

## Economic Opportunity Committee Meeting Transcript - 1/11/2016

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>> Hello. Welcome to the January meeting of the economic opportunity commission we are going to go ahead and get started. I do have someone to speak during citizens communication. Is Cynthia Valdez here? Great. >> I just want to thank you -- very brief. My name is Cynthia Valdez. I'm an east Austin resident, and I just want to let you know we support 100% the city of Austin and congratulate the city for having participated in the disparity study to begin with. That gives us as a community and people of color and living within the close boundary line -- I'm sorry, the line of the poverty -- meeting the federal poverty guidelines, it gives us an opportunity to look at what the economic situation is for the city of Austin. For those of us that have pushed to make sure the city of Austin increased the level of participation in city contracts of women and people of color, we want to be sure that you understand and are cognizant of the fact that there are two separate entities even though they're both under mbe and WBE programs. What we'd like for you to do is ask you to look at implementing the recommendations from the results of this disparity study, that you also look to see whether or not your partners within the city of Austin also have language in place to make sure that -- or guidelines in place so that their -- they will make sure to take into consideration the results of this study. The reason I'm stating that is because I also happen to be a member of the central health

[2:11:04 PM]

of Travis county health care districts board of managers, and we did not participate in the disparity study. And yet we are getting ready to implement this huge innovation zone -- innovation zone which will forever change the face of Austin, Travis county and central Texas. It's a huge opportunity for anyone want to go participate in the contracts that will be let or in the innovative development that will be occurring but we didn't participate and we don't have language in place for our entity. So I'd like for y'all to please encourage those with whom you partner, those with whom you look at to work on joint projects, that they reflect what is important to the city of Austin and its residents so that at all levels we are implementing parity and implementing appropriate language and practices so that all of the people and all of the ethnicities and cultures will be able to participate without facing any discriminatory practices. So thank you very much. >> Troxclair: Thank you. Members, is there a motion to profit minutes from the -- approve the minutes from the last meeting councilmember Houston makes a motion, councilmember Casar seconded. The minutes pass unanimously. That gets us to agenda item number 3, briefing by the Austin to my knowledge council regarding the partnership between the city of Austin and the Austin technology council. >> Good afternoon. Thank you for the opportunity, chairman troxclair and councilmembers. Appreciate the chance to provide you guys with an update from the 2014-2015 partnership that was forged between the Austin technology

[2:13:04 PM]

exponential city of Austin. There is a new presentation in front of you and I thought I would kind of breeze through some of the insights and data that we collected last year and talked just very briefly about what we're hoping accomplish moving forward. Before we do that, a quick refresher on who and what atc is all about. We are an association of technology companies about 280 member companies. We're led actually by dozens, as you can see here, of technology executives that are all very invested in making sure that the tech industry has not only continues to drive job growth and economic opportunity for those within the broader Austin community. Most of our companies actually are represented by software and internet technology companies, about 83% our companies are within that Cory. 11 -- category it 11 are within life sciences with about 6% in hardware and semiconductor technology. This is important to remember because the industry is evolving very quickly which means the skills that are required by industry are also very rapidly evolving and very specialized. Our member companies actually make up some of the best brands, best global brands within the tech sector and we're very proud to represent between companies another -- another community organizations almost 300 entities. This partnership was Ver important, not only to atc but it's also serving as a national model. I've spoken multiple times, actually, to the tech councils of North America. This partnership is the first public-private partnership of its kind between the tech sec for and a municipality. So what we're doing here in Austin is very significant and very visible. We also think it's really important to remember the fundamental reason why we wanted to forge this partnership. We knew a lot of economic development decisions and

[2:15:05 PM]

developments were -- investments were being made, unfortunately, before now they were being made without necessarily connectivity to the tech secretary tore. I think -- sector. We also knew Austin needed a bottom line of data -- baseline of data to glean as much information in terms of workforce, education and stem development. We also know that through this partnership we have been able to connect job seekers with those that are creating the jobs. Very important. We're in the process, through our foundation, of building volunteerism efforts that will mobilize tech fleets broader community, mostly through stem education. That's not been done before. And we also, again, just to get back to the point in terms of tech leadership, want to really reinforce the tech sector is very invested in making sure that the economic benefits that are gleaned or provided through the tech sector are available to those throughout the broader community. The partnership itself was established in 2014, actually council directed. As I mentioned the first year of the partnership actually established very important data baselines. Moving forward we're looking to leverage this data we collected last year to create and formulate and drive other really important workforce development efforts. Total investment is actually 775,000 with the overwhelming majority being provided by private stickers 72 private provided by tech through atc with 38% funded by the city of Austin. This one slide represents a lot of work that was accomplished through the partnership. I'll breeze really quickly through a lot of these deliverables. There were five data projects we invested in last year alone. We very regularly survey the tech sector. You can see on the left-hand side the majority of the

[2:17:07 PM]

projects are centered around tectallant which we believe really is the largest opportunity for us to sustain benefits to the broader community. We had 41 experience almost 900 attendees through those events. Tech has a tendency to be almost insular, pretty focused and heads down so getting them out to connect to the broader community is very important. The partnership development we know is

something that's very important to the city of Austin. And we're very proud of the number of partners that we forged in 2014/2015. Those partnerships really loose to very effectively increase and optimize the private. Public partnership we're talking about here floodplain were a lot in stem education that were forged that we're also very proud of. The integration and inclusion piece, we actually through the foundation got in front of 300 students, which we're very excited about and we also made strong headway in terms of connecting other communities outside of Austin. So I'm going also move pretty quickly through some of the key takeaways. Tech is worth 22.3 billion, up from about 18 months ago when it was worth \$21 billion. You can see through that increase how important it is to the regional economy. Tech alone created 5400 jobs last year and if you look, unfortunately, at the number on the very right-hand bottom of the screen, you can see that we're already suffering a pretty significant hiring gap. So the people that are look for opportunities to get more involved and get gained in the tech sector have an opportunity in the city of Austin and Texas. We established about two years ago through a comprehensive strategic planning process, tectallant by far is where we see the opportunity in temples of leave randalling private public investment dollars.

[2:19:08 PM]

Again, a sax of the data we collected, pretty significant shortage. Our companies if you focus on the Numbers in the very middle of that graph, you can see that our companies are feeling a bit of a strain as it relates to future hiring. This graph very significant because it lists the most popular job openings within tech. This list changes, as you might imagine every year, but it really points to the specific skills that are required by the tech sector. 43% of these jobs essentially require software development skills. This is a very important slide that indicates on the very right-hand side the list of programming languages that our tech sector looks for. So at least 43% of those jobs. In the chart we were just looking at require these languages. Unfortunately, in the very middle of the slide we see the list of certification programs that are being supplied by aid. So, unfortunately, 60% our tech companies indicated that those certification programs are not relevant whatsoever. This slide and this piece of data, these pieces of data, are very important because they are one indication of the lack of connectivity that we have in terms of workforce development training in Austin, Texas, and opportunities to get into the tech sector. This is a list of alternative degrees that are provided here in Austin, Texas. And it is relevant because these institutions or these companies, if you will, these training programs, have anywhere from an 80 to 95% placement rate. These are really the only entities that provide the kinds of skills and training here within Austin Texas. Most of them are privately run. As you can see through some of the Numbers on the right-hand side unfortunately they're very expensive.

[2:21:08 PM]

This is a slide with a lot of Numbers from our capital analysis. I don't know what we need to spend a lot of time on that today. We know, as one example, one take-away from this data our companies are look for more growth capital. Life sciences is another very important opportunity for growth and development we feel in Austin, Texas. There is a very large number of hourly wage positions within this sector that grows -- that is growing every year and you can see that most of our companies are growing pretty quickly. Most of them are in the r&d Cory, more than 50 percent. Moving forward, the bullet points that are listed in red indicate work that has been scoped in very close collaboration, not only with council leadership but also with economic development. And we understand that this money has been budgeted to date to the tune of \$70,000 annually for the next three years. The remaining bullet points represent additional work that's been scoped historically in collaboration with both EdD and council leadership. So moving forward in terms of action items for us, we love the opportunity to sit with each

of you and talk about those specifics and look -- we're looking for midyear budget allocation to supplement the \$295,000 expenditure. And I'm happy to answer any questions. >> Troxclair: Councilmember pool. >> Pool: Julie, thanks for coming here today. Appreciate the update. I have a question for you. I noticed on the percentage split 20 city of Austin funding and the private partnership, private funds, the 26% for private atc funds and 38%, can you give me an -- maybe -- I don't know if you can here today but you have a

[2:23:08 PM]

lot of members. >> Yes. >> Pool: You had, what is it, 300, did you say? >> 280 tech companies alone and we have close to -- actually a little more than 300 total. >> Pool: And the tech companies are doing well? Instance. >> Yes, yes. >> Pool: And I appreciate the in fact the salaries that they're able to offer to employees is huge, as far as driving our economic prosperity. I'm curious from each one of these -- the funding that they provide to the tech council, you're asking for the city bring more money to the table. Can you give us kind of a breakdown on the amount of money that the private -- >> Absolutely. >> Pool: Enterprise contribute if by the size their company or what? >> Happy to. Lots of data points on that one, as you can imagine. Austin is not unique in the fact that we have hundreds of tech companies, objection, but hundreds of tech companies that span several different sectors and several different size. So tech companies invest, if you will, in atc through membership dues based on employee size. Small companies pay about \$500 a year and the investment size goes on up to anywhere from 5,000 and some of our bigger partners, Visa is a great example, contribute 25 to \$50,000 a year. I will tell you in terms of tech's investment, when I started at atc, the annual revenue was about 120, \$130,000 a year and we, in 2015, reached about 1.3 million. So tech writing checks and they're writing pretty generous checks because this is a important deponent them. We provide obviously other services and representation. I will tell you that the city of Austin partnership has really become a center point of the work that we do at atc and the -- it is -- for many, many reasons, they're not only feeling, obviously, the pain of having to recruit

[2:25:10 PM]

employees. They're all very invested. One of the things that really struck me when I started at atc was the number of executives that have been here for 20 and 30 years. They are tired of seeing their kids go to other cities to work for tech. And they also know that we have really significant connectivity issues in terms of access to resources. So tech is investing and they're investing at increasing rates every year. >> Pool: So are they bringing more dollars to the table as well during -- as you're asking the city for additional investment? >> Absolutely, yes. And we will actually invest outside of the \$775,000. A lot of our mission really revolves around this work. Safe to say that more than 62% of this money will be invested by the private sector. >> Pool: Then I also had a question on the curriculum and were talking about the school district. First question, is it only aid that atc works with? What other constricts are you working with -- school districts are you working with. >> So far because of the relative newness of atc, that's been around two years, we've been collecting data around 24 months wanted to make sure we had established important baseline. Our hope is we are able, as we grow and as he tech tendons increase the investment, grow into other school districts. We knew there was going to be a steep landmark curve there has been. We have learning challenges in terms of how each sector or institution, if you will, does business so we've been focused solely to date on aisd with hopes we can expand down the road. >> Pool: I think we have at least three other school districts in the city of Austin. We've got manor, pflugerville, and del valle. >> There is -- has never been a question the amount of work that we need to accomplish.

