

## **City Council Special Called Meeting - 9/12/12**

>> Mayor Leffingwell: Good

noon.

I'm austin mayor lee

leffingwell.

A quorum is present so I'm

going to call this special

called meeting to order on

wednesday, september 12,

2012, at 1:36 p.m.

We're meeting in the council

chambers, austin city hall,

301 west second street,

austin, texas.

The first item is only to

set a public hearing to

consider an ordinance for

economic development, an

economic development program

with hd global corporation.

September 27, 2012.

4:00 P.m.

All in favor say aye.

Opposed say no.

That passes on a vote of

6-0.

Councilmember martinez off

the dais and councilmember

martinez will be off the

dais for this meeting.

He is on paternal leave.

And that brings us to item

2, but I believe we have a

[13:38:00]

request to go into executive

session before hearing that  
item.

So the city council will go  
into closed session to take  
up one item pursuant to  
087 of the  
government code and that's  
item 2, to discuss financial  
and other incentives or hid  
global corporation.

Is there any objection to  
going into executive  
session?

Hearing none --

>> Spelman: Mayor, I have  
no explanation, I would like  
a -- will we be referring  
with attorneys?

>> Mayor Leffingwell: This  
was requested by

councilmember tovo and I'll  
let the city attorney  
address that.

>> The only item we were  
notified of was to discuss  
the economic incentive so  
that's the notice we're  
giving to the public that  
we're going to be  
discussing.

If you have other issues, we  
are required to notify the  
public, but that's the item  
that we were notified that  
you would like to discuss.

>> Spelman: Okay.

>> Mayor Leffingwell:  
Councilmember tovo.

>> Tovo: I know we have  
many members from the public  
so if you would like to hear  
testimony from them, I'm

certainly happy to have the executive session during any point.

>> Mayor Leffingwell: I would prefer if we're going to do it that we go into executive session now.

>> Tovo: Sure.

We can make it short.

>> Mayor Leffingwell: So without objection, we're now in executive session.

>> Mayor Leffingwell: Item number 2, we will now take up item number 2 and begin with a staff presentation.

>> Thank you very much, mayor and council, for allowing us to have this special called meeting.

This is the second economic

development proposal for  
2012.

The first, as you recall,  
was apple, which was 3,635  
jobs, which was primarily  
focused on white collar jobs  
and addressing the 27,000  
unemployed people who are on  
the unemployment role.

Today we're going to be  
presenting a company that is  
very exciting, hid global is  
the international leader in  
sensor technology and is  
focused on 276 jobs, which i  
believe are in the category  
of harder to employ, blue  
and white collar  
manufacturing jobs.

85% Of which do not  
necessarily require a  
college degree.

The site that they are  
looking at would be their  
global center of excellence  
for north america.

With -- the representative  
company, testify convenient  
teehan, optization, I love  
that title, rodney glass,  
senior vp of global quality  
and kimberly and michelle  
dewitt with their h.r.

Department.

So the purpose of today's  
briefing as we normally do  
is to go through overview of  
the company's particular, a  
review of the economic  
development matrix score  
analysis, compilations of  
the overall benefits and  
review of the economic  
development agreement.

The company, hid global, is  
based in urban california.

It's a global company.

The proposal here is for  
their consolidation of four  
facilities, four companies  
from around the united  
states into a technology  
manufacturing facility here  
that specializes in sensor  
development.

Sensor technology, as you  
know, is one of the leading  
areas in technology in the  
world right now.

So this is a special called  
meeting to present the  
briefing and then the  
followup meeting would be  
the public hearing on the  
27th.



A little background on the company.

2,100 Worldwide employees with 11 locations in the u.s. and 56 global.

The economic development matrix that we used is the same criteria that -- that has been designed by the mayor and city council that is approved that you are familiar with.

The web loci tells us how much money not to give.

Hid scored 65 out of 100.

They will be building a 200,000 square foot manufacturing and distribution center creating 276 new jobs and providing a

comprehensive benefit  
package to its employees.

Some fiscal impact analysis  
is showing here.

The total direct benefits  
over a 10-year period are  
7.7 million.

The total cost over a  
10-year period are 5.5.

With the incentive that  
we've proposed, which is a  
little over \$90,000 a year  
for 10 years, the total net  
benefit would be  
\$2.24 million.

So in the context of the net  
benefit cash is  
24 million and that would  
rank as the third or fourth  
highest of those numbers.

The overall benefits are

illustrated here.

The job creation, the  
\$36 million of capital  
investment in business  
property investment, a net  
positive benefit according  
to web loci.

The company's benefit, the  
company has an extensive  
benefit package including  
the talent management  
program which is a very,  
very good program that helps  
the employees through -- to  
get advancement.

Also I'd like to say that  
the company does -- because  
of its extensive federal  
government contracts has an  
affirmative action plan  
which requires them to hire

based upon the population of  
the city.

So the larger minority  
population would benefit  
tremendously from that  
hiring.

The contractual agreements  
are outlined here.

Of course the company would  
have to establish the  
manufacturing and  
distribution center, and i  
believe that their preferred  
location is in tech ridge.

They would have to create  
\$30 million of real property  
improvements in the new  
200,000 square foot building  
and \$6 million in personal  
property.

The average annual wages are

indicated here above the  
51,000.

They would have to agree  
would work with the local  
minorities chamber of  
commerce and recruitment  
efforts since they are  
required by the federal  
government to do more than  
that, I think that's still a  
very good point.

They have agreed to a  
diversity policy and comply  
with all standards and  
principles of the city's  
m.b.e. program ordinance.

The contractual obligation  
from the city's perspective  
is that it's a 10-year  
performance based on  
development grant that the  
rebate of taxes is only  
after the jobs have been

created and the development  
has proceeded as agreed to.

The grant is calculated at  
60% of the actual real and  
personal property taxes.

The estimated value, again,  
is a little over \$90,000 a  
year, \$920,000.

9 million  
from the state of texas.

Lastly, it's important to  
reiterate the city is not  
obligated to make grant  
payments for any year in  
which the city has  
determined the performance  
measures were not met.

So today city council has  
already set the public  
hearing earlier and all of  
this information is on line

so that citizens can review  
it.

And then on the 24th we  
would review, have the  
public hearing and have the  
vote.

So I'd be happy to answer  
any questions that you might  
have and as I have indicated  
there are four  
representatives from the  
company here, so whatever  
you prefer to go forward.

