Policy Update: Process

Resolution

Community Outreach
- Community Conversations
- Survey
- Subject Matter Expert Discussions

Research
- Peer Texas Cities Review
- Comparative Cities Review
- Aspirational Cities Review

Consultant Review

Policy Recommendations
Economic Development – Broad View

Why Economic Development?
• Resilience
  • Navigating the impact of economic cycles
• Sustainability
  • Responding to the changes in economic structure
• Equity & Opportunity
  • Ensuring that prosperity is equitably distributed, and that small/local/existing businesses have opportunity to thrive

What is City’s Role?
• Fundamentals
  • Major determinants of prosperity are fundamentals such as infrastructure, and quality of life
• Regulatory Environment
  • Land use, tax regime, other regulatory considerations
• Programs/Incentives
  • Efforts to address market imperfections and/or shape the future
Economic Development – Broad View

**Sustainability/Resilience:** Individual industries are subject to trends

![Graph showing Year Over Year Percentage Employment Change in the Austin MSA by Industry](image)

Source: Bureau of Labor Statistics, CAPCOG
Economic Development – Broad View

**Sustainability:** Even within an industry, structure changes

**Austin MSA Computer Employment**

<table>
<thead>
<tr>
<th>Year</th>
<th>Computer Manufacturing</th>
<th>Computer Systems Design</th>
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<tbody>
<tr>
<td>2005</td>
<td>11,117</td>
<td>14,795</td>
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<tr>
<td>2006</td>
<td>11,948</td>
<td>9,435</td>
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<tr>
<td>2007</td>
<td>11,117</td>
<td>7,483</td>
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<td>2008</td>
<td>13,869</td>
<td>7,479</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
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<tr>
<td>2011</td>
<td></td>
<td></td>
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<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>26,089</td>
<td>11,312</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>9,026</td>
</tr>
<tr>
<td>2016</td>
<td>32,527</td>
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</table>
Economic Development – Broad View

Equity & Opportunity

- Prosperity has not been equitably distributed
- Local business faces a range of challenges related to costs, capital access, and the regulatory environment

City of Austin Poverty Rate: 2009

City of Austin Poverty Rate: 2015
Economic Development Context

Unemployment Data Source: Bureau of Labor Statistics

1987
Texas constitutional amendment that provided “grants of monies for economic development to serve a public purpose”

1989
Austin Technology Incubator at UT Austin founded.

1994
SXSW Interactive and Film Events introduced

1999
Music Venue Relocation Program for Downtown Development Initiated

2001
Mayor’s Taskforce on the Economy Formed to explore Chapter 380 Policy

Austin Energy $4.2M to Redevelopment Services Office

2003
Mayor’s Taskforce on the Economy Subcommittee Findings recommending Economic Development Policy

Redevelopment Services Office name changed to Economic Growth and Redevelopment Services

Cultural Arts Program Created

Small Business Development Program moved to EDD

COA $54M budget gap

2004
COA General Fund $38M reductions

Opportunity Austin

Global Business Expansion Division Created

2005
COA $19M budget reductions

2007
Business Retention & Enhancement (BRE) Program guidelines adopted and funded

2009
Music Division added to Economic Development Department

Capital Factory Founded

COA begins MECA Chamber funding

2012
Austin City Council created the Music Venue Assistance (MVA) Loan Program (renamed 1999 Music Venue Relocation Program)

2017
Resolution to revise Chapter 380

Great Recession

Dot-Com Bust

Unemployment Rate


0.0 2.0 4.0 6.0 8.0 10.0 12.0

0.0 2.0 4.0 6.0 8.0 10.0 12.0

Chapter 380 Agreement Approved

Austin

US
Sec. 380.001. ECONOMIC DEVELOPMENT PROGRAMS.  (a) The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.
Current Policy and Program Overview

Since 2003, the policy has added 15 resolutions and ordinances. Examples include:

- Compliance with MBE/WBE Ordinance for construction and commodity purchases (Resolution 20120112-058)
- Third party verification of EDD’s compliance review (Resolution 20071206-049)
- Incentives not available for mixed-use development projects having a retail component (Ordinance 20090312-005)
- Increase public review time and formalize use of WebLOCI as Cost/Benefit Analysis tool (Ordinance 20091001-011)
- Intent to locate in high transit development and transportation hubs (Resolution 20100311-036)
- Construction worker safety and wage requirements, living wage, health insurance for employees and their dependents, including domestic partners (Resolutions 20080605-047, 20090806-037, and 20131024-056)
- Review and possible adjustment related to property tax protests (Resolution 20141211-221)
Chapter 380 Current & Potential Scope