[2:27:12 PM]

We're very excited and very proud of the data that we collected, that baseline academy '14-'15. Our hope moving forward -- again, we look forward to the opportunity to talk to each you individually about the specific initiatives we want to build on top of this baseline data. >> Pool: The last question that I have, specifically about education and expanding the curriculum, does it also include ACC and maybe concordia? What other higher level institution are you working with? >> Absolutely, yeah. We are working with ACC, also St. Ed's university has been a really strong partner to atc. They have been important for us, again, because we wanted to really create a strong foundation in terms of internship programs. We have done that actually as part of our 2015 -- 2014-2015 year and moving forward our hope is that we do the same thing and essentially land and expand into other higher ed institutions. >> Pool: Because I recognize how private educational entity can be more nimble than the school district or a quality university but my personal philosophy is very strongly in support of public education. >> No question. >> Pool: Because I really do believe in education for all, not whether they all can pay. So I would be interested in challenging atc to work with the public institutions to help them be a little bit more aligned with how the scorch bending. >> Absolutely. >> Pool: So that they can -- they're able to change their curriculum at a faster clip. >> Absolutely. >> Pool: In order to match based upon the needs that you're clearly identifying, the tech sector needs. >> Yeah. You hit the nail on the head. That's really the key I know we wanted to work with St. Ed is just from -- in terms of developing pilot projects, right? So we have developed the pilot internship program is one example. We know tech is hungering for all sorts of employees and as

[2:29:15 PM]

the tectallant pain tendons increase, what we're also finding is a lot of the traditional higher ed methods that our tech companies have been using are simply not sufficient. They're all getting very creative about who and how they hire. They have obviously thousands of employees they're trying to hire every year. We are seeing some companies actually invest in training for employees. So we have a lot of ideas, a lot of strategy centuries -- strategies, again, based on the data we collected this first year and we're excited to deploy those. >> Pool: Great, thank you. My goal would be to educate the students that are near town. >> Absolutely. >> Pool: Especially all across the city and all parts and then also, I agree, to the extent that we're able to keep our talent home. Based, I think that's a real plus for our community as well. >> There has been I think a misconception for years that tech prefers to go outside of market. That is not the case at all. It is too extensive and too time consuming. Again, the executives leading these companies, the overwhelming number of them we work with are actually from this market or have been in Austin for the last 2010 to 30 years. They are very personally invested in not only giving back to the community but making sure that talent really stays close. I can't emphasize that one enough. That's the whole I know we created the foundation. So we're excited about the work that we have to do, can do moving forward. >> Pool: Well, I look forward to working with y'all. >> Thank you. >> Pool: That's all I have. >> Troxclair: Members, any other questions? Councilmember Houston. >> Houston: Thank you again for being here. >> Thank you. >> Houston: I've got a couple of questions on slide two. >> Sure. >> Houston: Can you talk to me just briefly about the demographic makeup of the board, the foundation and the four advisory councils. >> Yes. I appreciate that question because it's another bragging right of ours at atc. This is for a number of

[2:31:16 PM]

reasons I mentioned that atc is a national model, our board and the high concentration of tech

executives and the broad diversity of tech companies they develop another reason. So of the 21 executives that sit on the association board, the overwhelming number of those are tech leaders that represent companies anywhere from probably 50 employees all the way up to eight or 9,000 employees. Those executives actually are really driving the vision and those four mission imperatives. Those are the executives working very closely with us to not only incubate but grow the atc foundation.

>> Houston: Thank you. When I use the term demographic, I'm not talking about the level of tech. I'm talking about ethnicity. >> Yes. >> Houston: Can you tell me the demographic makeup of those entities as it relates to people of color. >> Great question. And that, as you know, is a huge challenge. In tech, if I had to guess -- actually, the directors are listed on our website -- probably 35 or 40% of those would be considered either nonwhite or female. >> Houston: So 40% of the board? >> Of the big board, that's right. And within the atc foundation of the seven executives, five are nonwhite or women. >> Houston: Okay. And how many on the foundation. >> Five of the seven. >> Houston: Five of the seven. What about the advisory councils? >> Advisory councils, I would say probably another 35% of those executives are nonwhite or female. And I'm hey, by the way, to get those -- to do a formal audit. >> Houston: Would you, please? Because today we're talking about disparity studies. >> Absolutely. >> Houston: And tech traditionally it's not that. So if y'all are doing greater -- better than average, I certainly would like to see that because that historically has not been what we've found -- I have found when I deal with some tech

[2:33:16 PM]

companies. It's pretty much all white. >> Yes. And all male. That's very common, as you know, within the industry. We've worked very hard to do our best to recruit as many folks that are not the standard employee or leader within our leadership. There's always work to do in that regard. I will tell you that diversity is an increasingly salient -- it's always been a salient issue. It's what we're hearing the most of from our tech companies. So moving forward, I can guarantee that our companies will continue to invest private dollars to better those odds. It's another I know the tectallant, you know, component for us is so very important. >> Houston: So I saw some of the schools that you work with are the -- not the schools, but I can Garcia is one of the schools you work with and then girls start is another. What other schools in Austin independent school district because we have about eight districts in the city but in Austin independent school districts what other schools do you work with to try to encourage young children to think about attacks a field, as a career. >> Again, this kind of gets back to our original strategy here. We're working currently with Bertha Sadler and Gus Garcia and other nonprofits, these have been pilot projects. Our hope is obviously that we continue to expand into other schools. Tech is pretty particular as it relates to launching pilot projects and pilot inflames an effort to really make sure that we are learning from one another. And you can imagine bring a tech executive and bringing a tech-directed program into a publicly -- a public school has been -- we've had several challenges, not for anyone's false, but there are -- we have significant differences

[2:35:17 PM]

in terms of how tech employees engage and volunteerism. And the sort of standards and requirements and parameters, if you will that, exist within our public school system. We've literally spent the last two years in dozens of conversations with aid leadership to try to get to the bottom of some of these challenges so we could overcome them. We knew we wanted to start small with these two snooze an effort to not launch anything we knew was not going to be successful. >> Houston: So how long do you think it would be before you have some outcome data based upon the pilots that you're operating now? >> That is actually part of our proposed program that we've developed, again, in collaboration with EdD

and with council leadership. We -- yeah, moving forward, for the next three years are hoping to launch even stronger programs. We've been doing it on a, you know, pretty small scale within these two elementary schools. But our hope is that, moving forward, we're able to expand on those programs. >> Houston: The two middle schools? >> Yes, ma'am, yeah. >> Houston: I'm sorry. Can you tell me again what EdD stands for. >> Houston: Economic development department I'm accustomed to doling a lot of things -- to doling a lot of things -- calling it a lot of things but never EdD. That's something we've used in the mental health field. When you say EdD I'm thinking -- well, inaccuracy that's okay. >> Shame on me for using an acronym. >> Houston: The other thing is when you say council -- in conjunction with council directive, is that us? >> We -- no, ma'am. >> Houston: Who is that? >> The original contract was directed by the last council. >> Houston: Okay. >> But we've, had as many of you know, individual conversations with each you just to get you affect with atc and the work that we do and we're hoping moving forward we can continue that collaborative work. It lives at the crux of the philosophy of the partnership.

[2:37:17 PM]

>> Houston: Thank you. >> Troxclair: Councilmember pool. >> Pool: One last question for me ask maybe I don't know if councilmember Casar has some stuff but the amount that you're asking, is that in addition to what had already been agreed upon in partnership or is this the funding that was already agreed upon and you just need to have that surveyed. >> Yes, we are not asking actually for any increase compared to 2014-2015. So the sum total contract amount would be the same as last year. >> Pool: So what you're looking for is payment on -- isn't it a 3-year agreement? >> It is a three-year disagreement it's our understanding that \$70,000 has already been approved in the original budget process so we're asking for an additional -- not an increase but just to -- the \$225,000 to make up that difference that's not been approved yet. >> Pool: What is the timing on that, that you need that for? >> You know, the sooner the better. If you ask us, we're looking forward to -- you know, we've actually launched on some of the work to date, but the sooner we can get things formalized. >> Pool: So this is an agreement and the total dollars was -- were agreed to by previous council and you're looking for council's authorization for the payment to pay for work already done and for work that is prospective. >> That's correct. And it was -- just to provide a little additional context, originally, scoped for a 12 month term, kneeing it was a new partnership, right? I think the city wanted to make sure that we were going to be an accountable partner so a lot of today's presentation really is to demonstrate that it's been a successful partnership. >> Troxclair: Councilmember Houston. >> Houston: So we ask staff to come and explain exactly what ask is because I heard a midnear-term the presentation, midterm allocation, so if they could come up, that would help me.

[2:39:18 PM]

>> Hi, good afternoon, David, economic development. If you could repeat your question, please. I'm sorry I didn't hear the full thing. >> Houston: Well, in the presentation I heard that they would be coming to us asking for a midyear -- what did you say? Allocation, I think. So could you explain exactly what that is? >> Sure. Currently, we have \$70,000 for -- with two additional renewal options for a contract with atc. We have provided a scope of work for atc to review and provide feedback for that scope of work but we have no contract at this time with them. So what I'm familiar with from seeing this presentation today is that they are requesting the remaining portion, which would be the \$230,000, I believe, to reach where they were with the past contract with us. You have a confused look on your face. So recently when we went through the budgeting process, we had \$70,000 that was put aside for our contract with atc. This is an amount that we've always had available for atc or for a significant period of time at least the past five years for our contract with atc within the economic development budget.

The year prior, atc came forward with the Austin technology partnership and requested the full \$295,000, which council granted, a one-year contract. So now we have \$70,000 that was in our budget. We requested that city manager have the authority to sign that contract, which came to you in rca form, and at that time it was approved for two more renewal cycles. So we had the ability to create a three-year contract with atc for \$70,000. However, they are asking through this presentation for

[2:41:19 PM]

the remaining portion, which is about \$2,305,235,000 -- \$235,000 for a three-year period of time. >> Houston: Thank you. >> Troxclair: So why was the \$230,000 -- I mean, did -- that request wasn't made during the budget? >> It was not, no. It wasn't a part of the unmet needs that came to council for the budget. And so it is not an amount of money that economic development has within our budget at this time. >> Troxclair: Okay. And why was it list? >> So it's not necessarily their -- I mean, just because maybe they didn't go through the proper channels, it seems like if it was an existing agreement, it -- I don't know. It seems like there's more to this story. >> Sure. We did provide a list of unmet needs did go forward through leadership, and I don't think that this was one of the unmet needs that went forward with our budget to council. >> Troxclair: Okay. >> After the short list of unmet needs did dom your attention. >> Troxclair: So that would be an indication to council that -- of the limited money that we have to allocate, this need -- that there were other needs were more pressing? >> I couldn't speculate because I'm not privy to those conversations but I do know we did put forward that list of unmet needs and I don't believe that this made the

[2:43:22 PM]

short list. >> Troxclair: Thank you for clearing that up for us. Councilmember pool. >> Pool: I think I would be inclined to ask that you send the request up through the process through your department, your division head to the city manager. I know we will be hearing from ed van eenoo and financial staff as to what the audited final balance is for fiscal '19 by the end of the month we will know what additional funds may be available and I think that knowing that and knowing this request in front of us from atc, which strikes me as it was a promise given so I'm going to work off of the fact that the previous council had authorized it and I understand as a new partnership that sometimes it takes a little bit longer for things to get up to speed. Recognizing that, it may be that we can then take the information that we have from our financial staff if this requests come up through the city manager or if we should decide at the council level to intend forth as a resolution, then maybe we can take the temperature of the council to see about funding this contract and this agreement with atc going forward for the full three years. >> Troxclair: Okay. Thank you. Councilmember Casar. >> Casar: Then just one last request for atc would just be if you could deliver for us, if it ends up coming to the council level instead of just directly through the city manager side, it would be helpful for me to understand what things are gonna look like on the ground in the community. >> Absolutely. >> Casar: If some of it were or all of it were, joust we understand what that money buys. >> 2005 all scoped out and ready to go. We'd love to share it. >> Casar: Thank you. >> Troxclair: Thank you. >> Pool: I look forward to y'all coming back and talking to us a little bit more about that. >> Great, thank you. >> Pool: As we kind of get closer to making that decision.