>> Mayor Leffingwell: Are  
there any questions before  
we go to public comment?

If not, we'll do that and  
we're basically back to the  
stone age on using cards.

Dave porter is first.

Dave, you have three  
minutes.

>> Good afternoon, mayor,  
councilmembers, I'm dave  
porter with the greater  
austin chamber.

I want to thank you for your  
consideration of this  
project that will come up  
before you on  
SEPTEMBER 27th.

This project has been three  
years in the making.

Sometimes these projects  
take a long time and this  
one has and it is still a  
very competitive situation.

One of our challenges not



just with the city process  
or the state process is that  
we lay our cards on the  
table much earlier than most  
cities and states, and as a  
company representative would  
tell you, the people in  
tennessee and memphis are  
really putting the pressure  
on knowing what we put on  
the table.

And that is a challenge that  
we've had with our other  
projects, that we lay it out  
early and gives obviously  
the public a great benefit  
to see, but it also creates  
sometimes a competitive  
disadvantage because other  
states can offer more now  
that they know the state is  
9 million and  
what the local is going to

do.

Obviously we encourage your support.

This is a great project for a good portion of our population that doesn't have a four-year college degree.

We're hoping to attract more opportunities like hid global.

This would be a great opportunity and a great win for austin, travis county and the state of texas.

Thank you.

>> Mayor Leffingwell:

Thank you.

Next speaker is philip lohan.

Lahan.

Correct me if i  
mispronounced it.

>> I'm phil soden.

I have bad penmanship.

I thought you were calling  
me.

>> Mayor Leffingwell: The  
next speaker is jim o  
'quinn.

>> Hello.

I'm jim o'quinn with our  
lady of guadalupe church,  
and a business owner in  
austin.

I'm here with my colleague  
bob batlin from temple  
and miss barbara from st.  
David's episcopal church and

leeland butler from saint  
thomas more.

We understand hid is  
proposing to bring a  
significant number high  
paying jobs, permanent jobs  
to austin, and we applaud  
them for doing that.

But specifically what I want  
to talk today is about the  
workers who are not part of  
that group of high paying  
jobs and long-term  
employment.

Workers whose pay will  
probably be in the category  
where it pushes them on to  
the social safety net.

So what we want to do is  
prevent the double dip on  
the taxpayer where these --

money is transferred to the corporation and the money is -- tax dollars are transferred to the corporation, tax dollars are transferred to the employee because their pay is not high enough to keep them off the social safety net.

As we know in the news, pressure on the social safety nets right now are higher than ever.

Food stamps, texas is the number one for uninsured children, and this is at all levels.

We're seeing it at the city, at the state and at the federal level.

And so I think there's an opportunity to the city to

institute a wage standard to  
help shift the burden off of  
the social safety net.

So we look forward to  
setting a wage standard for  
these economic incentive  
deals and we're  
participating in the  
economic incentive council.

However, in absence of that,  
we would insist that the  
city -- for workers  
temporary and hourly and  
associated with these  
incentive bills pay at least  
\$12 an hour to help lessen  
the burden on the social  
safety net.

Thank you.

>> Mayor Leffingwell:

Thank you.

Raymond butler.

>> Good afternoon.

I'm a retired electrician

from ibew and I would lying

to see the incentives

offered to companies coming

into to provide

prevailing wages.

>> Mayor Leffingwell:

Thank you.

I'm not going to be able to

read this one.

Bill boden.

Yeah, you really do have bad

penmanship.

>> You took my back to my

first pen manship lesson.

I'm fill t-h-o-d-e-n.

Our members are commercial contractors doing work in the city of austin and central texas building many of the buildings including this wonderful city hall that we're in today.

I just wanted to come in in up port of this proposal for hid.

I think it's a great opportunity.

I think I saw \$30 million of real estate development along with an extra \$6 million in there so it's a big construction project and that's certainly a welcome information for our construction community.



I know that there are a lot of folks whenever there's a construction project in town like to talk about safety concerns and what the industry is doing so i wanted to be down here today because I wanted to remind everyone here in the -- at the council that our contractors were very fortunate to have -- especially contractors and suppliers, the majority take safety very seriously.

The real story in austin is when you look at the crane construction activity going on right around where we are today, the thousands of man-hours that are taking

place and everything is  
being done in a very safe  
way.

I live in fear of seeing on  
00 news that there's  
an injured worker or worse  
and knock on wood we don't  
see that very often.

So I wanted to let everyone  
know that we do have a great  
construction workforce here.

We're looking forward to  
this project and certainly  
encourage the city council  
to endorse it.

Thank you.

>> Mayor Leffingwell:

Thank you.

betty McDaniel.

>> Good afternoon, mayor  
leffingwell, cole,  
councilmembers.

MY NAME IS teddy McDaniel  
and I'm speaking in support  
of the proposal between city  
of austin and hid global.

I just briefly want to talk  
about the jobs that will  
come from this agreement.

We know it's 276.

Of utmost importance are the  
99 entry level jobs and also  
the \$51,000 average wage.

These wages are what we deem  
sustainable and it's no  
secret that despite austin's  
relatively healthy economy  
there's just too many  
residents who are still  
unemployed or underemployed.

And again, with these kinds  
of wages, jobs such as  
customer service jobs and  
direct service and labor  
positions, we can get more  
citizens into these  
sustainable wages.

I am in support of the  
austin urban league, stand  
ready to help hid global in  
training and providing  
qualified applicants to fill  
these roles.

We hope this is an approved  
proposal, one which we fully  
support.

>> Mayor Leffingwell:

Christian furtado.

Three minutes.

>> Good afternoon,  
gentlemen, ladies.

Christian furtado.

Member from [indiscernible]  
really train me and show me  
how to use the right tools.

And the reason why I'm here,  
I want to give a welcome to  
this company in construction  
in austin, but I want to  
give the same opportunity to  
construction workers on  
these kind of safe jobs and  
give them living wage.  
So that when -- good work,  
safety.

So thank you.

>> Mayor Leffingwell:

Thank you.

[Applause]

ann kitchen.

>> Hello.

My name is ann kitchen,

chair of livable city.

And we have participated in

your economic incentive

committee and I'm here today

to say what we did in that

committee, we think that

this -- that this

opportunity for an economic

incentive should also

consider livable wage as

well as health insurance

coverage for construction

workers.

