to provide funding for the Dougherty Arts Center replacement of: \$25,000,000

Asian-American Resource Center [District 7]: PARD staff suggests and the working group recommends the following to address issues related to parking, pedestrian connectivity, outdoor amenities and seed funding to implement Phase I priorities determined by the anticipated master plan: \$5,000,000

George Washington Carver Museum and Cultural Center [District 1]: PARD staff suggests and the working group recommends for addressing current building infrastructure, ADA improvements, full funding for an update of the master plan and seed funds to initiate implementation of the next phase’s priorities: \$7,500,000

The members of the working group observed very poor maintenance at PARD-maintained facilities resulting in damage to the facilities. Specific emphasis was applied to the deterioration of the facility and equipment of the Carver Museum.

RECOMMENDATION #5: Upon questioning of staff the working group was advised that traditionally PARD's maintenance budget was \$500,000 per year until very recently when it was increased to \$1 million per year. In view of the conditions of PARD facilities around the community, the working group recommends that the task force recommend to the City Council a significant increase in the maintenance budget for PARD facilities. The working group also learned that there is a policy providing for adequate maintenance funds by staff, but that frequently those funds are re-appropriated by Council. Please don't do this in the future.

Emma S. Barrientos Mexican-American Cultural Center [District 9]: PARD staff suggests and the working group recommends addressing the priorities of Phase II including general renovations to the existing building, renovation of the auditorium, expansion of the South Crescent and site improvements including the Grande Entrada:

\$15,000,000

Mexic-Arte Museum [District 9]: The working group and the task force heard presentations by proponents of the Mexic-Arte Museum, which owns a building at 419 Congress Avenue. This building has been leased to the City of Austin and Mexic-Arte has subleases it back from the City under a service agreement. The upper floors of the 19th Century building are unsafe for public use. The master plan for Mexic-Arte is to completely rebuild the interior of their building to make 22,919 square feet of floor space usable for the public purposes of the museum. Mexic-Arte received \$5 million in funding from the 2006 Bond, most of which they still hold. Mexic-Arte requests \$15 million to close the gap in funding to renovate their building. The building cannot be razed. A financial institution holds first right of refusal should Mexic-Arte decide to utilize the building for a purpose other than a museum. The City of Austin insists that the external facades of the building remain. The working group recommends:

\$15,000,000

These total recommendations for Arts and Cultural Centers amount to

\$67,500,000

Aquatics/Pools: It is reported that Austin has more swimming pools than any other Texas city. Many of these pools were built 20- to 40-years ago and are nearly all in the process of deterioration. Many need significant equipment upgrades and maintenance beyond what would be budgeted in normal operations. Consequently, many City pools are on the verge of shut-down or replacement. Further, staff has expressed the concern that present staffing may not be able to manage large numbers of pool renovations, even if excessive funds were available. Among the named pool renovations named are the Givens Pool [District 1] (\$6 million), the Mabel Davis Pool [District 1] renovation (\$4 million), and a new Colony Park [District 9] pool (\$13 million). Planned renovations cover pools located throughout the city (\$10 million). Staff suggested and the working group recommends an Aquatics funding package of:

\$33,000,000

The working group is aware of City Council interest and action on this matter and will defer to City staff to consolidate the working group's recommendation along with the desires and resolutions of the City Council.

Other noted facilities in need of major improvement were the Pharr Tennis Center (\$4 million) and Kizer/Grey Rock golf courses (\$4 million), and the Norwood project (\$2 million). The working group recommends funding for these at: **\$10,000,000**

Building Renovations: Among the major building renovations needed are Hancock Recreation Center (\$2 million) [District 4], Givens Recreation Center (\$1 million) and Austin Recreation Center (\$500,000) [District 9], as well as work to be done at several other sites across the city (\$3 million). The working group has not seen individual cost estimates for these or the following projects. The staff recommended and the working group recommended a funding package for portions of these renovations in the amount of:

\$6,500,000

HVAC: Many of PARD's park structures are in need of mechanical and air conditioning repairs and replacements. Needs listed are: District 2: Dove Springs; District 3: Fiesta Gardens, Parque Zaragoza, Pan-American; District 5: PARD Main Bldg., South Austin SAC; District 8: ANSC; District 9: MACC (note, also addressed in Cultural Center funding); District 10: Mayfield Park; and

Roofing: Many of PARD's park structures are in need of re-roofing or major repair. Needs listed are:

- District 1: Delores Duffie;
- District 3: Metz;
- District 8: ANSC;
- District 9: Eastwood RR, Little Stacy RR, Lamar SAC;
- District 10: Brykerwoods (Shoal Creek Greenbelt), Mayfield Park, Lions Municipal Golf Club; and

Doors and Windows: Many of PARD's facilities need new doors and windows. Needs listed for District 8: ANSC, McBeth Annex; District 4: Gus Garcia Center; and

ADA and Safety: Throughout the city various PARD facility have numerous structural deficiencies required by the Americans with Disabilities Act (ADA) and general safety protection. For all of the above needs, the staff suggested trying to handle about 15 sites and the working group recommended funding in the amount of: **\$5,000,000**

Infrastructure: On about 51 locations around the city, PARD needs to replace or install playscapes and safety surfaces. Among the noted sites are:

- District 1: Givens Park;
- District 3: Metz;
- District 6: Tanglewood;
- District 7: Northwest, Walnut;
- District 8: Circle C;
- District 9: Clarksville;
- District 10: Tarrytown.

Staff suggested and the working group recommended funding for this effort in the amount of: **\$4,000,000**

Trails: PARD has jurisdiction over most of the trails crisscrossing the city. Many of these need repair and reconstruction. Among the neediest are: Eastlink, Butler, Country Club Creek and Walnut Creek. The working group also heard citizen requests for the Zilker Loop. Staff believes it can improve 2 or 3 of these trails and suggested and the working group recommended a Funding package of: \$3,000,000

Parking Lots and Roadways: All over the city PARD has major parking lot and roadway repair needs. Among the neediest are:

- District 1: Givens, Doris Miller Rec Center;
- District 2: Springfield (Marble Creek or Salt Springs);
- District 3: Govalle, Parque Zaragoza Rec Center;
- District 4: Bartholomew;
- District 7: Northwest Rec Center;
- District 8: Zilker Clubhouse, ANSC;
- District 9: Hancock Rec Center.

Staff believes it can handle between 10 and 12 of these and suggest and the working group recommends funding of: \$2,000,000

Athletics: renovation of Montopolis Practice Fields, District 3; also bleachers, turf renovation, irrigation; and

Light Pole Replacement: From time to time poles need to be replaced and reset for a variety of reasons. Places in need:

- District 1: Downs Mabson;
- District 3: Parque Zaragoza, South Austin;
- District 5: Barton JC;
- District 9: West Austin Youth Association.

Staff believes it can perform this work on about 8 sites and suggests and the working group recommends funding in the amount of: \$2,000,000

Metropolitan Parks: Major work is required for the enhancement and development of Metro Parks, among which are:

- Districts 1 and 2: John Trevino Park; Walter E. Long;
- District 3: Holly Shores;
- District 9: Festival Beach, Lamar Beach.

PARD has specific plans and programs for each of these properties and suggests, and the working group recommends funding in the amount of: \$10,000,000

The working group has not seen specific cost estimates for the above and following projects.

District Parks: PARD has major projects involved in district parks. Those specifically named are

- District 1: Givens Park;
- District 3: Bolm (new) Park;
- District 9: Pease Park.

Staff believes they can complete work on at least two of these and suggests and the working group recommends funding in the amount of: \$5,000,000

Neighborhood Parks: PARD has identified 3 or 4 neighborhoods where parks are needed or where park improvements are necessary (like Norwood Park), and staff suggests and the working group recommends a funding package of: **\$3,000,000**

Pocket Parks: PARD has identified but not listed a couple of needed pocket parks, and PARD suggests and the working group recommends a funding package of: **\$1,500,000**

Greenbelts: PARD outlined several areas where significant greenbelt work is required. Noted are:

- Districts 7, 9 and 10: Shoal Creek Greenbelt;
- Districts 6 and 10: Bull Creek Greenbelt.