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>> Thank you. >> Houston: It's interesting that a request for that kind of money would come through a briefing rather than the formalized that I -- way that we usually have those requests. I'm not as hopeful



as some of my colleagues are with the reconciled balance because there were so many things quo not fund that have a -- things awe could not fund that have a direct impact on people's lives, especially in low-income communities. I'm not that hopeful but at least it will get a process to go through so that we can take a look at that. >> Sure. And we are happy, by the way, to follow whatever process is recommended. I think there's been a little bit of confusion there too. So we will do whatever we are directed to do. Happy to comply. >> Troxclair: Yeah. I think, that this was the appropriate way for you to bling to our attention. I don't know if -- bring this to our attention. >> Houston: I wasn't talking -- yeah, through the budget process but I wasn't talking about how it came to us. >> Troxclair: Okay. >> Houston: That it was kind of the staff briefing which you all do periodically and then there was we need this additional kind of money that kind of threw me. >> I think the staff retrieving you're referring to happened probably midyear through this first contract so we wanted to be transparent about what we were achieving and where we were headed. We're big on transparency in tech, let me tell you, so we're happy to talk to anybody at any time. >> Troxclair: Thank you so much. >> Thank you. >> Troxclair: Okay. We are going to move on to item 4, presentation by the small minority business resources department regarding the status of the minority women and veteran-owned business enterprise disparity study. We do have several speakers signed up. Does anybody have a preference

[2:47:23 PM]

of speakers, whether or not the speakers want to go before the presentation or -- let's go ahead and hear from them then. We'll do Melvin white first. >> Good afternoon, council. Thank you for having me. My name is Melvin white. I'm the president of Mrs management, a technology company and I wanted to speak -- information technology company. I wanted to speak regarding the disparity and I had congratulate the committee for the great took they've put together. And I wanted to talk about two particular areas in the recommendations. I could talk about all of them but I'm going to specifically talk about the mentor protege program. We've been an it company for the last ten years in the city. The cio wanted an initiative to bring more small companies because the small companies that's represented in the it space in the city of Austin spin is very, very small and he wanted to see how to increase that. We suggested a mentor protege program to him that we thought would be able to really achieve that. The mentor protege inflame my opinion does a couple of things. It actually, it's not just about getting business. It's about building capacity in the companies who are small that may not have a lot of the technical support. So we followed the federal government's mentor protege program as well as the state of Texas' mentor protege program but it was later discovered that the city, I guess, through the committee, the dsbr, the legal contracts, they said that the city could not do a mentor protege program because it would be legally inappropriate to do it that way. And I didn't understand that. I just left that alone but I'm glad to see that it's one of the recommendations that

[2:49:23 PM]

they're going to be presenting to you. I'm certainly looking forward to hearing about it. The second thing I wanted to bring out was the -- how we go about looking at goals that are established for contracts. So often we've talked about construction and that's a pretty easy one. When you start talking about technology, that could be several layers. So when you start trying to establish goals for technology companies, it's not as easy. So if you have someone that's saying well that's not a window, there's a goal inaccuracy you don't really have someone at the table that really understands thousand break down the contracts and -- how to break down the contracts and how to look at that, it can be very difficult of how you're able to flange to -- bring that to bear. I hope that can be another consideration, to look at how do you establish disability it's not a one size fits all. You know, you have some general fund departments,

also have some enterprise departments within the city and they all operate differently. As an it company we're simply looking for ways to build capacity in our companies so that we're not just doing work for the city but we're leveraging the dollars that's being spent with the city we may be able -- go off and grow our company. I think from the ordinance that's been established I think that's something that allows us to accomplish that. Thank you for listening to me. [ Buzzer sounding ] >> Troxclair: Thank you for being here. I have savvy [indiscernible], Sylvia Lopez and pa signed up but it's indicated they don't want to speak. I'm going to then move on to Jim Brennan. >> Good afternoon, committee members purchase my name is Jim Brennan. I'm the legislative director for the Texas coalition of veterans organizations. We represent roughly 600,000 veterans near the state Texas. I've been working as a

[2:51:24 PM]

veterans advocate for the last ten years at the federal, state, county, municipal levels primarily in the state legislature here. I want to first mention I appreciate seeing the flags of the different branches of service up here. It's important that we recognize the sacrifices that have been made and not just by those that serve, but by the families. They're all impacted by this so I'm encouraged to so that he. Also, the organizations that we represent run the gamut from the veterans-foreign wars to American legion to -- there's three or so veterans organizations. This initiative relating to service vets and veterans owned businesses I started about nine years ago with the city of Austin and so that tells you how complex an issue this can become. We're really pleased to find that this study has finally been completed. I'm not going to get into too much detail until we hear the presentation but I'd like to reserve the right to comment affidavits of those that put the study together. We knee these programs have been implemented in other states and municipalities and we're looking forward to seeing what the city of Austin wants to do here. So thank you for the time. >> Troxclair: Thank you for being here. Okay that concludes our speakers so we'll go ahead and hear from our staff. >> Good afternoon, committee members, Veronica Lara, director of the small business mountain resources department. I'm briefed you previously on the status update of our disparity study, commissioned it a few years ago and we're happy to be here today with a study for your review. On behigh school of our department our consultant for this study, near era will be

[2:53:28 PM]

presenting, Jon Wainwright in administrator so I will turn it over to Mr. Wainwright. >> Thank you, Veronica, committee members. It's a pleasure to be here. Thank you for having me. My name is Jon Wainwright. I'm a senior vice president with era economic consulting. I was the principal investigator for your study. With me also here today is don o'bannon, who was a key team member on the study. And you'll be hearing from him as well. My powerpoint isn't nearly as pretty as the one from atc. I think I may need to take a course in powerpoint design. I wish they would have included that in my graduate curriculum. But nevertheless, we had a wonderful team of subconsultants helping us out, in particular I mentioned don, also business resource consultants and they're here in the audience today led by Carol Hadnot, several other firms participating, all small businesses, minority businesses or veteran-owned businesses as well. And we were grateful for all of their hard work. It's a 700 page study. We could go on much longer than the time you have today so by necessity I'm going to give you a very high level overview. I'm happy to dive into more detail on any aspect that you'd like now or in the future but if I was to put the key points into one single slide it would be this one. During the study period, the six-year study period we looked at from 2008 to 2013, overall minority and women business enterprise affiliates city was 21% of total spending which translates into \$876 million over that period. Minority women-owned businesses during that period

[2:55:29 PM]

comprise approximately 26% of all available firms in the Austin marketplace. Interestingly, we found that when goals are placed on city contracts, overall participation is very, very strong coming in on average at 31% on contracts without goals, of which there were many, participation averaged 17%. Importantly, we note in the study and spend a long time documenting that disparities continue in the broader Austin market area, in the economy within which the city is situated. Anecdotal or qualitative evidence we gathered supports the statistical findings and in our opinion the findings do support the continuation of the program with some potential modifications to the ordinance and the way it's implemented at smbr. Just very briefly, the legal standards stem from a supreme court decision in 1989 and set forth a constitutional standard known as strict constitutional scrutiny, the same standard used to dismantle Jim crow laws after the civil war and during the reconstruction period. In 1989, the standard was flipped on its head and is now applied to remedial affirmative action programs. It is the law of the land. It has two prongs, a compelling interest prong, and a narrow tailoring prong. And dawn can certainly talk in more detail about any aspect of those that you'd like to, but, in a nutshell, the compelling interest prong is satisfied by having evidence of disparities in your marketplace through a study such as this. The narrow tailoring prong means

[2:57:30 PM]

that any remedies that are adopted in response to that evidence are tied to the evidence. So, if your availability in the marketplace for minority and women-owned firms is 20%, your goal probably shouldn't be 5%, or 50%. It should be tied directly to the evidence in the study, and any other relevant evidence as well. Also, an important standard under strict constitutional scrutiny is that race and gender-neutral measures, as well as race and gender-conscious measures be employed. The race- and gender-conscious is the demand side of the market, contracts, helping to create additional demand for these businesses. The gender-neutral side is the supply side, providing supportive services that the trade associations do, financial assistance, technical assistance, those types of programs. The mentor protegee program that the speaker was talking about that helped grow capacity, build skills, and expand the supply of those firms. So, as any good economist will tell you, both sides of the market are important to pay attention to. I'm just going to quickly run through a couple slides on each chapter of the study. The study was developed largely from the city's -- empirically from the city's own data. We collected all of the city's prime contracts, and subcontract records that they had on file during this six-year period. We supplemented that data collection, went out and plugged the gaps that we found to exist. We successfully obtained about 80% of all the contracts. We went out to collect data on. And about 93% of all the dollars those contracts represented. From looking at the zip codes where those establishments that

[2:59:31 PM]

do business with the city, both at the prime and subcontracting level are located, we determined that the relevant market area was the Austin Round Rock metropolitan area. In that chapter, we determined the geographic market we're interested in and the industries that are relevant for city spending, whether we hire plumbers, electricians, doctors, lawyers, buy pens, pencils, all the different things from A to Z that we purchase. And there's a lovely acronym there in that first bullet, the NAICS codes. That's the government's industry classification system. It stands for the North American industry classification system. I hope you have in your packet a copy of the glossary from the study, so if there

are any terms in there that I am remiss in defining, you'll find those in there. So, once we knew the industry codes that were relevant, and the counties that were relevant, we were able to go to a data source known as dun and Bradstreet and pull out all the records of businesses in that file. We merged them together with some custom directories that we developed. We collected all the trade association directories, the various chamber of commerce directories, and other directories and lists that would include minority and women-owned business information. We did the same thing with veteran directories as well. Put those all together with dun & Bradstreet to improve our understanding of the businesses in our file. We also did a very large telephone survey to statistically correct those availability Numbers for instances of misclassification. So, for example, if we had 100

