Economic Development Policy Update: Community Engagement Summary Report

Economic Development Policy Stakeholder Briefings Summary

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Prepared By:

Julia Campbell, Business Development Program Manager
Global Business Expansion Division
Economic Development Department, City of Austin

November 2017
Stakeholder Briefings Summary

Briefings Goal:
The final phase of stakeholder engagement in response to Resolution No. 20170302-034 invited other stakeholders who have been involved in incentive negotiations, possess a unique perspective on the policy, and could potentially contribute valuable knowledge to the potential revision effort. City staff sought to share the spirit of the policy revision with stakeholders to receive input on the current state of the policy and ideas to improve economic impact and community value outcomes.
Executive Summary:
The conversation with Austin Asian Chamber of Commerce Board resulted in the following take-aways:

- There are typical economic cycles, what we’ve done well is 2003-2017 incentive programs that led to prosperity. The best way to market our city is when things are prosperous to leverage that strength against future downturns. Consider retaining mostly business recruitment and adding in some small business support.
- Best Practice Analysis cities may not be indicative of solutions since none of those cities have solved their problems.
- Perception exists in the community that Chapter 380 is not needed, Austin is already great. Why do we need to pay for that prosperity, since there are many who take advantage of it?
- Support for local expansion and recruitment is of paramount importance. Perception is that Denver is more business friendly than Austin is, seems like we are losing that attractiveness. Regionalism is very important factor.

Meeting Feedback:
- Can you give us an example of place-based project? *(The Domain).*
- Perspective on the Domain is that it is a very successful project.
- There are typical economic cycles, what we’ve done well is 2003-2017 incentive programs that led to prosperity. Best way to market our city is when things are prosperous to leverage that strength against future downturns. Specifically, the incentives – will they be retained? *(We need to continue to be competitive, drive new innovation, and drive community benefit with these programs – 80% Business Recruitment / 20% Small Business)*
- Mentioned peer cities – what are some that are similar in size and industries? How were they chosen? What if they don’t reveal a solution since none of them solve their problems?
- What does middle skill job mean? *Defined through regional workforce study – industry sectors, quickly skill through 2-4yr programs.*
- Food industry: pain for low-skill jobs as well. Are there funding, grants and helping small businesses to help with hourly wages with low-skill jobs (given trying to raise minimum wage). *We’d have to look into what public health provides as far as grants and that’s not a tone in the resolution.*
- Perception out there that chapter 380 is not needed, Austin is already great, why do we need to pay for that prosperity, there are many who take advantage of it. *(Positive reception of this process. Merck changed the game from positive net benefit to positive community impact.)*
- There is a perception that lots of companies get incentives, but the reality is the opposite.
- Nice to hear on local expansion and recruitment. Perception is that Denver is more business friendly than Austin is, seems like we are losing that attractiveness. Regionalism is very important factor. Regionalism works because of caucus of mayors (30).
Economic Development Policy Update: Community Engagement Report

Conversation with Austin Creative Alliance, October 9, 2017

Company Representatives: John Reide, Executive Director
City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:
The conversation with Austin Creative Alliance resulted in the following take-aways:

- Consider a Loan Guarantee: the City could guarantee loans for cultural spaces. The City at low risk if selling price is below market. Theaters have cash flow to handle the debt service, City can hold a below market prime location.
- Austin Cultural Trust model to ask companies to pay into the cultural trust before receiving their tax abatement, using Pittsburg and Toronto as a model.
- Creative Enterprise Zones: These could protect areas like Red River, North Loop, and South Congress to make it impossible to develop anything that doesn’t have creative space and make it very profitable if it does include cultural space. Red River Creative Enterprise Zone.
- City Support for Cultural Space Award: Expedited permitting and other support with city services resulting in some sort of reduction in carrying costs (in the event that a development is delayed beyond opening date, and bears the brunt of carrying costs due to 100% city-caused delay.)
- Chapter 380 agreements are our point of control to shape the carrot. (Planning is the stick.)
- We need a new city manager to help with leadership to unsilo-ing the organization.
- Get social with the departments. Having coffee with folks in the planning department to build that trust and relationship to work better across departments. Erica Shamaly and Meghan Wells are working well together, as an example of collaboration.

