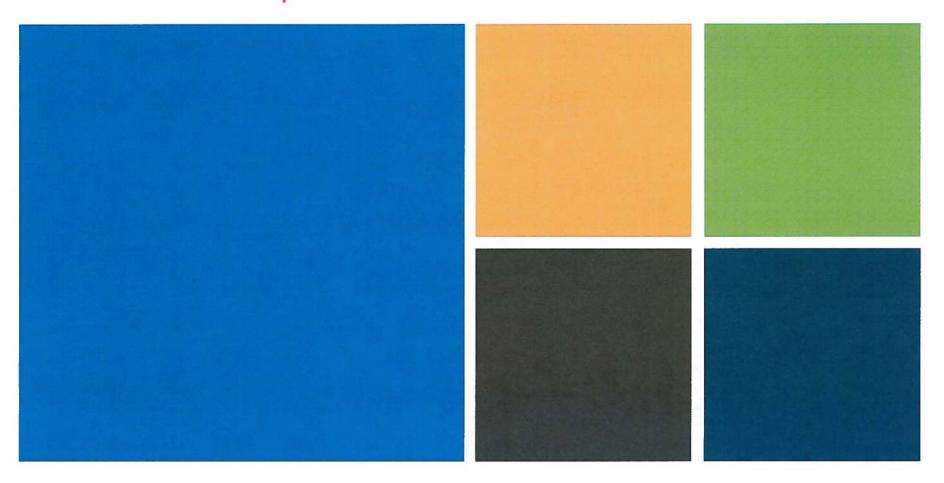
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Economic Development Proposal The Advisory Board Company June 2011

Economic Development Proposal

- The purpose of today's briefing is to present the following:
 - A background of the economic development proposal and timeline for future City Council meetings
 - An overview of The Advisory Board Company
 - A review of the economic development matrix criteria and score
 - A summary of the WebLOCI fiscal impact analysis
 - A compilation of the overall benefits from this economic development proposal
 - A review of the proposed economic development agreement

Background

What is being considered and when?

- A proposed economic development agreement between the City of Austin and The Advisory Board Company to establish a software center, create jobs, and make investments in Austin.
- The economic development proposal is being presented over two City Council meetings:
 - June 14, 2011 At a special-called City Council meeting, EGRSO will provide a briefing on the economic development proposal to the City Council and the public.
 - June 23, 2011 At a regularly scheduled City Council meeting, the economic development proposal will be placed on the City Council meeting agenda as a public hearing item and action item.

The Advisory Board Company

Company overview

- Publicly traded company founded in 1979.
- Company is headquartered in Washington, D.C.
- The company provides best practice research and analysis, business intelligence and software tools, along with installation support, management and advisory services to the healthcare and education industries.
- The company employs approximately 1,399 and serves more than 2,800 leading healthcare and higher education organizations.

Economic Development Proposal

What criteria and analysis were used?

- Economic Development Matrix as approved by City Council
 - The matrix is a scoring tool that assesses firms using the following five categories of criteria:
 - Overall economic and fiscal impact
 - Linkages to the local economy
 - Infrastructure impact
 - Character of jobs and labor force practices
 - Quality of life and cultural vitality
- WebLOCI fiscal impact analysis as approved by City Council
 - WebLOCI is a tool that over 300 chambers of commerce and local governments use to determine the fiscal impact of an economic development project.
 - Developed in 1999 by Georgia Institute of Technology

Economic Development Matrix

What is the score for this project?

- The Advisory Board scored 80 out of 100
- The score is reflective of the following:
 - The Advisory Board will expand its Austin presence by creating a software center in Austin.
 - The Advisory Board will create 239 new jobs in Austin over the next 5 years while retaining the existing 91 Austin based employees.
 - The Advisory Board offers a comprehensive benefits package including health insurance, domestic partner benefits, and tuition reimbursement for its employees.

WebLOCI Fiscal Impact Analysis

The financial benefits and costs of this project

- The fiscal impact analysis represents only direct benefits and costs as a result of the project and jobs created.
- Total direct benefits over a 10-year period = \$6.5 million
- Total costs over a 10-year period = \$5.1 million *
- Total net benefit (\$6.5 \$5.1) = \$1.4 million (rounded)

* This cost figure is net cost which includes a performance-based economic development grant estimated at \$372,590

Overall Benefits

What does this economic development proposal offer?

- The City of Austin targets the recruitment of technology and software companies such as The Advisory Board
- 239 new full-time jobs created in Austin
- \$8.1 million company investment in leasehold improvements
- Positive financial benefit to the City according to WebLOCI
- Employees are offered health insurance benefits, tuition reimbursement, career paths, above-average wages, and other benefits
- Company will locate in the Desired Development Zone and adhere to the City's water quality regulations

Economic Development Agreement

What are the contractual obligations?

The Advisory Board – Performance Obligations

- Establish a software center in Austin.
- Invest \$8.1 million in leasehold improvements.
- Create and maintain 239 new full-time jobs in Austin with an average annual wage of \$90,000 while retaining the existing the company's existing 91 full-time employees is Austin.
- Work with local minority chambers of commerce to expand pool of diverse candidates in employment recruitment efforts.
- Abide by a supplier diversity policy.
- Comply with the standards and principles of the City's ordinance for minority-owned and women-owned business enterprises ("M/WBE Program Ordinance") in the design and construction of its corporate operations center. This includes soliciting participation in the design and construction of leasehold improvements.
- Comply with all City Code regulations, including applicable water quality regulations



Economic Development Agreement

What are the contractual obligations?

City of Austin - Performance Obligations

- Years 1-10: Provide performance-based economic development grants based on the number of jobs created annually, for an estimated total of \$372,590.
- The grant is calculated at \$190 per year for each full-time job created and retained during years 1 10.
- The grant shall not exceed \$372,590 for the duration of this Agreement.
- The City is not obligated to make a grant payment for any year in which the City has determined that The Advisory Board has failed to fulfill an obligation or condition applicable to the company.

+ Next Steps

- Today Set the public hearing for the June 23rd City Council meeting so that the public can comment on the proposed Economic Development agreement between The Advisory Board and the City of Austin.
- June 20th Online public comments will be transmitted to City Council.
- June 23rd A public hearing will be conducted followed by a City Council vote.