Staff suggests and the working group recommends funding for this project of: **\$2,500,000**

Downtown Squares: The working group presumes this category also includes downtown parks. Staff suggests and the working group recommends funding of:

\$1,000,000

Master Plans for Seaholm, Waller, AISD infill Parks, staff suggests and the working group recommends funding of: **\$6,000,000**

Cemeteries: The City has and maintains 6 cemeteries, many of which are deteriorating and structures need configuration and upgrading. Staff suggests and the working group recommends funding of: **\$2,500,000**

Resulting in a total recommendation for PARD programs and facilities in the amount of **\$97,000,000**

AUSTIN PUBLIC LIBRARY

Major Maintenance: Upon review of the conditions after the New Central Library opening, staff briefed the working group on the needs of existing branch libraries, HVAC systems, general deferred maintenance items; the working group recommended a package of funding in the amount of: **\$20,000,000**

RECOMMENDATION #6: The working group recommends that the task force recommend to the City Council that maintenance, especially lighting, plumbing, HVAC, and other energy and water related improvements, are not funded by 30 year bonds. These improvements do not last 30 years, but in addition, they could easily be pursued by Energy Performance Contracts (EPCs), in which a private third party investor finances energy and water improvements which are paid back through utility savings. These projects could be repaid through operations savings to each department through reduced energy costs, as opposed to being funded through increased tax rate to the citizens of Austin.

The argument has been made that the city can bond money at a lower rate than borrow money for an EPC. This is an inappropriate response that the City would rather raise taxes than pay for improvements through its own budget savings. Similar financing is also available through government grants subsidized by the Department of Energy, Qualified Energy Conservation Bonds. These should be utilized, especially for library and fire station improvements.

Archives/Austin History Center: Beyond that recommendation, the working group was advised of critical infrastructure needs in association with the provision of adequate archival space for the Austin History Center [District 9] planned for the first two floors of the John Henry Faulk Building. Estimated total costs for renovation of the Faulk Building and preparation for archival storage runs approximately \$14,480,000, and received a City resolution to the effect (Resolution 20080424-065).

However, upon review and discussion between the working group and staff, the observation was made by the working group that the John Henry Faulk Building is in a valuable downtown location and the working group questioned both the utilization of that space for archives, and the actual cost of preparing that building for archival storage. It was the strong opinion of the working group that the City Council should review the market value of the John Henry Faulk Building for possible ultimate sale and return to the tax rolls, and that the decisions on utilizing that space for archival storage be delayed until Council determines what it wants to do with the building. This is counter to the recommendations of the AHC citizens support group.

In view of the above with the same caveats regarding costs, the working group recommends the requested funding for the suggested repairs and maintenance of the John Henry Faulk Building of: **\$11,500.000**

Resulting in a total recommendation for the Austin Public Library of: **\$31,500,000**

AUSTIN PUBLIC HEALTH

RBJ Health Administration Building: The working group received a presentation for major renovation to one floor of the RBJ Health Administration Building to accommodate an initial wellness program for health maintenance for low-income senior citizens, to be coordinated through the LBJ School Policy Research Project. The request was for \$5 million. In view of the scant details and the timing of the proposal, the working group deferred recommending financial support of this project in the 2018 Bond Election.

Dove Springs Health Center: The staff of Austin Public Health (APH) proposes to establish a public health facility in the Dove Springs [district 2] area to more adequately serve citizens there. This is an underserved area of the city. This facility would replace their use of existing PARD facilities in that area. APH estimates initial usage would be on the order of 12,000 citizens. **\$16,000,000**

The total working group recommendations for projects and programs outlined under the Reinvestment in Facilities and Assets category is:

\$281,000,000

Respectfully submitted, members of the Reinvestment in Facilities and Assets Working Group:

H. Ken Rigsbee

Jeremiah Bentley

Yasmiyn Irizarry

Jeff Smith

Rachel Stone

V. Bruce Evans