And so we ask you to, as you

think about this package,

that you explore that --

those requirements also.

Thank you very much.

[Applause]

>> Mayor Leffingwell:

Billy yates.

Billy yates.

>> Good afternoon.

Bill yates, with the united  
students against sweat  
shops, a student group at  
u.t.

One of the things we do is  
use our leverage as students  
to make change in an  
institution bigger than us.

We're the ones paying  
tuition and going to  
classes.

I like to think of that as

citizens of austin to make  
changes.

For example this company  
coming in, we like to think  
that in our group we're  
working to help change  
garment worker conditions in  
sweat shops, but a lot of us  
know and it pretty clear  
from walking around campus  
that sweat shop conditions  
are not just happening in  
garment factories, they are  
happening all around us and  
we have to pay attention to  
those ones locally as well.

As far as the majority of  
the contractors, you know,  
doing the best they can, i  
think we can shoot for  
higher than that and by  
actually instituting policy



that can make that change,  
that can guarantee that a  
third-party monitor will be  
able to monitor the  
situation that workers will  
have a living wage we can do  
the best for all the  
workers.

A lot of us have the  
opportunity to go to  
university and we're coming  
from families that were  
doing those jobs, that were  
the construction workers and  
it's those breaks we got,  
those living wages, the kind  
of things we hope the  
workers get now that made us  
who we are today and so i  
would just like to say that  
on behalf of united students  
against sweat shops that we

would really support city  
council coming together and  
coming up with a fruition  
with the project to support  
the workers that will be  
providing these jobs to  
everyone else.

Thank you.

>> Mayor Leffingwell:

Thank you.

[Applause]

k zariffe.

Zariffe.

You have three minutes.

>> Good afternoon.

Forgive me, I'm losing my  
voice today if it's not

already apparent.

My name is ken zariffe,  
president of education  
austin, the employees union  
for aisd.

You may be wondering why I'm  
up here.

I taught at burnet million  
dollars school for 12 years  
and families that struggle  
to get by day to day.

Many of the families were in  
the jobs that build  
facilities that provide  
great jobs for others in  
austin.

And what we encourage the  
council to do is to provide  
quality pay and safety for  
those workers because we see  
and I saw firsthand what job

insecurity and low pay not  
only does for families but  
how it impacts our kids day  
to day getting to school.

Everything we do in this  
society seems to be  
connected anymore.

Schools, cities, I mean it's  
all interconnected.

And as we make decisions, we  
have to look at the large  
picture.

We have to step back and see  
how everybody is impacted.

As I said before, I've seen  
how the kids were impacted  
and I don't want us to  
forget that as we start to  
make decisions about a  
business that will receive  
millions of dollars in

incentives, which is  
important for our city.  
I don't disparage that at  
all, but we have to remember  
if we can afford to make  
such large incentives for  
companies, how can we not  
afford to provide quality  
wages for parents that are  
trying to provide for their  
kids on a daily basis and we  
need to make that a priority  
not only on this job and on  
this construction site but  
on every site and every  
company that we bring in and  
want to have part of the  
austin -- austin community.

I want to thank you for your  
time.

Have a good day.

[One moment, please, for

change in captioners]

>> a lot of construction workers  
as myself are employed, but at  
the same time, we want to get  
that safety put on to us, you  
know, before we do any training,  
before we get set out there.  
Just like lately, I just got off  
this program.

Got my 30 hour osha and safety  
courses and if you are going to  
come out and construct something  
and they don't know what they  
are doing out there, offer their  
training before they do anything  
out there and have any  
fatalities and that would be  
something to take into  
consideration.

Thank you.

thank

you.

Christopher knox.

Christopher knox.

Robin drake will be next, if you  
want to get ready.

>> City council, mayor, mayor  
pro tem.

My name is christopher knox.

I reside in precinct 4 and I am  
a union iowa worker with 20  
years experience.

I am here to ask city council to  
fight and change some of the  
practices that apply to city  
funded jobs, such as a  
background checks.

Okay.

What I am saying is, I am an  
ex-convict, and it's hard for me  
to find a job.

I am just saying if the city can  
fund jobs with a lot of money  
and I know I did my time and  
everything.

I just would like to be able to  
be part of the city's growth,  
and I would like to propose that  
the city fight for some of the  
ex-cons in the city.

I -- I'm kind of tired of living  
in the shadow and I am a skilled  
worker.

I love this city.

And I just want to be part of  
what's -- the growth.

Thank you.



>> Thank you.

[Applause]

>> I have a brief question.

>> Mayor leffingwell: okay.

Mayor pro tem cole.

There is a question for you,  
sir.

>> Cole: I have a question for  
you.

>> Mayor leffingwell:

>> Cole: Christopher, it really  
struck me when you said you love  
this city.

>> I do.

>> Cole: You obviously have had trouble gaining employment.

>> I have.

>> Cole: What is the number one reason that you think that's been the case?

>> My background.

It goes so far back.

A lot of companies say, well, we are only going to go three years back.

They will go all the way 25 years back.

>> Cole: And how long has it been since you have not had any trouble with the -- your conviction?

>> Well, as soon as they started the background check, I remember before in the city of austin, there was no background checks.

>> Cole: I guess what I am trying to get at is a lot of times people don't appreciate the fact that you could have done a crime, been convicted and served your time and then in 5, 10, 20 years later and that's still being held against you.

>> Yes, it is.

>> Cole: So I am trying to figure out how long that's been held against you?

>> At least ten years.

>> Cole: Okay, thank you.

>> It has been more than ten.

>> Cole: Thank you.

>> All right.

Thanks.

let me

just say to the best of my knowledge, most city jobs do not require background checks.

Some do.

It depends on the nature of the  
job.

Robin drake.

>> Good afternoon, mayor, mayor  
pro tem, council people,  
members.

My name is robin drake, I am the  
business manager, financial  
secretary, treasurer for the  
hour workers here in austin.

I have been a union member for  
over 30 years now.

The union has helped me in more  
ways than you can imagine,  
helped me earn a fair wage for  
fair day's work and provide me  
with training and safety courses  
to be safe in today's  
construction industry.

I applaud your tough decisions  
you've made in the past, such as  
working with the workers defense  
project on rest breaks.

I honestly feel like you  
probably saved someone's life by  
doing so.

The decisions you made in giving  
companies tax breaks to build  
here to help create jobs for  
people in our community and  
surrounding areas.