**LOANS**
- Workforce Development
- Small Business/Entrepreneurs
- Real Estate Development
- Social Enterprise
- Creative Sector
- Business Recruitment
- Business Expansion
- Real Estate Development

**GRANTS**
- Workforce Development
- Small Business/Entrepreneurs
- Social Enterprise
- Business Expansion

**Current Policy**
- Purple

**Potential Policy**
- Blue
Chapter 380 Revision Resolution 20170302-034

- Increased community benefits, including, but not limited to:
  - Community benefits identified in the current policy, including the provision of jobs that pay no less than the city’s adopted living wage or prevailing wage, domestic partner benefits, and other provisions that promote the well-being of workers;
  - Creation of middle-skill jobs-
    - in targeted occupations identified by the Community Workforce Master Plan,
    - support for job training and paid internships or apprenticeships in targeted occupations,
    - located within Imagine Austin Activity Centers, Job Centers, or Activity Corridors in the Eastern Crescent
      - or providing better employment opportunities for those in the Eastern Crescent.
  - Increased employment among populations that are hard to employ;
  - Increased access to goods and services in communities that are traditionally underinvested, including, but not limited to, healthy food options in the Eastern Crescent;
  - Increased availability of affordable commercial space for local small businesses, including the creative sector;
  - Development of vibrant, mixed-use commercial corridors;
  - Leverage of public investments to improve positive health outcomes for low-income Austinites;
  - Retention of local small business employers struggling to survive and stay in Austin.
COMMUNITY OUTREACH
Community Outreach Process

Phase 1: Community Conversations
Goal: Listen: Large scale information collection exercise

Phase 2: Stakeholder/Public Survey
Goal: Engage: E-survey focused on sorting specific requirements and values

Phase 3: Community Leaders Session
Goal: Prioritize: Prioritize collected feedback and engage Eco Dev experts

Phase 4: Stakeholder Presentations
Goal: Validate: Present findings and gauge validity, fill gaps
Phase 1: Community Conversations

Engagement Process: June 5 – 8, 2017

- 455 Community Members Invited (64 CM Recommendations)
- 260 Total Participants (165 Unique Attendees)
- 8 Sessions, ~2,500 comments

<table>
<thead>
<tr>
<th>Category</th>
<th>Registered</th>
<th>Attended</th>
<th>Comments Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kick-Off</td>
<td>121</td>
<td>90</td>
<td>167</td>
</tr>
<tr>
<td>Social Enterprise</td>
<td>60</td>
<td>36</td>
<td>395</td>
</tr>
<tr>
<td>Creative</td>
<td>48</td>
<td>39</td>
<td>459</td>
</tr>
<tr>
<td>Business Recruitment</td>
<td>27</td>
<td>16</td>
<td>265</td>
</tr>
<tr>
<td>Real Estate</td>
<td>31</td>
<td>7</td>
<td>152</td>
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<td>Workforce</td>
<td>30</td>
<td>28</td>
<td>411</td>
</tr>
<tr>
<td>Business Expansion</td>
<td>22</td>
<td>13</td>
<td>183</td>
</tr>
<tr>
<td>Small Business</td>
<td>39</td>
<td>31</td>
<td>449</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>378</strong></td>
<td><strong>260</strong></td>
<td><strong>2481</strong></td>
</tr>
</tbody>
</table>
Phase 1: Community Conversations

Findings: What the community wants out of a Chapter 380 Policy

• Value 1: Government Role: Connector, Investor, Path-Clearer
• Value 2: Focus on Equity: Employment Opportunities for All
• Value 3: Unify the Community through Collaboration
• Value 4: Train, Recruit and Retain Local Workforce and Talent
• Value 5: Support Austin’s Culture, Creative Sector and Community Identity
• Value 6: Incentivize, Support, Staff and Train Small Businesses
• Value 7: Build Affordable, Livable, and Accessible Development
• Value 8: Impact Business Growth
• Value 9: Control Affordability
• Value 10: Economic Diversity
Phase 1: Community Conversations

Findings: Top Program Gaps – Equity & Affordability

• Lack of job opportunities for the economically disadvantaged
• Lack of skilled workforce and skillset development programs
• Small, local, creative, cultural and heritage businesses suffer from lack of access to affordable space and financial stability
• Major entry barriers for large-scale projects that could bring middle-skilled jobs
• Lack of housing options pressing middle-class and minority population out of the city
• Lack of connectivity to ensure accessibility to job opportunities
• Inequitable dispersement of quality of life enhancements to all neighborhoods and areas throughout the city
• Reduction of diversity leading to culture of the city being synthesized
Phase 2: Survey