[3:01:33 PM]

firms that we thought were african-american-owned, we called them up, got ahold of the owner, asked them directly what type of -- what's the race and gender makeup of your business ownership. We might have found that 95 of those firms were african-american-owned, and the other five were something else. We took those results and used them to statistically refine our Numbers. You'll see in the very front of the study, in the executive summary, table a1, overall availability Numbers for minority and women-owned firms, and in table a2, overall Numbers for vobs, which is our acronym for veteran-owned businesses, and sdvobs, service disabled veteran-owned businesses. That's a subset of vobs in general. You'll see some of those Numbers in a moment, so you don't have to flip to the study quite yet. So, that's chapter two. We determined what are the markets that are important from a geographic and industry perspective, then estimated availability percentages, and looked at the larger market within which the city operates, the overall economy in the statistical area, and looked to see, do we see disparities in wages, business owner earnings, and business formation rates for minority and women, and veterans in these market areas. And we looked at construction separately from goods and services, and then all of those areas combined. There's many -- statistical tables outlining the results of the statistical regression age --analysis that we did, which looks to hold factors constant such as age and location, and

[3:03:34 PM]

see if even when those factors are held constant, if there are significant differences according to race and sex. And I thought really long and hard about how to consolidate 20 tables into one powerpoint slide. And this is what I came up with. But, in general, what -- not in general, across the board, in every category that we examined, in construction as well as in goods and services, and for every single group that comprises the mbe and WBE definition, adverse and statistically significant disparities in the Austin market area. This is the touchstone. It indicates that without the types of remedial activities that are fostered through smbr and the city's mbe/wbe ordinance. There would be nothing to remediate these in the large Austin economy. So, while the city can't undo these disparities by itself, it remains the case that most of the heavy lifting in this regard is done in the public sector. And in Austin, that's primarily falling on the shoulders of the city, although I hold out high hopes that the school district and the county will be joining in in that effort in the near future. Here's a similar table for the veteran-owned businesses and the service disabled veteran-owned businesses. In all categories except wage disparities for the sdvobs, we also found adverse and usually statistically significant results as well for these two groups. One natural question to ask when you see evidence of these disparities is, well, what causes them? There are a myriad of possible explanations, and probably myriad actual explanations.

[3:05:34 PM]

One that we were able to focus on in greater detail in the study, both because it comes up a lot in this -- when you're talking about this topic, and because we had some really good data to use for the analysis, is access to capital and credit. And using a data set from the federal reserve board, supplemented by historical surveys done over the years by era, we start from the fact that commercial loan requests are denied for minorities and women at a rate that far exceeds their nonminority male counterparts. And so the basic question can, is, why is that the case? One obvious answer could be, their balance sheets aren't as good. Their credit worthiness isn't as good, the loan denial rates are higher. What's interesting about this particular chapter in the disparity study is we were able, through the use of statistical regression analysis, to demonstrate that even after accounting for differences in balance sheets, assets, liabilities, credit worthiness, all the types of things that a loan officer would check down on their application form when trying to determine whether to approve or deny credit, the loan applications for mwbes, especially African-Americans, were still statistically significantly more likely to be denied. And this was a very unique and detailed data set which unfortunately in its wisdom, the federal reserve board a few years ago decided to cancel and not continue, right before the worst economic recession in a couple generations. So that was really a crying shame. But nevertheless, we gathered all the information that we could in this chapter, and looked at it here. We also noted in the chapter that minority and women-owned

[3:07:35 PM]

firms, when they were able to have their loans approved, paid higher interest rates for them. On average, almost a full percentage point higher, again. So, very disturbing results, and a large part of the explanation of why some of these disparities that we found in the previous chapter four exist. Of course, no disparity study would be complete without also looking at what's happening at the city in its own contracting. And the associated subcontracting. So this table here is a top-level examination looking at dollars paid on contracting and procurement, the utilization percentage category is a percentage of total dollars that accrued to these groups. If you look at the note at the bottom, we examined a total of over \$4 billion across more than 3500 prime contracts and over 8500 subcontracts over this six-year period. Overall, mwbe received 18.75% of those dollars, and you can see how that 18.75% breaks out according to the different constituent groups that are included in the current ordinance. Then the availability column is the percentage of businesses in this five-county marketplace that are comprised of these groups. Almost 26% overall. And the constituent makeup of that, going into that column. The final column is the disparity ratio. You take the utilization number, divide it by the availability number, multiply the result by a hundred, and you get a number that should fall on a scale of zero to 100. Anything under 100 would be considered to be an adverse disparity. Anything less than 80 is considered to be a very adverse disparity, or a large disparity. As you can see in many of these categories, fall well below the 80% threshold.

[3:09:35 PM]

And many of them are statistically significant as well, meaning they couldn't just accrue due to random chance. Now, this is all contracts combined, construction, professional services, nonprofessional services, and goods. Obviously, the results differ across those different categories and for the different groups. I refer you to chapter six of the study for more details on those results. But I do want to point out an interesting finding that we made, looking at smbr did a very good tracking of which contracts had goals and which did not. On contracts without goals, you'll see here that the overall percentage of participation is significantly lower than overall on average. And three out of the \$4 billion that the city

spends did not have goals on them, according to the records that we looked at. Here are comparable Numbers for veteran-owned businesses, service disabled veteran-owned businesses, very large disparities there, as well. Almost 7% availability for veterans against about a 1.3% utilization. The service disabled veteran population is much smaller, but, from what we were able to track, we found large disparities in that community as well. It is important to point out that strict scrutiny, the legal standard that's applicable to the mbe and WBE program does not apply to the veteran program. It's a much lower legal threshold for including those firms. It's also important to point out that many veteran-owned businesses and service disabled veteran-owned businesses are minorities and women as well. The legal standards require us to gather qualitative information to see if what we're hearing from talking to business owners and surveying the community lines up with what we were finding statistically.

[3:11:36 PM]

In general, it does. We did a large-scale mail survey of business owners. We found more mwbes than non-s experienced treatment, even on revenues being held constant. Mwbes reported more strongly than non-mwbes that large project size, previous experience with the project owner, bonding requirements, insurance requirements, make it harder or impossible to obtain contracts, again, even when capacity is held constant. And most disturbingly to me, in a large majority of cases, we asked the subcontractors who were used to fulfill mbe goals on contracts that had goals whether those same primes hired them to work on contracts without goals. And two-thirds to three-quarters of a percent of the total told us no, they seldom were contacted. Now, again, could be a perfectly logical explanation for that -- their work wasn't as good, so we didn't hire them. We followed up and said, how often do those contractors solicit you to bid on those projects? And we got the same answer. So, something is definitely amiss there. It gives you a very strong indication of what would happen without a program like the city has, what life would -- revert to were there no goals on any contracts. Then, Mr. O'bannon moderated an extensive series of individual personal interviews with business owners in the summer of 2014. And, again, our interviewees reported discriminatory attitudes and perceptions in other types of behaviors and treatment that were fully consistent with the statistical

[3:13:39 PM]

disparities we were finding in the marketplace. I'm going to turn it over to dawn now to talk briefly about the recommendations that we made. There's quite a number of them for the city's consideration. And we probably don't have time to go through them one by one, but we'll certainly be happy to go into any that you'd like. And with that, I'll turn it over to dawn. Thank you. >> Just as an FYI, there were two components to our interviews. One component was simply marketplace. What is your interaction as a minority firm, or as a nonminority firm, in the marketplace with those people that you do business with, the prime contractors, the city. What does that interaction look like, and that anecdotal evidence covers that component. In addition, the anecdotal evidence had a program owner component, the business owner's feedback on the program itself. And that is included. I would like to at least point out that when I had many of the stakeholder meetings, that people came loaded for bear. And there is often -- they focus more on the negative than the positive. And I simply wanted to say, having done this in a number of different jurisdictions, that the program elements that are here, and the staffing of the smrb department is a strong program. There are some significant elements which you want to see in these types of programs, and they are present in your program here. And I just wanted -- it doesn't necessarily come out from the interviews, and I just want to make sure that you guys were aware of that. The recommendations fall into two categories. One is race-neutral, the other is race-conscious. Generally, they related to both

[3:15:40 PM]

the administration of the program, as well as to ways in which to enhance the program in terms of some of the things that you are currently already doing. For example, I know there has been and always been an emphasis on bundling. That continues to be an issue. It's something the smbr is doing. We encourage that department in terms of making these recommendations to do even more of that. Again, the feedback that we got from the minority community was there's great concern, desire, to work in a prime capacity. Bundling those contracts allows for small businesses, minority-owned -- business to play a prime role versus a subcontracting role. And each of those recommendations goes to those types of either business owner feedback, best practices from other jurisdictions, as well as our interviews with staff and some of the things that we were able to ascertain that would, in fact, make this program even stronger than it is. >> I'm just -- >> Okay. >> Can I just add, the key recommendation here is to adopt a renewed ordinance and accompanying program recommendations based on the findings of the study -- the program regulations, excuse me. So, with that, we're happy to take any of your questions. >> Members, any questions? Councilmember Casar. >> Casar: Just one somewhat legal question. On the -- the study found

[3:17:40 PM]

adverse impact, but, where it was not statistically significant, are we allowed -- >> No, it did. >> Casar: It did? Sorry. Excuse me. >> Not in every case, but many cases. >> Casar: In those categories where the adverse impact was found, but you didn't have an asterisk showing it was with the 95% confidence level, given the strict reading, where are we limited -- are we more limited in those areas because of the lack of getting to the 95% confidence level, or is that just information? >> That's a great question. If you go back to the statistical significance that's most important in my mind, it's that -- or my opinion -- is that from the market area study, okay. There's a legal standard. It always causes confusion. So I hesitate to even give the term out, but it's known as passive participation. If the city is passively -- by using its tax dollars to fund contracts in a market that's infected with these disparities, that's the legal touchstone for the city being able to demonstrate its compelling interest and have a program. And in the market analysis, every single result on the mb mb/wbe side was large and statistically significant. That wasn't the case in every aspect on the veteran side, but it was close. And then looking at the city's own contracting, sometimes it's statistically significant, sometimes it's not. But you have to bear in mind that the city's contract Numbers are reflecting the presence of a long-standing program. So the anecdote or metaphor I always use is, I have high blood pressure, for which I take medicine. If you put a blood pressure cuff on me and take my blood pressure, probably not right at

