

Recommendations for Amended Language to Chapter 380 Policy Framework and Business Expansion Program Portfolio Guidelines

Prepared For August 9, 2018 Council Agenda Items #13, #14, #15

EDD Staff recommendations based on Council Feedback and Community Recommendations

Source	Recommendation	Amended Language	Document(s) Location of Changes
CM Alter	"But For" Statement Requirement	Added: "Establishment of 'But For' Statement: Applicant must provide credible evidence that the incentive either fills a gap that creates desirable outcomes, or that the project addresses a competitive position around a relocation or expansion project that is considering viable alternative sites outside of Austin."	Business Expansion Program Guidelines, page 5 Chapter 380 Policy Framework, page 8 & 16
CM Kitchen	Ability for existing small businesses to participate in the program and obtain the stabilization help they need to then carry out a plan to expand	No amendment language recommended at this time. Staff Response: Business stabilization and retention is separate from business expansion. New programs to address retention/stabilization would primarily be created from the development of Locational Enhancement programming, containing the potential for commercial stabilization. Additionally, Economic Development would look to bring forward these types of grant programs once revenues are generated through initial Business Expansion program implementation so more of these programs are sustainable for the City of Austin.	N/A
CM Kitchen	Bonus criteria should include points for local small businesses and should be structured so there is not a bias towards large businesses	No amendment language recommended at this time to policy or program guidelines, however staff will be addressing the prioritization of small businesses through the administrative program development by allocating a percentage of program funding for local, small businesses (as defined by differing size standards dependent on NAICS code used to qualify a business as "small" by the U.S. Small Business Administration.) Funding priority information will be included in the administrative documents associated with each program, such as the application, marketing materials, website and other program documents. Category 1 is available exclusively to local businesses, which reflects the program's prioritization of small, local businesses adding small numbers of jobs. While this does not exclude large companies explicitly, staff has crafted an inclusive program that opens up the possibility for small businesses to access this program.	N/A
EDD Staff	Business Expansion General Eligibility	Replaced "Tier 1 Projects: 5-24 Jobs Created" with "Small Projects: 5-24 Jobs Created" Replaced "Tier 2 Projects: 25-74 Jobs Created" with "Medium Projects: 25-74 Jobs Created" Replaced "Tier 3 Projects: 75 and Above Jobs Created" with "Large Projects: 75 and Above Jobs Created"	Business Expansion Program Guidelines, page 7
CM Kitchen	Date on Item 15: Locational Enhancement Program	Added: "The City Manager is directed to return to Council with periodic updates that will begin no later than December 2018 to inform Council of his progress toward developing the Local Enhancement Program"	Item #15: Draft Ordinance, Page 3 of 3, Part 4, Line 87-88
EDD Staff	Exceptions	Replaced all content in Exceptions sections for Categories 1, 2 and 3 with: "There are no available Exceptions to the eligibility requirements."	Business Expansion Program Guidelines, page 8 Business Expansion Program Guidelines, page 13 Business Expansion Program Guidelines, page 16