Meeting Feedback:
- We don’t have the toolkit that other cities have, despite having the cultural capital. We need to tie tech to the cultural assets of the city and get them to engage.
- LOAN GUARANTEE: This is the low hanging fruit: the City could guarantee loans for cultural spaces (two theaters lost, companies found spaces below market but with no assets and no ways to collateralize the loan.) City at low risk if selling price is below market. Theaters have cash flow to handle the debt service, City can hold a below market prime location.
- AUSTIN CULTURAL TRUST: Pittsburg Cultural trust and Toronto Arts Scape. Before tax abatement, company would pay into a cultural trust. Company attracted to Austin because of cultural capital, so therefore ask them to invest into this trust to secure cultural assets. Broke N Spoke example — put it into a land trust, put out an RFP, held in the trust and holds the assets. In Pittsburg had old run down opera halls and in the late 80s the city and business community put money together and renovated those spaces to revitalize downtown. Austin has a lot of threatened assets and could benefit from this model. Investing in the cultural life that drew the company here in the first place. Currently working with Ann Kitchen and Leslie Pool, but need to run by law department. State needs to authorize the local municipality to create a land trust. Companies could pay in to capitalize the trust, or private money plus city land, etc. – there are lots of ways to capitalize the trust.
- CREATIVE ENTERPRISE ZONES: Best example is in St. Paul, where in a down and out part of town with lots of space, artists moved in, gentrification started and artists got together with the city to create creative enterprise zone and preserve it. Protect areas like Red River, North Loop, South Congress, and make it impossible to develop anything that doesn’t have creative space and make it super profitable if it does include cultural space. Red River
Creative Enterprise Zone. Rehearsal space, studios (don’t really need more music venues), 24-hour activity, housing for musicians. 380 about new mixed use development to include cultural space.

- **CITY SUPPORT: LIKE EXPEDITED PERMITTING to REWARD FOR CULTURAL SPACE:** Creative Infrastructure Committee – architect that works for Foundation Communities, working with developers on East Riverside and East 12th – induce them to include cultural space below market in new mixed development. Expedited permitting and other support with city services. Some sort of reduction in carrying costs (in the event that a development is delayed beyond opening date, and bears the brunt of carrying costs due to 100% City-caused delay.)

- Austin is a free, open and intellectual environment through the presence of the university, it was cheap in the old days and the city’s role isn’t to manage growth, it’s to create the ecosystem that allows for thriving of cultural community. How do we lower costs and create a new definition of ROI? (Denver, New Orleans and Nashville)

- We need a new city manager to help with leadership to unsilo-ing the organization.

- Get social with the departments. Having coffee with folks in the planning department to build that trust and relationship to work better across departments. Erica Shamaly and Meghan Wells are working well together, as an example of collaboration.

- These types of agreements are our point of control to shape the carrot. (Planning is the stick.)

- Austin Creative Alliance can support our report or position to council.

- Consider: Stakeholder Speed Briefings for Council Work Session

- No great examples from cities in Texas. Toronto good model for creative programs.

- Disrupt the real estate market to advocate for creative space in development.
Executive Summary:
Email communication resulted in the following take-aways:

- The positive economic impact that Samsung Austin Semiconductor has as it pertains to Austin Energy and what another massive fabrication plant would mean for the utility.
- City and surrounding communities impact
- Support of education and workforce development (Samsung’s mentorship program is a good example).
- Direct and indirect job creation - including those at middle income levels.
- Property taxes are another benefit - though the agreements generally entail some initial/partial abatement, long term, it is extremely beneficial to the community and schools.
- Impact on hotel and lodging revenues and taxes, which support the community.
- Value that having these companies add - in attracting other industries, to a community that values diversity, lifestyle and inclusion.