[3:19:41 PM]

the moment, but most days it'll look Normal. 120/80, because I'm taking the medicine. If you conclude from that that I don't have hypertension, you'd be drawing the wrong conclusion. It's the medicine that's present in the bloodstream that's remedying the disease. So the presence of these goals is impacting the Numbers you see in the city's own data. So you can't really draw strong conclusions about the presence or absence of discrimination there, and sometimes those results aren't statistically significant because once you drill down to the six-digit industry levels, native Americans, females, veteran, you rapidly run out of statistical sample size. >> Casar: Since we've gone through so many slides, I failed to notice on the first slide you don't have the asterisks. I was concerned on that first slide that we didn't have within 95%. >> The one for the city? >> Casar: No, on the slide right before the one

that you're on now. >> Oh, this one? >> Casar: Yes. There's no asterisks. I thought none of those -- >> Sorry. It's all results. Instead of putting an asterisk on every one, I got lazy and put it at the bottom. >> Casar: That's perfectly all right. The idea being that since it was statistically significant in the vast majority of areas, we have sound evidence to prove that we are passively participating in the system. >> I would be very, very comfortable going to court and defending you on that basis. And hopefully I won't be called to do so, but if I am, I'd be very, very confident. >> Casar: That's what we pay you for, right? >> That's right. >> Casar: Thank you. >> Any other questions? >> If questions do come up in the future, I live here. I've lived here for 30 years. I was very honored to be able to do this study in my hometown. If they do arise, please just let Veronica and Deborah know, and I'm sure they can make

[3:21:42 PM]

arrangements to bring us back. >> Thank you so much. >> If I may, I wanted to refer to the timeline. Our office sent you a memo on Friday outlining the next steps. This will be brought to the full council for acceptance in February. That's just accepting the study and starting the process of revisiting our ordinance and how to edit it, February 25th. We will come to you in the February economic opportunity committee so you can recommend or not recommend acceptance of the study to the full council. We will also be presenting to the -- >> Troxclair: I'm sorry, you're coming back in February? >> Just for an action item. It won't be a presentation. We've been advised you need to have the study in your possession, that gives you a a month. On February, we'll come with an action item to recommend the acceptance of the study. We will also present to the pbe/wbe advisory meeting, and we will come back to this committee in may with recommended changes to the program, and then full council in June. This is the beginning of many steps. >> Troxclair: Great. Councilmember pool? >> Pool: I'd like to invite the commission to come and speak to us as well to give us their feedback directly. >> Absolutely. >> Pool: That would be great. I think there are some members of the commission out there in the audience. >> Troxclair: Yeah. So we have invited -- [ clearing throat ] -- The commission to speak, as well as the associations to speak today, as well. So, if that's all we have from staff, we will move on. Is Alisa may here? >> Casar: Before Ms. May comes, I wanted to comment, thank you for your work on this. And I know that we didn't have time to go through all of the consultant's recommendations

[3:23:44 PM]

today, so if you could organize for us, on your own time, before it comes to council, sort of your responses to each of those recommendations, which ones are already implemented, which ones you plan on recommending for the council to take, which ones are administratively feasible, where you may disagree, that would be helpful. >> Absolutely. That won't be at your February meeting, but it will be as the ordinance comes back with the amended changes. We also have our attorneys working on a policy matrix, that will go recommendation by recommendation and do just that, say which ones we're planning on implementing, which ones are underway, and so forth. >> Pool: If I could, it's this document also where I want to have the minority and women-owned business associations weigh in. It would be great to have a document with all of the comments in one so that we can look at it on a side-by-side. >> Absolutely. We can summarize the feedback as we go down this path, as well. >> Does that sound okay to the folks I see out there from the commission? Okay. Thank you, Juan. Eleta and Carol are out there as well, and I see Alisa. Good. Okay, thank you. Sure. I don't know why we wouldn't. Can you do that? >> Yes, we can arrange for that. >> Pool: On the staff level? Okay, great. Thank you. >> Okay. >> I'm going to pass out -- comments for today. Thank you very much for the opportunity to present to you today. I am, of course, reporting to you as the chair for the advisory committee. And so, as you can see by the one-page outline, I've basically taken a few of the issues that we've been spending our time on and just



wanted to kind of give

[3:25:44 PM]

you a sense for it. But, by and large, as an update to the committee, not any different than what you have been receiving. We've been receiving a ton of different updates, as well. And we are, too, are learning a lot of the different codes, if you will, for all these different commodities and so forth. So it's been a learning curve for the committee, but we're kind of getting ourselves up to speed as well. There are two vacancies currently. I wanted to alert the body. We recently had a vacancy from a office. Councilmember Zimmerman, and the mayor. It has not kept us from doing business. We've been able to have a quorum, that's all been well and good. I wanted to call your attention to three basic issues that have brought a lot of discussion before our body in the last four months since we've been gathered as a new advisory committee. And these include the local preference in government procurement committee. And basically, the local preference is the process by which applying preferences while awaiting a contract to a local business within the Austin area. The committee has received presentations from the contracting, the capitol contracting, as well as purchasing offices from the CI city. And we're currently taking a look at how that practice is actually applied, and we're hoping to come up with some recommendations to this body for you. For example, issues as it pertains to the bidding and construction projects and the application of the procurement rules surrounding the interpretation of statutory construction is an issue that we're taking a look at. I'm sure you'll hear from the minority trades in a little bit later. They'll probably elaborate further. They've been very vocal in their

[3:27:44 PM]

comments to our committee and have strong ideas on how we can move forward on some recommendations. Given that we're looking at some of the competitive bidding that's happening in our other Texas cities, municipalities, there's two models that are coming forward. That's the El Paso model, as well as the Houston model, that's moving forward, that seems to have some interest that we may be able to, down the road, be able to approve or recommend to you. But, before doing that, we want to receive some legal counsel, because from what we are learning those cities are taking the statute language more in a permissive basis. This is my own verbiage, not coming from staff. The other cities have been more permissive, we've been more rigid. We want to see how far we can take what the current language tells us to do with respect to following the law and the ordinance, and not putting the city in any liable state, but yet being able to open up that process. We'd like to be able to do that, but we'd like to get first the city of Austin's legal counsel before we can go forward in offering you some potential approaches to take a look at recommendations as we move forward. The other issue has to do with the purchasing and solicitation. Last month you heard from the purchasing department. You also had a presentation that we made as well. I will tell you there's still two issues that are still being discussed and evolved as well. We are not quite there yet. One of them has to do, of course, with the need to increase the opportunity for contracting within the opportunities that exist there. And the other that has to do with the creation of better procedures and being clear within the departments. As you heard earlier from testimony, there's various departments that are involved in the purchasing. There's various codes that we

[3:29:45 PM]

have to be involved in when we look at commodity codes and so forth. So, with all that to say is that we're trying to learn still from the purchasing department what processes are going to bring forth that

we may be able to adopt and move forward. That is to tell you that we're monitoring it. I don't know that we're there yet. You may still hear from us again, is what I'm saying. Don't be surprised if we don't come back on this matter with a recommendation that hopefully will open up these opportunities in a much -- what we believe will be in a much better way for minority contracting. The last item that I would ask you to take a look at has to do with the commodity codes in the crosswalk project. Essentially, this is more of an item that we require some dollars from you as you take a look at budgets. And I heard the discussion earlier about the process of being able to put dollars in budgets when you've got a lot of great needs. We do understand that. That's why I guess you get to make the budget decisions and we don't. We can just have the opportunity to come and share what we think you need to fund. It's been a two-faced project. We started with the first part of it, and now the second part of it to continue in order for us to continue with the project, we do need to have some additional funding. The second phase would be to develop the crosswalk between the two sets of commodity codes. That's something that's still up in the air. And in order for us to be consistent in setting those codes been the availability of the projects that come under the mwbe ordinance, we're going to need to have yet some further funding on it. The second phase of it is about a \$500,000 budget recommendation that may need to come from this committee, is what we've been told. This is our way to say, this may also be coming back to you. Finally, the last recommendation that I'd like to very strongly make before this committee is

[3:31:45 PM]

that this committee seriously take a look at reestablishing the city council mwbe and small business enterprise procurement MI. As you know, in the past, it was out of the city council itself had sat on the mwbe procurement committee. And I know that things have changed with the new council of 10-1. This is a new structure that we live in. But there is still a lot of interest in having councilmembers actually literally sit before that committee. So I'm going to pass that recommendation on. That is something that our committee has been very seriously taking a look at, and wants very much to support. So, with that, I will close. And I like the recommendations that I heard earlier, that came in earlier. And so I do want to make sure that we have an opportunity to have the rest of the hispanic quality of life committee weigh in on the disparity study. And we will come back to you with our comments on the disparity study, as well. Okay. I've been corrected that it was -- I believe it's C. Garza that -- okay. C. Garza needs to make the recommendation to the committee, not necessarily the mayor. Right. With the vacancies. They would be coming from CM. Garza. >> And Mr. Zimmerman? >> Yes, that individual deployed to Kuwait. >> The mayor made his appointment. >> Correct. I stood corrected. >> Troxclair: Thank you so much. I really appreciate you being here, and you passing on those recommendations to us. And I look forward to our quarterly updates, and to us

[3:33:48 PM]

working together on these issues going forward. >> Thank you. By all means, feel free to reach out to us if you have any questions on any specific project, or specific questions as these issues arise. >> Troxclair: Sounds great. Councilmember pool. >> Pool: Ms. May, I have a couple other questions for you. >> Yes, ma'am. >> Pool: Let's see. Item 1 under issues needing attention and resolution a1, the briefing from the city attorney next month. Is that being planned in front of the commission, the citizens commission that you are on? >> Yes. This is the result of our meeting from last week, again, we had another presentation as I noted earlier. And there appears to be some differences in terms of how people are interpreting how to apply both the rules as well as the statute. That said, there are members that would like to move forward on it, but we were also told that we probably needed to receive a briefing from it the city manager -- excuse me, from the city attorney. So, for our next meeting, we've asked the staff to put that

on our agenda. And hopefully the individual, or the staff from the city attorney's office can be present to provide us with that. >> Pool: That's great. >> I understand it will be a closed session at that. >> Pool: And then under C, the crosswalk project, the second phase has not been funded. Do you have any idea about what the cost of that would be? >> About \$500,000. It is -- if you turn your one-pager to the back, it's on there. And this is the amount of money that we were told by staff, again. Frankly, I find it a little pricey, so if you can bring that price down, I'd be very happy. >> Pool: To that end, it may be very helpful when you have your next meeting, maybe dig into that and find out what all that funds. >> I'd be happy to. >> Pool: If you feel like it needs to be tightened up a

[3:35:48 PM]

little bit, we should find out from staff what they've included in there. >> Indeed. For us to move forward to the next part, as you heard from the disparity presentation, just sitting in the audience myself, I was thinking, oh my god, this is how all these pieces all come together. But if we don't pull all of them in, obviously there will be some pieces that are out in that crosswalk study, the project. It's critical to the industries, to the minority as well as obviously to the construction industries, because there are so many codes. And there are so many different commodities within there that we're trying to align. So it is important that we do the study. But we will take a look at an opportunity to see how we can pull, maybe, the major pieces of the project, and perhaps what that final line item can look like for you. >> Pool: There's a lot of learning that goes into figuring out, we had these five bits in the code before, now we only have three, and this is how they interrelate. That's a good way for everybody to understand and review it. And it seems to me that that crosswalk is a best practice to provide whenever you have fundamental and comprehensive changes like this. So, maybe it's -- it ought to have been included in the very beginning as one of the analysis pieces at the end, that way you make sure, like you're pointing out, that nothing is left behind, and all the loose ends are tied up. >> Yes. >> Pool: So I think it would be a good effort. You had mentioned the hispanic quality of life committee would we rue review these. I think there's three other quality of life. So, all our quality of life initiative commissions should be included in it, too. Just pass the documents along to them. >> I think we can do that.