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EDD Staff	Exceptions/Waivers	<p>Added: "And 'Exception' is requested by the Company during the project application process and could be granted by staff/Council in exchange for achieving other community values."</p> <p>Added: "A 'Waiver' may only be requested by staff. A recommendation to waive a requirement occurs during Program Creation and, depending on desired outcomes of the program, can be requested by staff on a project-by-project basis."</p> <p>Added: "In all cases, for all categories and programs, an applicant requesting an exception must provide written justification for granting the requested Exception. These justifications will be posted along with the other material related to evaluation of the proposed project. In exchange for an exception, staff will assess the impact of the exception being requested and in those cases may elect to negotiate the delivery of additional community benefits to offset the impact."</p> <p>Added: "For projects at or beneath City Manager's Spending Authority as established by City Charter and revised annually, financial and compliance controls will be identified in programs where Exceptions are approved by Council in Program ordinance adoption. If the incentive package is above City Manager Authority, staff will provide Council with information regarding the Exception being requested and the accompanying justification before Council is asked to approve the agreement."</p>	Chapter 380 Policy Framework, page 8 - 9 & 17-18
EDD Staff	Proposal Approval Process	<p>Replace "Tier 1 Process" with "City Manager Authority Approval"</p> <p>Replace "Tier 2 Process" with " City Council Approval"</p> <p>Replace "Tier 3 Process" with " City Council and Public Hearing Approval"</p> <p>For "City Council Approval", replace "or a \$200,000,000* project Capital Investment Value" with new language: "or less than a \$200,000,000* project Capital Investment Value"</p> <p>For "City Council and Public Hearing Approval", replace "or a \$200,000,000* project Capital Investment Value" with new language: "or more than a \$200,000,000* project Capital Investment Value"</p> <p>For projects at or beneath City Manager's Spending Authority as established by City Charter and revised annually, financial and compliance controls will be identified in programs where Exceptions are approved by Council in Program ordinance adoption. If the incentive package is above City Manager Authority, staff will provide Council with information regarding the Exception being requested and the accompanying justification before Council is asked to approve the agreement.</p>	Chapter 380 Policy Framework, page 9, 11 & 19-20
CM Kitchen	The Bonus Qualifier language about music and arts programs should be more substantial	<p>No amendment language recommended at this time.</p> <p>Staff response: Language recommended in the proposed Business Expansion Program Portfolio was provided directly from the Arts and Music Commissions. Staff will work with the applicable commissions to refine this type of bonus in the rule-making portion of the administrative development of the programs proposed.</p>	Business Expansion Program Guidelines, page 10 & 18

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EDD Staff	Portfolio Revenue Generation	Add: "For the City of Austin to achieve Economic Development Values as defined by the community and Council, the Economic Development Department will create an inclusive portfolio of outcome-focused programs for different users, areas and purposes. For example, one program may emphasize the creation of new revenue generation for the City of Austin in order to financially sustain other programs annually or as-needed in the portfolio that focus more on the delivery of community benefits and not impact revenues as significantly as the former. The purpose of this model is to include many different tools within this portfolio to achieve community outcomes and Council objectives while building in a funding model for the creation and sustainment of such programs within the Economic Development Department."	Economic Development Guiding Principles, page 6 Chapter 380 Program Framework, page 6
EDD Staff	General Eligibility: Wage Requirement (Full-Time Employees)	Categories 1 & 3, Add: "The company pays full-time positions (defined as working at least 1,500 hours annually) at a rate above the median hourly wage for the relevant occupation(s) as identified by the most recent Occupational Employment Statistics survey from the Bureau of Labor Statistics for the Austin-Round Rock MSA" Category 2, Add: "Employees and apprentices: starting hourly wages must at least match the median hourly wage for the relevant occupation(s) as identified by the most recent Occupational Employment Statistics survey from the Bureau of Labor Statistics for the Austin-Round Rock MSA), with a clearly defined path to substantially increasing wages within the term of the agreement."	Business Expansion Program Guidelines, page 7 Business Expansion Program Guidelines, page 13 Business Expansion Program Guidelines, page 16
EDD Staff	Minimum Requirements: Health Insurance Provision Requirement (Full-Time Employees with extension to domestic partners and dependents.)	Add: "Company provides company-sponsored health insurance benefits for all new full-time employees, or, Company provides a written explanation of how it is facilitating access to health insurance coverage for its employees (such as providing a stipend to purchase insurance on the healthcare exchanges) that is deemed to adequately satisfy the provision of the health insurance requirement; Company extends those health insurance benefits stated above to domestic partners of employees and their dependents..."	Business Expansion Program Guidelines, page 5
EDD Staff	Minority and Women-Owned Business Enterprise City Code Requirements	Add: "Incentive agreements will adhere to Minority and Women-Owned Business Enterprise City Code requirements" Category 1 Small and Medium Projects, Add: "Small Projects are encouraged to participate in the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program for construction-related expenses and engage with the Small Minority Business Resources Department to obtain an updated availability list for commodity purchases and provide a report of interactions with MBE/WBE firms at the end of year compliance period" Category 1 Large Projects, Add: "Large projects are mandated to participate in the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program for construction-related expenses and engage with the Small Minority Business Resources Department to obtain an updated availability list for commodity purchases and provide a report of interactions with MBE/WBE firms at the end of year compliance period." Category 2: Add: "Projects encouraged to participate in the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program, unless 75 or more jobs created."	Chapter 380 Policy Framework, page 5 Business Expansion Program Guidelines, page 7-8 & 13