Outreach Effort

- ~450 community members direct email
- ~5,000 followers Facebook / Social Media Push “Invest in Austin” Promotional Video
- Website Commercial
- CitySource, City Newsletters & Press Releases
- Media Articles
- CityView spot promoting the survey/exercise & soliciting feedback
- Two Languages: English & Spanish
- Two Formats: Online & Hard Copy

- 82 Respondents, ~87% completion rate
- Top Org Type/Industry Represented:
  - Small Business (33%)
  - Government (26%)
  - Creative Sector (26%)
  - Social Enterprise/Non-Profit (18%)
  - Other (17%)
  - Technology (12%)

- 42% For-Profit, 58% Non-Profit
- 45% 0-10 Employees
- Avg 21.4 yrs in Austin (living/working)
Phase 3: Community Leaders

Session Design

• 50 Community Leaders Invited
• 32 Participants

• Session Structure:
• Speed Briefings:
  • Austin Demographics, CAPCOG
  • Spirit of East Austin, COA
  • Opportunity Austin, Austin Chamber
  • Workforce Study, Workforce Solutions
  • Place-Making, ULI
• Discussion & Workbooks
  • Economic Development Values Exercise
  • 7 Subject Area Sessions
Phase 3: Community Leaders

Findings: Economic Development Exchange Values

Jobs, investment and tax revenue are no longer considered the primary “wins”

<table>
<thead>
<tr>
<th>2003 Economic Development Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Quality Jobs</td>
</tr>
<tr>
<td>• Quality Investment</td>
</tr>
<tr>
<td>• COA Revenue (Taxes &amp; Utilities)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017 Economic Development Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Locational Enhancements</td>
</tr>
<tr>
<td>2. Workforce Development</td>
</tr>
<tr>
<td>3. Quality Jobs</td>
</tr>
<tr>
<td>4. Equity &amp; Diversity</td>
</tr>
<tr>
<td>5. Quality Investment</td>
</tr>
<tr>
<td>6. Transportation</td>
</tr>
<tr>
<td>7. COA Revenue (Taxes &amp; Utilities)</td>
</tr>
<tr>
<td>8. Hiring Practices</td>
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</tbody>
</table>
Phase 3: Community Leaders

Potential Focus Areas

CHAPTER 380 HORIZON
Phase 4: Stakeholder Presentations

73 Stakeholder Engagements

- Validated equity and affordability focus
- Supported expansion of Chapter 380 toolbox
- Supported location-based work
- Recommended updating Economic Development Policy more regularly
- Supported expansion of services from Economic Development and the City of Austin
RESEARCH & PROGRAM DEVELOPMENT
Best Practice & Peer Review

- Peer, Competitor and Aspirational Cities/Programs:
  - Texas cities with Chapter 380 authority
  - Comparative/Competitive Cities in the US
  - Aspirational Programs in the US with discipline area focus

- Austin has the opportunity to develop competitive, creative and agile incentive programs that directly address equity and affordability challenges

- These specific program recommendations based on Peer Review Analysis will be threaded through the individual program requests to follow policy recommendations
INITIAL CONSIDERATIONS
Initial Considerations

Refocus Orientation and Emphasis

- Refocus overarching economic development policy and programs to extend beyond business recruitment
  - Address lack of job opportunities for hard-to-employ;
  - Incentivize middle-skill jobs for existing residents;
  - Support small, local, creative, cultural and heritage businesses;
  - Respond to specific issues in Targeted Areas.

- Expand range of tools and programs to meet the needs above
  - Retain performance basis;
  - Broaden the range, scope, and evaluation criteria for loans and grants;
  - Explore removing/lowering regulatory barriers
Initial Considerations (cont’d)

Process Adjustments

- Make internal adjustments for City economic development service delivery:
  - Connect Economic Development and other departments;
  - Expand the range of external partners engaged with Economic Development;
  - Review existing deal/agreement requirements, & parameters to be more flexible/workable;
  - Set process for when the goals of the policy should be updated

Communications

- Internal – interact with other departments for support;
- External – educate community on existing resources available.
NEXT STEPS
Next Steps

✓ March 2017: Council Resolution 20170302-034 – Chapter 380 Stakeholder Engagement Process

✓ June – December 2017: Chapter 380 Stakeholder Engagement Process
  ✓ June: Phase 1: Community Conversations
  ✓ July: Phase 2: Survey
  ✓ September: Phase 3: Community Leaders
  ✓ September – December: Phase 4: Stakeholder Briefings

☐ December 5, 2017: Council Briefing & Findings Update

☐ February 2018: Presentation of Initial 2018 Chapter 380 Policy

☐ March 2018: Council Adoption of 2018 Chapter 380 Policy
Questions & Discussion

For more information, please visit:

www.austintexas.gov/investinaustin

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