[3:37:50 PM]

>> Pool: Yeah. >> I'll work with staff to ensure that we find the appropriate means to get that through. >> Perfect. >> Just to reiterate, the three topics I brought forth today, the three issues, I really think they all fit right back into the disparity study. Those are just little nuggets that are coming out, but it's part of the big picture. >> Pool: It's the disparity study that I'm talking about sending out to our quality of life commissions so that they can have a look at that, too. And that is directed to staff, not to you. >> Yes, thank you. >> Pool: Thanks for all your work. >> Yes, ma'am. Thank you. >> Troxclair: All right. Now we have some representatives from the different associations here. Do all three of you want to speak, or . . . Were you all planning to speak, or was one of you just going to speak on behalf of all the associations? Okay, great. Thank you for being here. >> Good afternoon, madam chair, and councilmembers. My name is Juan, I'm with the U.S. Hispanic contractors association, and the minority trade alliance. Could I have that first slide, please? Thank you. I'm very encouraged to tell you that on the subcontracting issues that we've -- my colleagues and I have been talking about here in front of you, there is some movement as to make some changes internally by the purchasing department especially, where they will consider, and smbr, of course, is helping us, they will consider establishing a goal for projects that have at least one subcontracting opportunity, specifically with trucking. And if you remember the issue I brought up with the rocks and all of that, that's how that

[3:39:50 PM]

fits in. So I'm very encouraged about that. So we're looking forward to getting more subcontracting opportunities out of the purchasing office. There's really no telling how long -- how many years this has been going on, but for some reason, there was a policy in place where they just didn't extend subcontracting to one scope, and so we really want them to look at transportation. Also, as chairman may mentioned, we have been bringing issues of local preference to the forefront. And if I could have the next slide please. Along the top row, this is what Austin currently has as far as local preference for Austin city projects. In construction, if you're within 5% of the bid, and if the bid is less than a hundred thousand dollars, I mentioned before that a hundred thousand dollars in construction is just a drop. What is the reason of why this is being held to under a hundred thousand, I really don't know. And I haven't been able to find out. But we are suggesting to add, for those contracts that are over a hundred thousand, for 3% within that range. And that reflects exactly what the city of Houston is doing. We got a presentation from the contract management department -- I'm sorry, the capital contracting office. The city of El Paso is doing something very interesting to address some of this bidding process. I was very encouraged to hear that, in addition to what the city of Houston does already. As far as commodities go, there's no change. And as far as commodities and services contracts, again, we do everything if it's less than 500,000. I'm suggesting that if it's within 3% that there is no

[3:41:51 PM]

dollar limit, just like it is in commodities. And for services, again, city of Austin allows 3%. If you're -- if the bid is less than 500,000. But what we're suggesting is that there be no limit to anything above or below 500,000. Just do it within 3%. These are the actual changes, recommendations that we've brought forward. Next. The extraterritorial jurisdiction, I have a different slide for that. That's the jpeg. I wanted to show you exactly what the etj is that we're talking about. And this is the city of Austin corporate city limits in yellow. And the etj is all in blue. That is the area that we're actually talking about for etj, for extraterritorial jurisdiction. As you know, a company, to qualify for a local preference, they have to reside within the yellow Zones for the city of Austin. And to actually see everything around us, this etj, it pretty much incorporates everything that we know of today as Austin. And as you know in the disparity study, the basis is on the metropolitan statistical area for five counties around the city of Austin. But this is an easy fix, in my opinion, because we can at least include etj, extraterritorial jurisdiction, in the qualifications to get a local preferences, and any other bidding that goes on for city of Austin projects. That's an easy step.

[3:43:52 PM]

It's not very large. It is all city of Austin etj. It's not pflugerville, round rocks, or anybody else. It's ours. And in the previous contract that I brought forward to city council last year for an airport bid, the company happened to reside in the blue area, about a mile from the yellow, corporate city limits. But every employee of that company lives in -- and plays, and spends money in the yellow Zones. They buy their materials there. They buy gas. They buy their supplies. And so I just think there's a lot of merit to at least relax or include in the language, you're talking about local preference, to include extraterritorial jurisdiction that we have today. And you want to have a bigger discussion regarding the five-county area, that's another step that we can also consider. So, these are just -- this is just one of many issues that we're working with the citizens commission for mbe, and smbr. Any questions, I'd be happy to answer them for you. >> Troxclair: I know councilmember Zimmerman had brought this up several months ago, the idea of expanding it to the etj. Have you followed up with his office? >> I have not. I

wanted to visit with you and see how you felt about it. Maybe there's an appropriate time in the near future where we can bring it up for approval. >> Troxclair: I thought it was an interesting -- >> It is. >> Troxclair: Idea. So, I appreciate you bringing it back to us. >> Thank you. >> Pool: So, what would the reasons have been in the past for why we didn't include the etj for the local preference? >> That's hard for me to answer. It's apparently a legal issue.

[3:45:52 PM]

How that got incorporated into the language, I really don't know. I wish I did. >> Pool: Is there someone from staff in the law department who could speak to that, sort of off the cuff? Hi. >> Rosie with the capitol contracting office. Generally speaking, state law says that you have to -- in order to award a local preference, you have to demonstrate economic benefit to the city. And when we established the policy, we looked at where would the most economic benefit be established for the city. And that's certainly within the corporate city limits where the taxes are higher. That's the genesis of how that was established initially. >> Pool: So would it be considered appropriate under the state law to say that the contractors who would be included in the local preference in the etj, that would be a benefit to the city as a whole? >> Madam chair, assistant city attorney with the law department. As the chair of the advisory committee mentioned earlier, we will be presenting to the full advisory committee this issue of local preference. And this is one of the issues that we're researching, me along with the purchasing attorney. And so we don't have a firm, consolidated answer to give you today. I wasn't expecting it. But we certainly will advise the full committee in February. >> Pool: Okay. That's great. That's for looking into that. I'd be real interested to hear you find. >> Thank you. >> Councilmember. >> Troxclair: Were you both planning to speak as well? >> Yes. >> Troxclair: Okay, great. >> Good afternoon. Carol with the Austin area black contractors association. I thought I'd bring this issue to you because I wasn't sure if it was going to make it on the

[3:47:55 PM]

mwbe advisory committee's presentation to you. But we've worked for the past two years on the implementation of a contract enhancement program. And what it is comprised of, financial programs that can assist mwbes in bidding on city projects. We have a component called the release of retainage. That means if you're working on a city project and you have completed your work, and it doesn't have a warranty on it or anything, you've completed it, you should be able to get your money expeditiously. Many times, with mwbes, that's their profit margin. And if it's held for a long time to the duration of the completion of the contract, if the contract started in 2013 and doesn't end until 2017, the value of your money is almost nothing. So, we would like to have that release. And the staff did work with us to come up with, yes, they can do this. But the issue is, is that there is no process. It's put in the front end documents of the bidding documents with the city, but people don't know how to go about doing it. They don't know what step one is, step two, step three. And we would like to have that process, you know, listed so they'll know what procedures to follow, to assess that. The other one was partial payment. Many times they're involved in a contract and the gc invoice for payment was kicked back because he didn't calculate correctly, or there was something that's missing. But the subcontractors, their invoices were correct. So their money still gets held up until the gc makes corrections to his invoice and

[3:49:55 PM]

get approved by public works, or whomever it is, the authority, authorized department. So, that was

approved as well. The mobilization pay and quick pay. The whole issue is, we worked on this for two years. It took a year to get it put out to the public. Now it's taken too much time, over 11 months, to come up with a process. All we want is a process. Step one, step two, step ten. This is what we need to do. And then it needs to be also promoted in the pre-proposal and prebid conferences so that the gc knows about it and the subcontractors. So it'll be at the front end. And people will see -- whoo what we're afraid is going to happen, these programs exist. But if people are not really aware of it and how it works, they will never try to assess the use of those programs. And we want to have the city manager to tell them, it doesn't take 11 months to do it, you know. Maybe within the next -- you know, 30 days to come up with the process. And if they don't -- can't do that, we'll help them do it. But we just want it done. Thank you very much for your time. >> Troxclair: Thank you. >> Question. >> Troxclair: Councilmember pool. >> Pool: Ms. Truelove and Ms. Crosby, are you able to comment on the release of retainage and setting up a process, is that underway? >> Yeah, sure. The release of retainage language that she referenced is part of the document. And the language in there does outline a process. We can certainly make that a little bit more formal. We've worked with smbr and the trade association on information sheets that can be handed out. We'll work to get that more

[3:51:55 PM]

widely dispersed. >> Pool: What about the concern about a third one that she was talking about, which is the general contractor and the payment that is being held up, the subcontractors completed their portion of the work, but the gc has issues with the paperwork. >> We have language in the documents that allows for the partial payment that Ms. Hadnot was referencing. Again, the process is laid out in its general term. We'll make sure that it's more widely understood and known. >> Tovo: . >> Pool: Does council need to act on any of this? >> No. We've done this administratively. We've made these changes to our documents. For the instance of retainage, the subcontractor would just need to make a request of the city's project manager, and they would work through to ensure that there is no reason why we couldn't release that retainage, and then we would release it with the next pay application. >> Pool: That's really important to the subcontractors. >> We agreed. That's why we worked to implement that language change. >> I missed the second item you mentioned. >> Well, we talked about the mobilization program where it's any project that's \$2 million and above they can get mobilization money to start up their projects. Well, not start it up. But at least get paid twice. >> The mobilization front pay is another program that we put in place after a collaborative effort with the minority trade associations where for projects that are \$2 million and above during periods of peak mobilization or critical mobilization, typically the first couple of months on a project, and it might happen at other stages of the project when lots of subs are coming on-board, or when a building is dried in and you're bringing in subcontractors to do finish

[3:53:55 PM]

work, the city will allow them to submit applications twice a month rather than monthly, which is our Normal contractual standard, which would allow them to have access to their funds quicker. >> Pool: Great. And I'm sure you all are already discussing having a conversation so that the trade associations are clear on what all is going to be presented to the commission as well? >> Okay. >> Like a fact sheet. >> Pool: That sounds great. Thank you. >> Thank you. >> If I could add quickly, we did put together a fact sheet highlighting all of these changes and distributed to certified mbes and wbes a few months ago. It's about to be rereleased in the newsletter. >> Pool: That would be really helpful, yeah. >> We want it step by step. I included a copy of it. And we do appreciate staff's assistance on this. We did include this, however, it doesn't tell them, do they need to go talk to the project manager, the gc, or public works. To

whom do they need to talk to? That's where we need the process. >> We can expand on it. >> Pool: After y'all talk it may be that the trade associations can do the training of their membership themselves and help people understand. >> We don't have a problem with that in. >> Pool: Yeah. So it's not that y'all would have to do it, but as long as they know what the process is, then they can communicate that to their members. >> Thank you. >> Thank you. >> Troxclair: Thank you very much for making those changes and working on those with the associations. Councilmember Houston. >> Houston: Could you all send a copy at least to council district 1? When I do town hall meetings, I

