




## MEMORANDUM

TO: Mayor and City Council Members  
Marc Ott, City Manager

FROM: Rosalinda Jalifi, Assistant Director  
Economic Growth and Redevelopment Services Office 

DATE: June 4, 2009

SUBJECT: **Response to questions on the Interlocal Agreement with the University of Texas Professional Development Center for small business training**

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The purpose of this memorandum is to respond to questions from Council Member Shade's office concerning the referenced interlocal agreement. As you may recall, this item was originally scheduled for the May 21 Council agenda, but was postponed until June 11.

The information provided below pertains only to contracts managed by EGRSO. You will receive a subsequent memorandum from the Department of Small and Minority Business Resources that addresses contracts managed by them.

If you have any further questions regarding these responses or the agreement, please contact me at 974-7739.

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**In what ways does the City help minority chambers through the small business program?  
Do we contract with minority chambers to offer any business classes/training?**

The EGRSO Small Business Development Program focuses on assisting all small businesses in the five-county area, regardless of ethnicity, gender, or interest in doing business with the City of Austin.

EGRSO's underlying strategy for the grants to the three minority chambers of commerce is to develop their organizational capacities so they can participate in higher-lever economic development activities. The activities included in the grants are designed to help the chambers grow in membership, become a greater resource for doing business in Austin, and gain experience in economic development recruiting efforts.

EGRSO has awarded \$255,000 to the 3 minority chambers as Economic Development Grants. The funding levels and scopes of work for these grants are described below.

***How did UT get the contract? Competitive process?***

This contract is being awarded through an interlocal agreement rather than a competitive process. The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, allows a government to contract with another government without a competitive process through an interlocal agreement. However, the Purchasing Office and Legal review interlocal agreements to ensure all necessary standard contractual provisions are included, and that all specific provisions are clearly written.

EGRSO has awarded training contracts through competitive processes on three previous occasions. In all three cases, the vendor did not meet the performance criteria.

Consequently, the decision to award this contract non-competitively was made in an attempt to improve the quality of small business training. After researching the organization, meeting with their staff, and reviewing the instructors' credentials, EGRSO concluded that the UT Professional Development Center could meet expectations for the quality and consistency of training.

***Do you have a list of contracts the City offers to minority contract associations (specifically construction), minority chambers, and all others (i.e. ACC) for any business development/training?***

EGRSO has contracts with the following organizations to provide business development and training. DSMBR will provide information on contracts with the minority construction trade associations.

Organization	Service Delivered
Austin Community College*	QuickBooks® Software Business Training
Austin Community College*	Business Development Business Training
Austin Community College*	Accessing Capital Business Training

\* The interlocal agreement with the UT Professional Development Center will replace these contracts.

*How much does the City give to each one of these contract groups? And how much does the City get out of them (# of classes etc.)?*

Organization	Dollar Amount	Scope of Work	Performance Targets Met
Austin Hispanic Chamber of Commerce	\$90,300	1] Host an activity that will help existing members and help the Chamber recruit new members <sup>§</sup> ; 2] Develop a webpage on their existing website that provides information on their respective ethnic community to outside businesses interested in Austin; 3] Host an employment expo targeted to minority job seekers that features job opportunities with Austin's medium and large corporations; 4] Participate in economic development recruiting trips with the Greater Austin Chamber of Commerce	All grant milestones were met for FY 2008. FY2009 grant is still in progress.
Austin Asian American Chamber of Commerce	\$87,000		
Capital City African American Chamber of Commerce	\$77,700		
Austin Community College	\$49,945	Provide classes on writing a business plan, developing a marketing plan, cash flow analysis, preparing financial statements, and business taxes	Target was 99 classes to a minimum of 990 participants. The contract was completed in April 2009 and they delivered 33 classes to 386 participants.
Austin Community College	\$91,370 (2 years)	Provide classes on the commercial loan process, alternate sources of financing, debt management, and credit management	Target is 98 classes over 2 years to a minimum of 980 participants. With 3 months remaining on the contract, they have delivered 15 classes to 109 participants.
Austin Community College	\$30,350	Provide classes on QuickBooks® and the basics of small business accounting	Target is 15 classes to a minimum of 150 participants. With 4 months remaining on the contract, they have delivered 10 classes to 93 participants.

<sup>§</sup> Funding for this item was allocated according to membership size. The other activities are funded equally.

cc: Sue Edwards, Assistant City Manager  
Rodney Gonzales, Acting Director, EGRSO