

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	6925	Agenda Number	7.
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Meeting Date:	6/9/2011	Department:	Economic Growth and Redevelopment
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Subject

Authorize negotiation and execution of a one year professional services agreement with Padgett, Stratemann & Co., LLP, Austin for third party review of the Chapter 380 Agreements compliance agreements for an amount not to exceed \$70,000 with four additional twelve month options for a total contract amount not to exceed \$350,000.

Amount and Source of Funding

Funding in the amount of \$70,000 is available in the Fiscal Year 2010-2011 Economic and Redevelopment Services Office Operating budget. Funding for the extension option is contingent upon available funding in future budgets.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Kevin Johns, Director, 974-7857
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

The purpose of this professional services agreement is to provide independent third party reviews prior to companies receiving Chapter 380 payments. In accordance with Resolution 20071206-049 and Ordinance 20090312-005, the City Council is committed to making the administration of City economic development agreements a transparent process, and requires that compliance reviews for economic development agreements be verified by an independent third party and the results of that independent review be made available for public inspection.

The City of Austin currently has Chapter 380 agreements with twelve companies. Most agreements have ten year terms, but some have twenty year terms. Companies must meet performance requirements during each year of the term in order to be eligible for a Chapter 380 payment for that year. Reports of the companies' performance during the previous year are typically due in March, then the City and the third party reviewer determine whether the companies have complied with the terms of their agreements. If they are found to be compliant, payments are made in October.

Padgett Stratemann and Company LLP has conducted the City's third party reviews of Chapter 380 economic

development incentive agreements since 2007. As the number of agreements has increased, the City and Padgett Stratemann have developed efficiencies in the review process that minimize not only disruptions to the companies being reviewed, but also the cost of each review to the City.

Each review is expected to cost between \$4,500 and \$12,500. The actual cost of each review will depend on the review procedures required and the length of time needed to apply them.