From: Davis, Kerri
Sent: Thursday, September 07, 2017 2:23 PM
To: Colligan, David <david.colligan@austintexas.gov>
Subject: FW: Chapter 380 meeting with Economic Development

Hi Dave. Thanks for hosting the engaging stakeholder meeting yesterday. I wanted to forward some comments I received from the business community when I solicited their input.

I enjoyed meeting you and look forward to working with you in the future.

Kerri

Kerri Davis | Manager, Commercial & Key Accounts | Austin Energy
721 Barton Springs Rd. | Austin, TX 78704 | (512) 322-6574

From: Kimberly, Deborah (Debbie)
Sent: Tuesday, September 05, 2017 6:55 PM
To: Catherine Morse
Cc: Davis, Kerri; Sparks, William; Jones, John
Subject: Re: Chapter 380 meeting with Economic Development

I agree with Catherine, and would expand to the City and surrounding communities (along the lines of the talking points we used a couple of months ago). That includes support of education and workforce development (Samsung’s mentorship program is a good example). Similarly, direct and indirect job creation - including those at middle income levels. Property taxes are another benefit - though the agreements generally entail some initial/partial abatement, long term, it is extremely beneficial to the community and schools. I’d also note the impact on hotel and lodging revenues and taxes, which support the community. Finally, there is the value that having these companies add - in attracting other industries, to a community that values diversity, lifestyle and inclusion.

Sent from my iPad

Stakeholder Briefings Summary
On Sep 5, 2017, at 3:43 PM, Catherine Morse <c.morse@samsung.com> wrote:

Kerri,

Thanks so much for seeking our feedback. I think it is just important to convey that the positive economic impact that Samsung Austin Semiconductor has as it pertains to Austin Energy and what another massive fabrication plant would mean for the utility.

Catherine

From: Davis, Kerri [mailto:Kerri.Davis@austinenergy.com]
Sent: Tuesday, September 05, 2017 3:32 PM
To: Catherine Morse; Ed Latson; Rebecca Melacon; Sutton, John; Don Weekley (don.weekley@bdnreit.com)
Cc: Kimberly, Deborah (Debbie); Sparks, William; Jones, John
Subject: Chapter 380 meeting with Economic Development

I’m attending a meeting tomorrow with the City’s Economic Development department on behalf of Jackie Sargent. Please read the agenda below, and send me any feedback you may have on how I can most effectively represent our commercial and industrial companies regarding the City’s Chapter 380 program.

*The agenda kicks off with introductions, followed by “speed briefings” on the latest of Workforce Development, Opportunity Austin, Spirit of East Austin, and Place-Making in Austin. This backdrop of understanding will be critical for attendees to have as they dive in to each of the subjects for Chapter 380 program development the rest of the day: Business Recruitment/Expansion, Workforce Development, Real Estate, Small Business, Creative, and Social Enterprise. For each 40-minute deep-dive session, we will be presenting a summary of the feedback received during the first phase of community engagement, and ask the group three key questions: Do these themes apply? What is missing? Then we’ll close by asking participants to rank these needs in order of priority and provide an overview of next steps. This exercise will help us to prioritize the needs we heard from the community and help us craft an effective Chapter 380 program.*

Thanks,
Kerri

Kerri Davis | Manager, Commercial & Key Accounts | Austin Energy

721 Barton Springs Rd. | Austin, TX 78704 | (512) 322-6574
Executive Summary:
Email communication resulted in the following take-aways:

- Help for small local businesses. We offer so much to big business. Balance that with something for small local business such as reduced permitting fees or employee credits for growth.
- Small business needs affordable small space. They’re really no different that people who need affordable housing. They’re being priced out of Austin. It’s next to impossible in Texas but we need some sort of rent control.
- An alternative or scaled set of compliance and building codes. Our codes are mostly written for big business but small business has to comply. i.e.: a small sandwich shop doesn’t need a giant grease trap...but they do by our building standards.