A lot of my members have benefit  
from those decisions and are  
still here today.

Because of your willingness and  
caring to help protect the  
people that built this city and  
the people who live here in this

city, I thank you.

I am here today to ask for your  
help.

I urge you to continue working  
with the workers defense  
project, to continue to protect  
the workers here in austin.

We is you when you give more tax  
breaks to company, to bring more  
jobs to austin, that you require  
whoever accepts the breaks, that  
they help us hire hourly  
district managers.

For example, samsung has hired  
many of our members but left few  
members out in the cold due to  
them having felonies.

They have paid their debt to  
society and yet they are still  
punished.

They want to work and provide  
for themselves and their  
families.

When these companies keep  
closing the doors on them, what  
are they to do?

Come back to where they came  
from.

This is a chance to do what is  
right.

Please help me get that chance.

I here about a hiring local  
workers, workers that live and  
pay taxes here, and that's great  
but let's not forget about our  
disadvantaged workers.

I am sure elected officials will

help the workers in austin and  
continue to make this the best  
city in the world to live and  
work in.

Thank you for your time and your  
job you are doing.  
thank  
you.

[Applause].

Next speaker is greg cesar, has  
self people donating.

Jennifer scott, all right.

Aaron chappell, rogan kesto.

Did I get that wrong, brayon?

Anybody with those initials.

Got you.

Okay.

Jose ramiriz, amy price.

>> You have 10 minutes.

good



afternoon council, good to see  
you.

I am part of the workers defense  
project, my name is gregario and  
I know you have heard me speak  
many times and I will do  
something new.

I have numbers for you, they are  
not numbers new and fun.

They are very startling numbers.

So I know we have talked a lot  
about construction jobs and  
unsafe conditions that workers  
face and the low wages but this  
data from census data, we have  
taken a deep look into show that  
we are headed in a dangerous  
direction and things are getting  
worse.

So if you look at the first

column you will see in 2005 a family of four, we had 4% of the construction working families in these -- in the december traitly low category, less than \$11,500 supporting a family of four with a construction worker as one of the wage earners.

2005.

We had 8% of construction workers and their construction working families between 11,500 a year and \$23,000 a year supporting a family of four.

If you look at next column, you will see in 2010, that number increased for those in the desperately low category from 4% to 10% of the construction working families, so the number

more than doubled, it went up  
150%.

In the next category which we  
consider poverty wages which is  
\$11,000 and \$23,000 of a family  
of four, that went from 8% to  
15 percent, almost doubling.

And when we look at jobs  
disappeared we look at category  
of decent jobs and working class  
jobs and that's where the  
numbers went down from, it went  
down from 55% to 41%, so we see  
that during the recession we  
lost jobs and we lost decent  
middle class jobs that could  
support a family and the jobs we  
got were bad jobs.

I have heard the council speak a  
lot about two austins, about an  
austin of the haves and an  
austin of the have nots.

These numbers clearly show,

[14:40:00]

undeniably show that divide  
continues to grow and continues  
to widen.

This is a great opportunity for  
us to start to descend the tide  
by partnering with hid global  
corporation global and working  
with them to get decent jobs, we  
can target disadvantaged workers  
and disadvantaged people from a  
pipeline from training and safe  
and decent jobs.

There will be those that say we  
shouldn't do anything.

We should surrender and divide  
growing into the disgrace of  
large american cities.

But I ask you today, I ask you  
to work with hid global  
corporation global to work in  
the workers defense project in  
the next few weeks to make sure  
they can create jobs for  
families like they used.

To.

We can partner with hid global  
corporation and come coming here  
but we need to stand tough in  
our values.

That we will invest in you, that  
you please invest in us, also.

Thank you so much.

>> Mayor leffingwell: okay.

>> Spelman: Greg, at what point,  
do we know we have succeeded.

They is a question, sure, we  
will help you out.

How do we know we have hit a bar

we can be satisfied with, that  
they aren't blowing smoke.

>> This company in particular?

>> Spelman: Yes.

>> We have a set worked out with  
many groups and construction  
workers for a time which we  
think is reasonable standard  
which is to ask independent wage  
and an independent monitor and  
create a pipeline for  
disadvantaged workers into  
better jobs.

Obviously we can't succeed with  
one project and we realize we  
are facing a huge problem but we  
hope we can chip away at it  
project by project so people  
meet at least the minimum  
standard that we agree is much  
better than what exists on most  
construction projects in austin.

[14:42:00]

>> What is your current  
threshold for living wage?

>> That is a good question.

Some people put the living wage  
very high and some people put it  
lower.

This is politics.

It's not a number that exists in  
objective reality but we think a  
reasonable wage floor is \$12 an  
hour, because that puts people  
outside of the desperately low  
category into just the low  
category.

And we know that's not perfect.

But we realize this is a process  
and it has to be incremental and  
we can only ask for so much on  
some of these incentive deals so  
we are willing to negotiate and  
be plexble so we can get  
something and at least get  
headed in the right direction  
instead of let nothing happen.

>> \$1,200 That would be close to  
\$23,046 a year, something where  
we are able to stitch together  
40 hour as week, week after  
week?

>> Yes, sir.

>> Spelman: Got you.

>> Cole: Mayor.

mayor pro



tem.

>> Cole: I want to say I really appreciate your comments and a even more than that I appreciate you working with my office the past couple of weeks about the issue of two austins and the disadvantaged worker.

Can you talk a little bit about what you have researched on that issue throughout the country?

>> Sure, we see in municipalities see construction jobs as great opportunity for working families.

Construction jobs are jobs you can do with your hands and job that is can be train ared for a lot of working class families and they can train working class men and women into good, better construction jobs.

So different municipalities from  
milwaukee to los angeles to  
cleveland have targeted  
particular areas and cities and  
workers and given them  
incentives or their public  
projects created pipe lin for  
the disadvantaged areas into  
construction jobs.

The entire state of oregon on  
their entire clean energy  
program, which is called clean  
works oregon which consists of  
hundreds of millions of dollars  
worth of projects have set a  
minimum wage of 180% of the

[14:44:02]

state minimum wage of oregon and  
have created a pipeline where

all workers and all clean tech projects are coming through training, coming out of distressed neighborhoods and earning better jobs so we can work actively to try to attack the problem instead of letting this continue to happen.

>> Cole: Thank you, greg.

council

member morrison.