[3:55:55 PM]

can have it there for people who are interested. >> Absolutely. We'll send an updated version to you. >> Houston: Thanks. >> Troxclair: Thank you. >> Good afternoon, councilmembers, Ilana banks with the Asian contractor association. I'll be very brief. I just want to share with you a new report I received just a few weeks ago, so this is very new. So, this report was done by the local regional government alliance on race and equity, on contracting for equity. So they studied their member cities, mostly in the pacific northwest, like Seattle or, you know, Michigan, that area, including New York City. And what I found, the best practices. It's very interesting to me how they can help with the participation. And as I have mentioned to you guys a few times, that we really need to set more goals. And that's the key to the program, to make it successful for participation. Next slide, please. All right, so, yeah, this is >> This is a very brief insert or excerpt from their study or their report. They found that in -- you know, in the few cities the best practices includes setting goals when the contract dollar amount is over \$50,000. So they found that very helpful. And then the -- you know, the organization also considered that a very good practice. Next slide, please. And in New York City -- you know, that's from the twin cities area. And they are much smaller cities than we are and they can do that just for contracts over \$50,000. And this is New York City. And I know New York is much bigger than us, but they're able to set goals. So this table shows that the breakdown of participation of different contract amounts. They're able to set goals at

[3:57:56 PM]

20,000. And all the way to 25 million in all categories. Not just construction. In professional services, in commodities, in nonprofessional services. So I just thought that I would share that information with you. And when -- you know, when you make policy changes, maybe we can consider that as something that the city can incorporate when it comes to goal setting. And as, you know, the consultant, Dr. Wainwright pointed out, when you have contracts with no goals there's hardly any participation. So goal setting is the key. The more goals we have, the more participation we will -- we will receive. And, you know, really, truly, subcontracting will save money eventually. So it is very economically feasible and beneficial to the city. All big companies subcontract because it reduces the full-time employees they need to have, insurance they have pay you had, cork mans comp. It makes business sense to subcontract and we're asking to have more minority businesses to participate to be certificates and then they can in -- subcontracts, so it's really a win-win situation. So do you have any questions? Thank you very much. >> Troxclair: Thank you very much. >> Thank you. >> Troxclair: Okay. That will conclude our discussion on agenda item number 5 and, as has been stated, we will revisit this issue at our next meeting in February. So thank you all for being here and for your participation. We'll move on to our last item, item number six, which is a briefing by the Austin technology incubators ic2 institute. >> Good afternoon, David Colligan with economic development. Thank you for making time for

[3:59:58 PM]

this final briefing today. The city has had a great relationship with Austin technology incubator at least since 2009, economic development has been overseeing our contract with this group. Multiple contracts, actually. And they're here today as part of their contract to be able to provide y'all an update as to what their performance measurements have been like for the past year. We're very proud to have them as an economic development partner for our mission of doing great work here in the city of Austin. And we're proud to have them here today to provide information. Issac barcas and his team will be here to provide a presentation. Thank you. >> Good afternoon, madam chairman and members. Thank you very much for having us in. The Austin technology incubator is the start-up incubator of the university of Texas at Austin and we receive funding from the city of Austin. We take that very seriously. We're aware that there are a lot of different uses for the resources of taxpayers that we pay as taxpayers and we want to make sure that y'all understand the return on investment that you're getting from your investment and partnership with us. So right arrow. So what I was planning to, do since we haven't talked before, was it give you an overview of who we are and what we do and also let you know some of the return on investment metrics that we've produced over the past year. The Austin technology incubator was found back in 199. The city of Austin was a founding partner. At the time we believe it may have been the first city university partnership around technology incubation and is viewed as being one of the most successful in the country. We believe that we are the longest continually established partnership around technology incubation in the country. Together, the partnership has produced more than a billion dollars of economic impact.

[4:01:59 PM]

The Austin technology incubator is regarded as best in class bit could Haveman foundation, federal government, state of Texas. And at the end, I'd like to talk a little bit about the directions we might want to go in the future, and I've made time, I think, with all of you up on the podium to get a sense of what you think the technology needs of this city are, as the city expands, so we can together work on future improving Austin. We are the university start-up incubator. We do work with both university of Texas and non-university of Texas companies. We've had a community orientation from day one of our founding. In terms of focus areas, energy, health care focus, life sciences, wireless telecommunications, enterprise software, we launched a water technology program this past year, and we're in the process of launching a transportation focused technology program right now. The kinds of charts I'm getting into now are ones that only former consultants could love. This is the kind of company we work with, classic start-up formation jaker, company -- a couple people get a great idea, quit their job, max out their credit cards, borrow money from friends and family, develop an interesting technical solution. But one of the challenges is that here in Austin we don't have as robust a capital environment as people do in San Francisco or San Diego or in other parts of California or Massachusetts and as a result they need a really strong business wrapper around their technology if they're going to receive the kind of funding they need to grow private sources. That's what we help with. What we're doing is working with founding teams of technology companies, usually before they receive money from any other investor, getting them ready to compete compete in the private capital markets.

[4:03:59 PM]

Some stats on us. The core metrics we measure ourselves against are value delivered to the any terms of economic -- to the any terms of economic development and job generation. Those are determined by the a money invest in the companies we're working with so we take the metric on this page pretty seriously especially funding success rate and totalcle capital raise because that's what drives the economic development potential of the companies that we're working with. The city supports the Austin



technology incubator. Last year just about a third of ati's budget came from either the city of Austin or from Austin energy. If you combine those two together. Our member companies are usually between 15 and 20% of our operating budget. And other granting and contracting agencies make up the other half. Economic impact. We worked with researchers at the university of Texas and the university of Colorado to take a ten-year period, 2003 through 2012 -- we'll be redoing this on a five-year basis, we think. Over that period ati graduate companies created about 6,500 local jobs, about \$20 million of local tax impact, almost a billion dollars of total economic impact, average annual economic impact, the interesting statistics here for us in terms of investment efficiency from the city, a dollar of city investment in the incubator is correlated with about \$67 of local economic activity and a dollar of city invested is being leveraged over that time period by about between \$30 of outside, private or other federal and state investment in our companies. A lot of what we see ourselves as doing is taking California money and bringing it to Austin. The -- as I mentioned the

[4:06:01 PM]

Austin capital technology environment is wonderful and robust but we are shallower in terms of capital availability than California is. Last year, our companies raised about \$142 million. Only about 18 or 19 of that came from Austin. 100 of it came from outside Austin and about 20 of it we're not sure where it came from. So in order for our companies, the high growth, high potential, high job creation companies that we work with to be able to get the capital they need to grow here in Austin, they need to go some place else to get the money and bring it here and that's the job that we're performing. Just to double down on that, if you look at the types of investors that invest in these, high growth companies, venture capital companies, if you look at post 2013, funds created after 2013, that are bigger than \$75 million, we've got five, the bay area that is 94. That five includes the Dell ventures' \$300 million fund. The disparity in capital access is really what we're trying to address. We also take our role as a community catalyst very seriously. Because we're not for profit, because we're partially publicly funded, part of the university of Texas, we have a history of both supporting and actually cofounding other community groups in the Austin area that are focused on technology. Some of those are on this page. And then the last slide in the main deck is what's next for us and this is something that we started thinking about hard actually because of ten plus one. We had viewed Austin as Austin before, and with ten plus one we're realizing that we have an opportunity here in Austin to be at the front end of urban technology.

[4:08:01 PM]

So if you think about the next 35 years it's estimated that about 3.5 billion people globally are going to join the middle class. Most of those will be living in cities. That means that the pressure on urban I was is going to be extreme globally. That's a tremendous opportunity for technology. There's no way the tax basis can be taxed enough with existing technology to allow those three and a half billion people to integrate into the middle class comfortably. There are going to need to be technological solutions. Here in Austin we can lead that and cultivate companies that are focusing on that because we have hypergrowth and because of ten plus one it's really come to our attention that even though we have one Austin, we have a lot of different types, rich Austin, poor Austin urban and rural, dense, non-dense, et cetera. And that really means that we have a perspective or can bring a perspective here in Austin to the technologies of urbanization that will be difficult for other people to replicate. If I were trying to do that in the bay area I think I'd need to have nine different organizations coordinating together. We can do that near Austin with one. This has actually been really important to us. When I say we have a partnership that's usually code for money. Yes, that's true we do receive money from the city. But the partnership is a lot deeper than that. Because we're intimate with the city of Austin we're able to use

the city as a test bed for the technologies of some of our companies. Now, an example of that is we had a company that we were working with called ideal power converters that -- this is very nonsexy technology but extremely important, different power conversion topology. Instead of having something this big that weighs 500 pounds you have something this big that weighs 50 pounds. What these guys needed in order to attract investment was proof that this device would actually work in the real world.

[4:10:02 PM]

The city of Austin allowed this company, because of their relationship with ati, to test their device in prototype phase at the convention center and that was actually the key information that investors needed to be able to write checks into that company. That company ended up becoming, in 2013, one of, I think, only about cinches is that right? -- Six, is that right? Small number of initial public offerings in the energy space. So that ipo in energy technology near Austin was a direct result of being able to use Austin to validate the technology. As we visit with you over the next few weeks I'll be talking with you about water, transportation, cybersecurity and waste, which are technology areas that we think are going to need to be addressed in hypergrowth, hyperurbannizing environments. We would really like you to help us guide our thinking about where we're going to be focusing and what the key problems with. I would like to take a minute and just thank the city staff that we've been working with. It's been a fantastic partnership. Kevin Johns and his teams, David ask here right now, have been easy to work with, bent over backwards, not just to work with us and our companies but to make us aware of opportunities, especially opportunities internationally involving other organizations, et cetera, that we would not have known about. So I'd like to publicly thank them 40 work they've done with us. With that I'll answer any questions. >> Houston: Members, any oxygens -- oxygens councilmember pool. >> Pool: Thank you. Just to confirm, when you say ten plus one that refers to? >> Oh, the new council organization. >> Pool: Okay. >> So we had previous -- when I presented in this room before I was present to go people who represented Austin so naturally I and my team were thinking about Austin is Austin. And now that I'm presenting to people who represent Austin and part of Austin, we're starting to think about Austin more as being both the whole and the parts and we're realizing that actually gives

[4:12:03 PM]

us a lot of power, right? A lot of insight potentially in the ways that we can make the city available to the companies that we're working with. So that they can test and validate solutions they have across a variety of different demographics, densities, et cetera. >> Pool: Okay. That makes sense. I just don't want us to start having conversations where we're allocating monies based on, you know, you're in this district and you're in that district. Because we really are looking at the city as a whole. But to the extent that it informs your decision-making process or how you strategize going forward, talking about ten-one makes sense. I guess I just think -- especially sitting here in the committee porks I really am thinking about the city as a whole, not specifically what might happen here for district 7. Others may have a different thought on that. But thanks. I just didn't -- I wasn't following the ten plus one. I thought that might be an initiative or something that you were -- okay, thanks. >> Houston: Councilmember Casar. >> Casar: Could you bring us back to slide four, please? I thought this was great information to have and very helpful. The only piece of context that -- y'all could potentially foul with me is just sort of comparisons to comparable companies that perhaps you all didn't choose that, didn't go through the incubator and that y'all didn't and I how they did so -- assist and how they did so we can see the delta and really be able to advocate for what it is that you're doing. >> Great, thank you. >> Casar: This was a helpful chart for show thanks for creating it. >> Thank you. >> Pool: On that slide, the funding gap you're saying that most of the money is coming from California and not as much coming from Texas.