From: Rebecca Melancon [mailto:rebecca@ibuyaustin.com]
Sent: Tuesday, September 05, 2017 5:36 PM
To: Davis, Kerri
Cc: Catherine Morse; Ed Latson; Sutton, John; Don Weekley (don.weekley@bdnreit.com); Kimberly, Deborah (Debbie); Sparks, William; Jones, John
Subject: Re: Chapter 380 meeting with Economic Development

Kerri,

Without time for a member survey, I feel comfortable sharing what I regularly hear:

1. Help for small local businesses. We offer so much to big business. Balance that with something for small local business such as reduced permitting fees or employee credits for growth.

2. Small business needs affordable small space. They’re really no different that people who need affordable housing. They’re being priced out of Austin. It’s next to impossible in Texas but we need some sort of rent control.

3. An alternative or scaled set of compliance and building codes. Our codes are mostly written for big business but small business has to comply. i.e.: a small sandwich shop doesn’t need a giant grease trap...but they do by our building standards.

That’s all I have for now. Hope this helps.

Rebecca

Rebecca Melançon

Local Business Superhero

aka Executive Director

Austin Independent Business Alliance

Advocating for local business since 2002

P.O. Box 49545, Austin, Texas 78765

512-441-2123

Stakeholder Briefings Summary
On Sep 5, 2017, at 3:32 PM, Davis, Kerri <Kerri.Davis@austinenergy.com> wrote:

I’m attending a meeting tomorrow with the City’s Economic Development department on behalf of Jackie Sargent. Please read the agenda below, and send me any feedback you may have on how I can most effectively represent our commercial and industrial companies regarding the City’s Chapter 380 program.

The agenda kicks off with introductions, followed by “speed briefings” on the latest of Workforce Development, Opportunity Austin, Spirit of East Austin, and Place-Making in Austin. This backdrop of understanding will be critical for attendees to have as they dive in to each of the subjects for Chapter 380 program development the rest of the day: Business Recruitment/Expansion, Workforce Development, Real Estate, Small Business, Creative, and Social Enterprise. For each 40-minute deep-dive session, we will be presenting a summary of the feedback received during the first phase of community engagement, and ask the group three key questions: Do these themes apply? What is missing? Then we’ll close by asking participants to rank these needs in order of priority and provide an overview of next steps. This exercise will help us to prioritize the needs we heard from the community and help us craft an effective Chapter 380 program.

Thanks,
Kerri

Kerri Davis | Manager, Commercial & Key Accounts | Austin Energy

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**Economic Development Policy Update: Community Engagement Report**

**Conversation with Austin Regional Manufacturing Association (ARMA), October 22, 2017**

**Organization Representative:** Ed Latson, Executive Director

**City of Austin Attendees:** Julia Campbell, Economic Development Department

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**Executive Summary:**

The conversation with ARMA resulted in the following take-aways:

- Ombudsperson (or Employer Advocate) within the Economic Development Department could help educate, clear pathways and help set priorities from a leadership position.
- Manufacturing recruitment strategy could achieve all of the metrics and goals laid out as priorities in the new version of the Chapter 380 policy.
- Priority non-financial programming should focus on the government role as a “path-clearer”.

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**Meeting Feedback:**

- Manufacturing recruitment strategy could achieve all of the metrics and goals laid out as priorities in the new version of the Chapter 380 policy.
- Priority non-financial programming should focus on the government role as a “path-clearer”.
- Not all values are applicable to all projects, meaning some could be mutually exclusive in certain contexts.
- Workforce development for manufacturing companies means focusing on internships for pipeline-building.
- DMS is a good example of a company where the government role should be “path-clearer” (permitting) so that they can continue the good work they are doing for the existing labor force with upskilling.
- An Ombudsperson (or Employer Advocate) within the Economic Development Department could help educate, clear pathways and help set priorities from a leadership position.
- Continue to offer incentives as a tool to attract companies to the region and maintain Austin’s position in the national competitive landscape.
Executive Summary:
The conversation with Austin Technology Council resulted in the following take-aways:

- Grow incentives (such as payroll tax incentives, R&D incentives) for secondary (or non-HQ) locations for tech.
- Move/remove requirements for tech companies.
- Create a pathway for city regulations.
- Tech is typically bootstrap, under 100 employees, typically 10-15 and falls within the needs of the small business community (including the need for government support.)
- ATC’s goal is the grow tech companies “in spite of” the city.
- A few good models of companies doing workforce development well, such as DMS, Phunware, Build-A-Sign.
- Engage the tech community to talk with council members and communicate needs.