>> Morrison: I think for your research, it is helpful to get context around all of this.

Can you talk a little bit about how other folks or what you would envision in terms of trying to get the disadvantaged construction workers a leg up in terms of pay that you might recommend?

Like pay levels that you might recommend for those folks?

>> Sure, and so to encourage training, we think it's really important to establish a higher wage for workers who have gone through training schools.

So many workers who are going to becoming untrained which is the vast majority of construction workers, we think deserve decent wage, regardless of whether they have gone through training or not.

We have seen that through austin, the most recent study through the university of texas said that three construction workers have gone to vocational school so it is different than where it used to be where there were different union programs

and workers were going not only  
on the job but will formal  
training for their work.

So we believe 15 to 16-dollar an  
hour for disadvantaged workers  
will help bring these workers  
out and of and the families out  
of the conditions they are in so  
if we design disadvantaged  
workers who below 60% of travis  
county median family income,  
giving them 16-dollar a job  
gives them out of the cat can  
guy and now they are above the  
60% median income in travis  
county.

>> You are talking about folks  
who have been trained and it

[14:46:01]

incentivizing the training.

Can you talk about a that -- are  
you expecting to see --  
obviously the contractors are  
going to get better work, i  
would assume of the folks who  
have training and better  
product, but also, in terms of  
safety and all, are those the  
kinds of things that you  
realize --

>> certainly, a typical  
construction cross training  
course consists of both learning  
to work on a particular kind of  
project, learning how to  
complete a particular trade,  
and, also, safety is always a  
key component of those training  
courses.

>> Morrison: Great.

Thank you.

>> And I did forget to mention  
that we aren't just talking

about the distressed  
neighborhoods but also folks  
with previous offenses or people  
with problems with the criminal  
justice system who are  
considered to be in the  
disadvantaged worker category.

>> Mayor Wynn: Phillip lohan.

phillip

lohan.

>> Good afternoon, mayor and  
council >> .

I am phillip, I represent the  
lew local 520 here in austin,  
the electrician's union.

First off, I want to thank you  
for allowing me to speak here  
today and also I want to  
recommend hid global corporation  
global and their products that  
they manufacture.

We use their products in the bidding and we have used it the last 15 years.

Glad to see they are coming to austin seeking to build in our community and create jobs.

We would like to see if you will consider -- give them incentives to implement prevailing wage and the project and the wage floor as well as greg had spoke about.

We also implement prevailing wages, it would also allow the other trades as well to get, you know, access to apprenticeship

[14:48:03]

programs.

It would ensure they get a



decent wage on the job, and,  
also, it would help level out  
the playing field for the honest  
contractors here in our local  
community.

Thank you.

[Applause].

those are  
all of the speaker that is we  
have.

There are a number of other  
speaker who is signed up to  
express an opinion but not  
wishing to speak.

So with that, I guess we are  
open for council comments, if  
you have any.

But we will have the public  
hearing and anticipate taking

action on this item on  
september 27th.

Are there any questions?

Mayor pro tem?

>> Cole: Yes, mayor.

As stated earlier and through  
several economic development  
agreements that we have had  
recently, I have become  
increasingly concerned that we  
did not use this opportunity to  
employ our disadvantaged  
workers, especially on  
construction jobs.

And so with the help of the  
workers defense project, I have  
been able to come up with some  
language that I would like to

see used and discussed with the workers defense fund and the chamber and hid, and that language basically says that an applicant shall make good faith efforts to ensure that 15% of nonlicensed construction work hours are completed by disadvantaged workers who have graduated from a construction craft training program.

A disadvantaged worker either lacks a high school diploma or ged, has a criminal record, has a family income of less than 60% of travis county msi, or resides census track where median family income is less than 60% of travis county mfi.

We had a few people testify about the safety met and we having more and more workers and

[14:50:02]

family fall into the safety net  
and as we make outreach to  
companies from around the world  
to come to austin and create  
opportunities, we did not want  
anyone left out of the  
opportunities.

So I will make this language  
available to all of the  
stakeholders that are involved  
and I hope that it becomes a  
part of the agreement that we  
see that comes before us on  
september 27th.

Thank you, mayor.  
council  
member tovo.

>> Tovo: Yes, thank you, mayor  
pro tem.

I think this a great start to a conversation.

I look forward to hearing the feedback, also, from workers defense fund and from hid.

I do have a few questions at this point, probably directed either to our economic growth and redevelopment service staff or to hid.

I believe I read somewhere or heard maybe in the presentation that 85% of the jobs would not require a college degree.

In my quick reads through the documents, I don't actually see that captured in any of the language of the agreement, the business information form or the economic development agreement,

but the certainly possible that  
I am missing it.

I wonder if you might address  
that, mr. johns.

>> Yes, kevin johns, director of  
economic growth.

In our due diligence, we have  
looked at the requirements, the  
job hiring requirements for the  
positions that are available,  
and it's that number that is  
what the company requires.

They require a high school  
degree but not a college degree  
in that span of the position  
that is are offered here.

So it doesn't show up in the --  
in the requirement -- in the  
contract.

It shows up just in how they  
operator all of their positions.

>> Tovo: And is that  
specifically the 99 entry level  
positions or is that also  
reflected in the staff,  
supervisor, and managerial level

[14:52:01]

positions?

>> I may let the company respond  
to the detail, because I know  
every company, especially  
technology manufacturing, they  
want the most qualified persons,  
but they do have minimum  
standards and I think that's  
what we are speaking about here.

So I am going to let the company  
respond a little bit about their  
hr policies.

>> Tovo: Thank you.

>> Hi, I am kimberly markort,  
human resources for hid and for  
the entry level positions, we of  
course don't require a college  
degree for that.

>> It is the 99 entry level  
positions that don't require a  
college level?

Would the other, the staff  
positions, would those require a  
college degree?

>> Some of them.

It just depends.

If you look at the total of the  
276 proposed positions, of



those, 85% don't do not require degrees.

>> Tovo: Would they be primarily in those categories, staff and entry level categories of jobs?

>> That do not?

>> Tovo: Yes, that do not.

>> Correct.

>> Tovo: Okay.

Could you talk about -- i noticed a comment in some of these -- in some of the documents before us that talked about extensive health insurance benefits and I wonder if you can talk to us through that and what the cost is to employees at various levels, generally, what the company's contribution is, and we also heard some questions or some points made from our speakers that they would like to see health insurance benefits

for construction workers as well  
and I wonder if you can address  
that as well, please.