[4:14:03 PM]

Is that because we are -- we're new -- newer to the technology field? >> I need to be careful. We're very lucky here in Austin. We have terrific capital availability especially for smaller deals, deals that can be angel funded because we just don't have the density of large venture capital firms that can invest a big shrug of money into -- sloughing slug of money in order to grow a national or global scale. That's really the gap we're addressing. If I and three my friends are building an app 40 phone and we can build and launch that with not a lot of money, less than a million dollars, probably less than \$100,000, Austin is terrific. If I'm doing something like building a power converter where I have to build a factory, hire laborers, do standards work and bending metal and all that kind of thing and doing that at scale that gets expensive and pretty quickly. Obviously life sciences is a place this comes into play a lot because life sciences technologies are so expensive to bring to market. >> Pool: -- Is that a policy issue 40 state, state capital? Not so much locally. >> I think it is. It's a statewide issue. To be honest you're talking about technology in Texas in most people's minds you're talking about Austin, Texas, which is both fair up and fair. So, yes, it's a state level issue and one that probably disproportionately affects people who are here. >> Pool: What I would tell you, we have a legislative committee now that is made up of four of us, and we'll be working on the legislative program for the 85th in the

[4:16:04 PM]

next not too distant future, getting ready 40 -- for the session next year. If there are things, I don't know chair troxclair, if you want to weigh in but if there are things you think are needed at the state capitol we could help with we might have the ability to work with you on is that. I would be interested personally in what legislative initiatives you might need at the capitol. >> Thank you. >> Pool: Yes. >> Troxclair: Did I miss -- first of all, this is really fascinating and Thu thank you for such a detailed presentation with great smoke we can see all the good you're disposition what the return on investment is. What -- how many companies -- did I miss the slide that talked about the total number of companies that you -- that have been involved in N. >> We have a slide in the back that takes a one-year snapshot and actually averages over I think five years. We're reviewing about 300, 350 companies a year. We have about 30 members a year. The 300 or 320 that we review but don't admit we do try to add value to. We're not for profit. We're part of the university, community service organization. Even if we're not admitting a into membership we're investing time and effort and university resources, student time, in making sure that they have the support that they need here in Austin. It just might not be with us. We also are working with a number of other companies, often from outside of Austin that are coming to Austin for events like counseling by southwest ecoor other events like that so we're trying expand our surface areas as broadly as we can to touch many companies so they can see benefit from potentially relocating to Austin. >> Troxclair: Great. And what is the funding that you -- the level of funding that you forest city of

[4:18:05 PM]

Austin? >> So -- that you receive from the city of Austin. >> We have about \$300,000 of city funding and about \$190,000 of Austin energy funding. My team will now stand up if that's wrong. Is that -- have I got that invite yeah, okay. My team is saying, yes, that's correct. >> Troxclair: I guess to follow up on councilmember pool's question, when she was asking about, you know, is this a statewide problem, I think part of the -- it seems to me, being not an expert in this subject area, that Austin does pretty well compared to pretty much every other city in the country, with the exception of silicon valley. And

there's not a whole lot that -- I mean, I too would be interested to hear if there were legislative, you know, changes that could be done to help you in your work. But part of the reality is that that's -- silicon valley just is where the major investor -- I mean, that's just where you go get venture -- I mean, what -- is part of it just the reality of the world and we're okay being number 2, maybe? Or is it a legal or is it a something -- is there something that can be done in state statute that would help? >> Yeah. So you're right. I mean, that are not that many geographies, Hollywood, wall Street, silicon valley. Silicon valley is what it is. I wouldn't compare Austin to silicon valley. We're not number 2, just different. It's a very different kind of environment and there are things window a lot better than window and there are things that you have to do there. I think for us, we'd love to see more large venture firms in Texas. We think a would be helpful. I'm not sure what the right policy encouragement is. We'll think about that and if we think of something we'll let you know about it. For us we're happy to have the

[4:20:07 PM]

money in California. Where he want to make sure that Austin companies can access it. It doesn't matter to us which corner the bank is on as long as you can open the door. >> Troxclair: Okay. Y'all do that by building relationships. >> That's right. We have relationships with venture firms -- actually not even firms, partners at venture firms. We understand what their investment profiles look like, understand the types of deals that are being funded by those types of firms. We are able to work with the companies that we have in our portfolio and frankly even companies that aren't in our portfolio to get them ready to go and compete for that private funding effectively. >> Troxclair: So it's not necessarily that we need the venture capital companies to come to Texas. We just need to be able to foster those vips open the doors and be able to give austin-based companies access to that money? N. >> Best solution would be local money because money -- people like to stay local, don't like to get on air plans, et cetera. Second best solution is making sure we've got a pipeline to where the money is. >> Troxclair: Yeah. >> This is Ms. Jack could bison who runs our clean energy incubator. >> I think legislatively, over the past -- not last year but for, what, six years or so we had something in the state Texas called the emerging technology fund which doesn't exist anymore. It was not run very well. But in terms of what it did, in terms of early stage funds that were available through the state of Texas as investments -- these are not grants. These are investments. \$100,000 investments, \$500,000 investments, the seed money, absolutely the most difficult money to get as an early stage company, that was very good -- that was an avenue of dollars that is not available today. So in the next -- and I know governor Abbott has basically gnashed aside, but -- pushed that aside but I read the other day he's thinking about potentially doing something

[4:22:08 PM]

next year. In temples a legislative group that might be coming out of the city of Austin, that's what we would advocate for, in terms of something that looks like what was the emerging technology fund. Of course it doesn't have to be the same but dollars that the state of Texas might want to invest in early stage technologies. >> Troxclair: Okay yeah. Good to know. Ment members, any other questions? Councilmember Houston. >> Houston: Thank you very much. And I have a question for staff. >> Troxclair: Okay. >> Thank you very much. >> Troxclair: Thank you. >> Houston: Thank you for being here so late. >> Of course. >> Houston: One of my -- council colleagues knows, I couldn't even get a ride from a transportation network company because I don't have a smartphone so I want you to bear with me. >> Sure. >> Houston: Can you tell me, what is the difference between the Austin technology council and what we fund them for and what we're funding the Austin -- what -- did I get those backwards? Austin technology incubator and the Austin technology council. >> Sure. >> Houston: It seems like we've been

with this council for a -- with this technology incubator for a lot of years and so they have a lot of good data to -- can you help me understand the difference between the two? >> These are two different entities. >> Houston: I know they're two different entities. What are they doing that are different. >> Austin technology council represents the needs of the industry itself. The technology and their membership that is here within the city of Austin. Maybe some of the adjacent areas as well. I know that within the past year they've also incorporated bio and life sciences, because the industry is growing and taking in more of that

[4:24:09 PM]

industry as well, whereas our relationship with Austin technology incubator focuses more on business development and a stronger relationship with the university for making sure that we can help to grow and commercialize on a lot of the intellectual property that's being generated here within the Texas area. Is that -- okay, great. >> Troxclair: Maybe -- >> So the Austin technology council helps us to look at economic services for the industry itself rather than the growing of entrepreneurs here for actual companies as we work with ATI to be able to focus on. >> Troxclair: So maybe a good way to describe it would be the incubator helps technology companies get off the ground, helps someone who wants to start a technology company. >> Correct. >> Troxclair: Create their company and get the funding that they need to be successful so that in the future they can be a member of the Austin technology council. >> Correct. >> Houston: Okay. So my next question is, under what's next on slide ten, water transportation, cybersecurity and waste, things that they're looking at, how does that need other -- feed into other projects that we're -- that the city is investing? So we're doing a transportation thing with Rocky Mountain? How does all this feed together. Sometimes it feels to me is that we're overlapping and duplicating services. The Rocky Mountain Institute is one focusing on technology. We've got other things that we're funding focuses on transportation. So how do all of these things come together and where do they come together? >> I think this may be a better question for Issac. I'm not sure how it is they facilitate partnerships but I know the economic development department, we definitely invite them to the table to

[4:26:09 PM]

make sure that we are not overstepping any boundaries or duplicating any efforts. So I'm not sure of anything specific that Issac and his group are maybe doing already or any of the other initiatives that are happening within the city of Austin, but this is the first one that I've seen, this targeted list of growth opportunities. So they may have already done some investigating. I'll let him speak to that. >> Sure. Thank you. On the technology side, I think that a lot of the organizations that are working on early stage technology and the public policy area where those overlap we're working closely together. You mentioned the Rock 2000 we're pretty close with them. We know the work that they're doing. We have started to try to figure out if the two of us together could apply for grant or other sources of funding not from the city of Austin but other agencies because the work we do is complementary. There are some things they do that we don't have a perspective on that really helps inform us as we're working with companies. We don't have a strong perspective on the evolution of transportation policy or mega trends in transportation. There are things we do that are helpful to them. We have a very strong perspective on what it takes to get early stage companies off the ground and pound new technology successfully and profitably, early stage companies and the type of funding those companies are going to need to be successful. So the particular case that you brought up is one where I think there's a very high degree of coordination even though the coordination is informal. And my guess would be other situations that are very much like that. Once again, the economic development team here does a really good job of getting

us together with our peers at rocky mountain institute and Austin technology council and elsewhere so we have good visibility what they're doing. >> Houston: . Thank you. That making me feel a lot

[4:28:10 PM]

better. There's so much focus on transportation and we fund this little piece over here for \$300,000 or for three years and this one over here and it's just helpful to understand where all that might come together and when that might come together. The other thing is that although I work for the city of Austin as well, because I look at the people who you brought with us today, I'm glad that you're paying attention to the fact that some district don't necessarily look like the people here and that you're being sensitive to some of their needs in the area of water, transportation, you know, some of these things may be very different, depending upon the district that you're looking at. So rather than looking at just the city, which pretty much looks like everybody in this room subsequent for a few of us, it's good to know that you're at least going to be sensitive to the fact that everybody, the city doesn't always look like this. >> Huge resource for us. >> 88 also add within the rolls for each one of our contract like with Austin technology council and Austin technology incubator, economic development makes sure we have measurement for collaboration within each one of those contracts. So you'll see deliverables throughout the year within each one of those groups showing how it is they're working with one another and other entities within the community to be able to focus on these different initiatives. >> Speaker1: Thank you. >> Troxclair: All right. Thank you all for here. We really appreciate your time. >> Thank you very much. >> Troxclair: That is the last agenda item. Does anybody have any ideas for future meeting or comment? Okay. If not, we will journey at 4:30 thank you. [Meeting adjourned]