Meeting Feedback:

- Tech fits within the areas of small business, workforce development and business recruitment. Why isn’t this being supported?
- Small businesses are typically defined in tech as being below 100 employees.
- The sense is that these small tech firms need support from local government.
- DMS (company) works with ACC for workforce development, which is an incredible model for growth and engagement.
- Phunware (company) has a built-in diverse workforce.
- Build-a-Sign – workforce is full of skilled labor and has a tech focus.
- Want to grow incentives (such as payroll tax incentives, R&D incentives) for secondary (or non-HQ) locations for tech.
- We need to move/remove requirements for tech companies.
- Create a pathway for city regulations.
- Tech is typically bootstrap, under 100 employees, typically 10-15.
- ATC’s goal is to grow tech companies in spite of the city.
- Affordability issues scale up to all income levels, not just low income levels.
- Tech community doesn’t vote and can’t create solutions for affordability.
- Connect with tech CEOs that impact council members and employees (voters)
- CEOs in tech need to reach down to young constituency.
Meeting Notes:

- AustinUp originated out of Mayor Leffingwell’s Taskforce for Aging
- Age-Friendly Austin Plan is now integrated within the Imagine Austin Strategic Plan
- While Austin’s overall unemployment rate is hovering at 3.1%, +12% of 55+ are currently unemployed
- Consider including the aging population in the definition of the “economically disadvantaged”
- There exists a job skills gap for individuals seeking to shift out of their previous careers and into something new. New skills are required, and AustinUp is working to deliver job fairs, partner with ACC’s 50+ Program to deliver curriculum development and work directly with companies to highlight age-friendly policies and discourage ageism in hiring.
  - Offer inter-generational internships
  - Promote Austin’s “multigenerational workforce”
- Louisville, KY has an interesting perspective on seniors in the workplace. The city is home to many insurance companies and therefore the City of Louisville has actually chosen to brand themselves “Aging Innovation” to attract more companies with these types of inclusive hiring practices.
Executive Summary:
The conversation with the Greater Austin Black Chamber of Commerce Board resulted in the following take-aways:

- Access to the opportunities afforded by these contracts, from perspective of small businesses, is limited because requirements are “outrageous” and overly burdensome.
- The actions that people took in the early 2000s had a negative consequences in our community, because what we have now is not considered “prosperity” for all.
- Consider requiring companies to create education programs to skill the population into the jobs the project creates.
- Transportation solutions could be a focus for non-financial exchange.
- City regulations and permitting processes continue to drive the burden on small businesses – consider alleviating those hardships as the incentive themselves.
- This process of reevaluating the policy has successfully reflected the inclusion and consideration of equity in the conversation.

Board Meeting Feedback:

- Regarding those companies that drop off their contracts – what’s the most common rational for dropping out of the program?
- This program is a “Tagalong” for state program – what does that mean? State program is taking major hits. Those programs were de-funded. Chapter 380 is a conduit into state program. The state won’t participate in projects that support middle-skill jobs below the average wage $65K and that’s an important disconnect for Austin.
- Access to the opportunities, from perspective of small businesses who can’t access this program because of requirements are outrageous from the perspective of smaller operations.
- Systemic inequities in this community, and we don’t hold people accountable to that.
- Words used to describe the 2017 economic conditions assume that Austin is “prosperous”, but there are residents of Austin that are not “prosperous”, therefore Austin really isn’t prosperous at all. How do you define prosperity? If all boats rise together, a mental shift is needed. The actions that people took in the early 2000s had negative effects, because what we have now is not prosperity for all.
- How many locals need to be hired for one of these projects? We provide a bonus currently for projects that have a certain percentage of local hires.
- Does this allow for changes in the policy? Who is going to build the ladder to support the existing workers? Maybe a program piece or a bonus is to require companies to create education programs that create skills to address this population’s need to become eligible to get those jobs.
- Is transportation a requirement? Make way for a bus route in exchange for economic development values. The City is currently exploring non-financial benefits for exchange (such as getting development services and transportation to help with the project exchanges.)
- Regulations are burdensome for these projects, causing consequences and re-evaluation opportunity for those regulations for government to step in and clear the way to get the project done. Process is so burdensome that people need to skirt the process to get things done. Are small business owners included in this process?
- Colette with HTU remarked: David and Julia have done good work on this project and they have done a very good job consistently representing the issue of equity.
Executive Summary:
The conversation with CAPCOG CAEDD Board resulted in the following take-aways:

- Focusing on all available tools within the purview of Chapter 380, not just the one use for Business Recruitment.
- Considering all the tones in the resolution, which areas can Austin work into its Chapter 380 policy?
- Regionalism is an important factor when considering where Austin sits in relation to other surrounding communities (jobs in proximity create traffic congestion).
- Council Member Flannigan: Affordability and Equity are beyond the purview of EDD to solve. The current council’s goal is to right previous wrongs and see a new way forward for a new Austin. It is clear, though, that Austin is in a period of massive transition, in both city’s Executive Leadership and land-use development. Council is committed to solving these issues with EDD and have an interest in solving them with different solutions than we’ve used before.

Meeting Feedback:
Chris Schreck, Director of Planning and Economic Development invited David Colligan to present the revision of Austin’s economic development incentive policies. We accepted the invitation and presented a 30-minute presentation and took questions from the board.

David Colligan, City of Austin EDD:
- David presented the process, initial feedback and next steps to offer recommendations to council to revise the current Chapter 380 policy and create programs that benefit the community.

Questions/Feedback:
- Do you currently just use Chapter 380 as the tool?
  - Yes, but we have other programs under EDD as well, such as federal funded Media Development Zone. 380 is currently pretty polarized, therefore we are looking to change that.
- What happened during the eight Community Conversations conducted in June? Was the feedback helpful? Did they learn anything?
  - Yes, the general feeling was that the attendees were appreciative of the invitation and glad to hear we are able to do more, want to do more and can do more than we are doing outside of traditional “Samsung” deals. They were grateful to be given a voice, as many were representatives of businesses in the community. Another key take-away was that this was a new conversation. We also continue to put information on the website to inform the public of progress. We also made an effort to connect this effort with the Spirit of East Austin process, the Omnibus via Music and Creative census and other formalized means of listening to the community. They felt it was time we listened to the business community, not just citizens.
- Where did the 7 subject areas come from that the sessions were focused on?
  - Business Recruitment, Business Expansion, Small Business, Creative Sector, Real Estate, Workforce and Social Enterprise came from the council resolution, existing departments and programs within EDD. Also, these subject areas will not be the only ones, more will potentially be added/”sunsetted” as needs arise.
- We currently have an affordability problem. Judge Eckhardt even said that new jobs create transportation congestion. Is there any thought on working with other communities?
  - Regionalism is a focus through the Chamber. The City of Austin is often priced out of projects that fall with job area needs we currently have (such as manufacturing/distribution logistics, etc.). The state won’t help
380 because Austin has exceeded the max $60K salary. The new focus will be to look internally within Austin and its existing business base instead of adding to the problem. Transportation overlap with other areas is an important part of the site selection process. Peer cities are playing in campus-style development, inclusive of affordable housing, anchor employers, retail and other place-making elements.