>> I am not able to comment on  
construction jobs but I can  
certainly tell you about hid's  
benefits.

We are very proud of the benefit  
programs we offer employees.  
Every employee that works for  
hid is -- has the opportunity to  
participate, so we don't have a  
a tiered level of benefit, so

[14:54:01]

from our ceo down to our  
manufacturing workers, we all  
have the same benefit.

The company pays 80% of the  
medical program, medical,

dental, vision, prescription.

We have a comprehensive wellness program.

We have tuition reimbursement program, employee assistance program, so it's a whole spectrum of employee benefits.

>> Tovo: So 80 percent contribution from the company, 20% from the employee and then for any eligible dependent, it would be 100% employee contribution, or is there any contribution from the company?

>> It's 80% employer contribution even for the dependent portion.

And not only that, but if an employee participates in our

wellness program, which we have  
close to 90% participation, we  
give them an additional  
3,520-dollar a year credit on --  
we give them an additional  
520-dollar a year credit on  
their premium.

>> Tovo: Thanks for that.

I see domestic partners are  
among the eligible dependents  
for any employee.

>> That's correct.

>> Tovo: All right.

There was a description in here  
about opportunities for  
professional development, and i  
think there was a statement made  
that each employee is required

to have 40 hours of training per year.

Is that correct?

Is that paid or unpaid training?

>> That is paid training.

It's a worldwide objective we have for every employee at every level.

>> Tovo: And then I have a more specific question about some information in the economic development agreement.

There is a section talking about hid being an active participant in the electric code of conduct and the statement is made that hid has audited 50% of its suppliers in low cost countries

[14:56:00]

which account for 96% of our suppliers spend to ensure their adherence to the eeic guidelines, so first, can you explain what supplier spends means in this context and two, what the result of the audits have shown as a result of the suppliers in low cost countries that -- that are working with hid.

>> Hid audits all of their suppliers.

We talk about spend, it is how much money we spend on the components that we bring in to the company to manufacture the products.

The manufacturing spend for hid

is about 95% of our spend, is  
about 15 companies.

Not all of which are in the low  
cost regions.

Some are in -- certainly in  
china, the philippines, parts of  
other malaysia and also in the  
top 15 count in europe and the  
united states.

We also have supply chain  
conferences on an annual basis.

We also visit those sitings on a  
regular basis, pretty much on a  
quarterly basis formerly and  
more reg -- formally and more  
regular basis, weekly, monthly,  
we have hid employees who live  
at a couple of our sites, and  
china as well.

Paid by the company but work in

the factory in china.

>> Tovo: It does say you audit

50% of them.

Can you give us information on  
that?

Is there information on the  
website that shows us what some  
of the audits have revealed in  
terms of conditions in those  
supplier company?

>> Yes, I would say to the  
specific website, we don't post  
the results publically, but we  
have a score card so we talked

[14:58:00]

about elements of working  
traditions, so we walk through  
the factories -- working  
conditions.

We walk through the factories



and are aware of the working  
conditions of what the workers  
make for hid global.

We talk about the number of  
employees, we go through their  
work hours.

We walk through the factories,  
as I said.

We are just kicking off more  
recently sustainability type of  
metrics.

[Indiscernible] so specifically  
posting is not a public posting.

But recordkeeping internally.

>> Tovo: And perhaps you and i  
can continue this conversation  
or I can submit some questions.

That would be -- that would get

some information but I guess,  
what I would like to see is some  
assurance that when there have  
been -- if there have been  
challenges cited at any of these  
factories, that there have been  
attempts to address them.

>> And maybe they are close for  
comment, too, is hid on these  
top 15 suppliers I reference,  
about 90% of the spend, these  
suppliers have been suppliers  
company 15-20 years.

So we don't chase low cost  
suppliers.

We formed long-term  
relationships with the suppliers  
and history will show that.

>> Tovo: Great.

I assume it extends into the  
working conditions with the  
factories that, you have

continued a relationship there  
because you found it to be up to  
the standards you require.

>> Exactly.

Exactly.

>> Tovo: Could you talk for a  
minute, and anyone who is  
prepared an interested in  
talking about this, could you  
talk about your record of  
employing hard to employ  
workers, how you define that  
term, what your track record is  
and what kind of support  
services you would have in place  
for those workers?

>> So -- so could you just  
clarify when you say hard to  
employ workers, describe that

worker to me.

>> We have had an ongoing discussion here at the council.

You have heard some comments from the public here today that they would like to see -- well, I won't summarize, but do you employ workers who have had a criminal background?

Are they excluded from work in any of the staff positions?

>> Yes.

Because we are a security company, our business is secure identity, a client, customer requirement as well as a requirement for many of our security certifications make us so that we are not able to employ anybody that's been

convicted of a crime --

convicted of a felony.

>> Tovo: Of a felony.

Okay.

We did address education.

You indicated 85% of the employees do not need a college degree.

In terms of your commitment to local hires, there is an estimate of how many local hires you would be looking to make here in austin.

How would you -- I see some of the partnerships that you are planning on entering into.

How will we assure that those -- how will you assure those new employees are, indeed, local?

>> I can say we are affirmative action employer and committed on ensuring the demographic of the workforce reflect the community

we reside in.

That's something that we define within our affirmative action plan and we have been very, very successful throughout the country in sticking to that.

>> Tovo: And in terms of the partners that are listed as potential collaborations in terms of recruiting and providing ongoing support, have you met with most of those, the austin/travis county reentry?

Actually, the austin/travis county reentry roundtable may not be a partner in this case, so maybe that wasn't the great example but the greater austin hispanic chamber of commerce and minority for liberty, are you involved in discussion with those groups already?

>> I think over three days i

have had 16 meetings scheduled.

And I am in the middle of  
completing those.

I met with your veterans  
commission.

The workforce -- workforce  
alliance and have another, you  
know, number of meetings.

Of course it's to our advantage  
to partner with these  
organizations.

We are going to be, you know,  
trying to fill 276 jobs, and we  
definitely want to tap into  
whatever community resources are  
available to us.

>> Tovo: Okay.

Thanks.

Great.

Thanks.

And I will probably have more questions but I will stop there for now.

Thanks.

>> Cole: May I have a brief follow-up.  
mayor pro  
tem cole.

>> Cole: Thank you, thank you for your testimony.

I want to clear phythat you have the restrictions of actual employees of your company, but aren't you building a new site



for when you relocate, if you  
relocate, assuming that we  
decide to approve this?

>> Yes, this is -- it would be a  
new build and I would  
actually -- one of the  
advantages we would have -- and  
I should probably let Kevin  
comment on this is the security  
features we will be able to  
implement into this site and we  
will be seeking the highest  
level of security certification  
that we are able to obtain in  
order to satisfy our customer  
needs.

>> Cole: But what I am trying to  
clear up is that the  
construction workers that you  
actually hire to work on this  
site, would the  
complete ban of any type of  
criminal record apply to them?

>> One is we are probably not  
that far along yet.

We met with the developer -- the  
owner of the land so whatever  
local practices the city has  
approved, we will certainly work  
with our partners there.

I think there is not being  
construction company -- there is  
two separate entities of the  
construction, the traditional  
shell part, putting the, you  
know, prepping the ground and  
putting the walls up.

That's one element.

Internal part of the building,  
we will have vaults we put into  
this building and security  
systems.

Those tenant improvements are things that will be more strictly controlled as we put the tenant improvements in the building.

>> Cole: Okay.

Thank you.

just a quick question.

Kind of a follow-up on that, but we spent a lot of time talking about the construction.

Are you actually building this or are you contracting for that?

>> We will contract that out, mayor.

When we make our final decision, we have a, what we have called a theoretical best layout of the design for a building.

We are in discussions and negotiations with the folks that own the land and we have not selected a general contractor.

and none of whatever economic incentives might be on the table would be applicable during the construction phase.

Is that correct?

To the construction company?

I want to make sure that we understood that the economic incentives don't -- within the construction -- when the construction project is complete, so it would not apply to that part of it.

Council member spelman.

>> Spelman: Council member tovo  
and mayor pro tem cole asked  
most of the questions.

I am interested in just a couple  
of other things to fill in some  
gaps.

Moorecort mentioned affirmative  
action plan and you alluded to  
it but you didn't see much about  
it.

I wonder if you can tell us owe  
how that works.

>> Essentially any employer who  
had federal contracts that  
exceed \$50,000 a year is  
required to have affirmative  
action plan in place and as i  
said, you basically go to the

labor statistics.

You identify the demographics of the community in which the spike is based and then you commit to making sure that your workforce reflects the diversity reflected in the statistics.

If for any reason in your hiring practices, terminations, promotions or your general mix of race or gender, you know, strays from the statistics in the community, then you put together an affirmative plan to achieve that percentage and so usually that involves partnering with community programs that represent the particular, you know, race or gender that's underrepresented, and actually i am happy to say that in all of , we have

no underrepresentations at this time.

And so we are pretty committed to keeping up with that, in whatever site we choose for this new facility.

>> Spelman: So the commitment you have made is not just due to to -- good faith effort but in consequences and the last 15 sites you have been able to reflect the demographics of the area you are located in?

>> That's correct, you are required to have an affirmative action plan in site with 50 or more employees and we don't have affirmative action in every single location, but, in fact, we completed ofcc audit earlier this year successfully.

>> Spelman: Perfect.

I understand -- along similar lines, I understand the average wage you are talking about here, \$25 an hour and 51,000 and change per year.

What -- one of the questions we ask is not the lowest pay you pay because that will be different for individuals but the lowest tenth percentile.

Can you give us that idea of that would be or somewhere in the neighborhood.

chaunce may have your answer for that.

>> Lowest 10% is 27 people, 18 of those 27 people make -- have the number here -- make under \$11.

They make \$10 and something per hour.



Excluding profit sharing.

So all employees do get profit sharing.

There are 18 employees who get a little less than \$11 an hour but they do get profit sharing.

>> Spelman: They do get profit sharing, which of course is not guaranteed in any given year.

>> That's correct.

>> Spelman: They also do have, however, access to health insurance and all the other benefits you talked about at exactly the same level and terms as all the other employees in the organization?

>> That's correct.

And one of the greatest benefits we have that I didn't mention earlier is we are -- we do have

a safe harbor in our 401(k) plan  
which means every employee  
receives 3% of pay whether or  
not they participate themselves.

So a 401(k) account is  
established for them and  
everybody is funded an fully  
vested upon funding, each  
paycheck.

>> Spelman: Vested at each  
paycheck.

>> Right.

>> Spelman: Good for you.

That's great.

I have a question about --  
actually, either -- is it  
teon or  
ms. moorecort.

You are coming to us, I think it

is safe to say you are asking  
for an incentive.

You have already talked to the  
state.

Are you seeking an incentive  
from the county or any other  
local government?

>> Yes, hid has been made aware  
of it on the county level.

So we were given an audience  
with judge biscoe.

We had an opportunity to meet  
with him.

We presented an -- we were  
presented an application and  
went through that process as  
well.

>> Spelman: The county has not  
made a commitment one way or the

other yet?

>> No, sir.

>> Spelman: There is a number on  
the table from the county.

>> Yes, sir.

johns later

johns later

on what that is.

Thank you.

I do have a question for

mr. johns, over your shoulder.

Kevin.

You provided us good information  
in the powerpoint presentation  
and I am assuming the analysis  
in detail will be available for  
anybody online for anybody who  
wants to look at it on annual  
basis, so we know how many jobs

created, what the benefits and costs of the city are going to be and what the presumed payments are going to be if they are able to meet their job targets?

>> Their performance measures, yes, sir.

>> And the performance measures will be described in detail as well?

>> Yes, sir.

>> Spelman: Okay.

Thank you.

council

member morrison.

>> Morrison: Thank you.

And just a few more questions now.

So you were talking about the

lowest 10% and you said that  
just to be clear, you said that  
18 folks make under 11, but more  
than 10 plus the profit sharing.

Is that correct?

And then those other nine make  
more than 11?

You said -- we were talking  
about 27, the 10%, we were  
talking about 27 folks.

>> Yes, yes, that's correct.

So that the remainder, the 9  
make more than \$11.

>> Morrison: Okay.

That's helpful.

And then you were also talking  
about the health benefits that a  
company pays 80% and dependent  
portion included.

Can you tell me what, just in round figures, what dollar amount that is?

Because I take it that that doesn't vary depending on how much money you make and so it would hit the lower paid folks a lot harder than the higher paid folks.

>> So if the employee is participating in the wellness program, as most of ours do, it is for single coverage, \$26 a check.

>> Every two weeks.

>> Biweekly.

And for family coverage, it is \$110 and it's for as many members of their family that are eligible.

>> Morrison: Do most of your

lower paid folks actually  
participate in that.

>> Yeah.

I would say that -- I would  
guess 97% of our employees  
participate in the health  
insurance.

>> Morrison: Great.

And in terms of the training you  
were mentioning, though,  
required 40 hours of training.

So for the manufacturing jobs,  
can you give me some catches of  
some of the training that those  
folks might engage in?

>> Sure.

A lot of our manufacturing  
processes are arranged, I guess  
you can call it in a cell



configuration, and so an employee will typically circulate through the different tasks required within that cell so there is a lot of cross-training that goes on.

Then there is different cell that is have varying degrees of complexity and so often employees will move from one cell to another and, you know, we are happy to encourage employees to, you know, be skilled in as many areas as they are motivated to grow in.

>> Morrison: Do you have any numbers or something you can share with me in terms of what your turnover is for the manufacturing jobs?

Do they stay with you for a long time?

And do you have any measure of them moving up, the latter in the manufacturing world?

>> I don't have the turnover number available to share with you but I don't want to misstate it, but I can tell you the very, very low.

We consistently do benchmarking.

I can tell you that our tenure is very, very high in some of our plants.

It's not uncommon at all to have someone who has been with us 20, 25 years.

>> Morrison: Okay.

That's helpful.

Two other more difficult things to really get to any details on and I think that council member tovo might have mentioned this,

but one of the concerns always is, not only what kind of jobs are available but are these going to be j austinites, or do you have any sense that you are going to be located, i understand it far north so are we going to be providing jobs for a bunch -- we not that it's a bad thing.

We want everybody to have a job in travis county and so on but whether there thereby incentives and drives to hire people outside of the city limits?

>> I have to be honest, I am not familiar with the demographics of where employees with particular skills are concentrated but i can tell you it is our intention to hire from the community.

We have a nice variety of jobs,  
the majority are entry level  
jobs, which wouldn't require a  
specific skill set and maybe the  
specific jobs, like supply chain  
or technology-related jobs, we  
have a wide spectrum of people.

I don't think we will have a  
problem -- locally is our  
intent.

>> Morrison: johns  
may may have a comment on that.

I can tell by the express on  
your face.

>> Thank you.

I wanted to add that we did have  
discussions with the company  
about surveying the people who  
had been employed to find out  
whether they have left  
unemployment compensation,  
whether this has moved them out

of poverty so that we can get a better sense of where they started and where they come from and the company is very willing to work with us and I think that might give us a better picture, also, of where the people are living.

>> Morrison: Okay.

>> To use it as kind of a template for some of the things that are being discussed in the economic development economy.

>> Morrison: I have one other question, and one of the issues that always comes up is the but for question, and that is, would you -- and I don't know how you are going to be able to answer this but I would just love to hear your comments on it and what the community will ask is,

would you be coming here,  
anyways, without an incentive  
package from the city and state?  
Sorry to put you on the spot but  
I can assure you, people will  
ask so the helpful to hear  
directly from you.

>> Yes.

So when we went on our site  
selection process, we had ten  
innovation,  
business friendliness and the  
environment.

The criteria for how -- the type  
of people in the community that  
we would be hiring, so things in  
austin, the fact that you have  
technology here, you have a  
university here.

You have -- I forget the exact

number, but 12 or 13 different education type of places, those all contributed.

As we narrowed down our selection, the incentive is very attractive.

It is very expensive to move an operation and set it up, so hiring 276 people, training them the way we train them and operating once we have the doors open is expensive proposition that the incentives are helping us tremendously about.

We are a leader in our industry, but relatively speaking, we are not huge.

We are still under a billion dollars.

But we are expecting to grow

quickly and so the place where  
we land, we -- those features of  
business friendly environment,  
helping us establish at the  
location, you know, is a  
partnership we are looking for.

>> Morrison: I appreciate that.

And in terms of central texas  
versus austin, can you speak to  
that at all in terms of where  
you are interested this landing?

>> We have a preferred site now  
in austin.

It's in the tekridge property --  
the tech ridge property on i-35,  
a east of i-35, north of parmer.

We like the location for a lot  
of reasons.

It is in the corridor, the i-35



corridor and the 130 corridor,  
so access around the  
metropolitan area.

It's within walking distance to  
retail which is a culture that  
we have today.

We have bus stops on two  
corners.

We have a car pool area within  
1 yards of the site.

So a lot of features about that  
land and it's -- it's a land  
site so it enabled us to take  
our box that we designed and put  
it in a location that has a lot  
of the features we already built  
in.

We have looked in central texas.

We had looked before we  
started narrowing in on this  
opportunity, we had looked in  
other locations  
Pflugerville, that's a town we  
looked at.

What you offer in that location  
just culturally fits with who we  
are and the sites we are coming  
from.

>> Morrison: I appreciate that.

And then I just want to follow  
up on the comments that mayor  
pro tem made because I think  
that -- I understand that  
you're -- in the new jobs you  
are creating and your  
employments are one bucket of  
things that we are looking at,  
but the construction of the new  
site is also an opportunity that

we need to be thinking of in terms of helping to close that divide that we talked about, and so, in addition to the suggestion that mayor pro tem is going to be making that she shared with us, which I support.

I would also like to ask us to consider a couple of other things as we are working through that, an one is that -- that we, in fact, have an agreement that the disadvantaged workers that we are talking about under mayor pro tem's comments actually be paid a wage with the floor of 15 or \$16 an hour to provide that incentive and really create the pool and ladder up and out into more opportunity.

And then that, in general, so

that's just for construction  
that we are talking about, and  
that in general, for the  
construction workers, that there  
would be a floor of \$12 an hour  
or the prevailing wage, which  
ever is higher.

Sometimes we know that we  
have --

[applause]

we know there is prevailing  
wages that aren't living wages  
at all.

85, \$8 an  
hour, and so in terms of  
creating an opportunity and  
spend taxpayer dollars, I feel  
very strongly that we need to  
make sure that the folks that  
are engaged because of that have  
a fair chance with a fair pay.  
that's

all we have on our agenda.

Without objection, we stand

adjourned at 3:22.