- Council Member Flannigan comment:
  - Affordability and Equity are beyond the purview of EDD to solve. The current council’s goal is to right previous wrongs and see a new way forward for a new Austin. It is clear, though, that Austin is in a period of massive transition, in both city’s Executive Leadership and land-use development. Council is committed to solving these issues with EDD and have an interest in solving them with different solutions than we’ve used before.
Executive Summary:
The conversation with Austin Technology Council resulted in the following take-aways:

- Socioeconomic indicators tracked to provide tools to partners in the community that create solutions
- CAN does not have a direct connection to economic development, meaning they do not track job growth, but rather the upskilling needed, strong family structure-building and related social services that impact the ability for job growth to occur.
- Community Preservation/Revitalization Zone: if you provided the “why”, you’d get 380 funding.
- Just requiring the jobs doesn’t end up helping that particular neighborhood in the event that the hiring doesn’t end up happening.
- Tax incentives should be based on metrics, performance based on job creation.
- % of sales tax coming to COA for a period of time, long term benefit is worth the payment
- Drain on our sales tax because of development in the outskirts, so we need to be more competitive internally.
- Consider 50% abatement offering to argue for constituency support who are philosophically against incentives, for every dollar city abated, City gets a dollar.
  - But then it becomes what you do with that 50% (General Fund versus specific uses for gained revenue from the project – housing, entrepreneurship, support businesses, etc.) You need to invest some funding to move the needle on some of these community specific challenges.
- Upskilling is a challenge with certain demographics, a better approach would be to engage them earlier (K-12) to get them on a track for employment (although that’s a challenge within school districts as well.) Age 16-24 (ACC age) and create systems for them to stick with it, what is the safety net if they fall out of the system?

Meeting Feedback:

- Social Well – Being Indicator Annual Report – 5yr trends tracked (sources are the ACS as well as dashboard indicator steering committee)
- Socioeconomic indicators tracked to provide tools to partners in the community that create solutions
- CAN does not have a direct connection to economic development, meaning they do not track job growth, but rather the upskilling needed, strong family structure-building and related social services that impact the ability for job growth to occur
- Connection between Chamber and Workforce providers to meet the goals of workforce challenges
- Connection between job opportunities and workforce development – but can you help us connect with healthier living components of prosperity?
  - Access to health insurance is a clear data point (lower wages mean less likely to have health insurance and then you won’t be able to address your needs without insurance.) We have seen a decrease in number of people who are uninsured
  - Obesity affects and relates to many other health conditions that affect a person’s ability to get a job, hold a job, or impact their earnings or earning potential
  - Zip code determines if you live in an area of concentrated poverty, your outcomes change (health, longevity, educational attainment, income level) because of neighborhood disinvestment, school struggles, and other place-based strategy elements.
• Place-based: Eastern Crescent investment, job creation. What would happen if we dialed in closer to neighborhoods, that brings community assets into the area (employer, services, healthy grocery store):
  o Community Preservation/Revitalization Zone: if you provided the “why”, you’d get 380 funding.
  o Just requiring the jobs doesn’t end up helping that particular neighborhood in the event that the hiring doesn’t end up happening.
  o Tax incentives based on metrics, performance based on job creation.
  o % of sales tax coming to COA for a period of time, long term benefit worth the payment
  o Drain on our sales tax because of development in the outskirts, so we need to be more competitive internally and ultimately passed the Domain.
• 1st recommendation to council: you created a policy that focuses on recruitment and brought prosperity back into the city (high investment, high wages, benefits, high number of jobs). Same policy for 15 years and stacked up more regulations on top of it. Now we want to create more programs that are beyond the recruitment perspective that address the unique needs. For needs like healthy food, we can’t do it within the current policy because we can’t do retail. Would the community backlash be the same today?
• 50% abatement to argue for constituency support who are philosophically against incentives, for every dollar we abate, we get a dollar.
  o But then it becomes what do you do with that 50% (General Fund versus specific uses for gained revenue from the project – housing, entrepreneurship, support businesses, etc.) You need to invest some funding to move the needle on some of these community specific challenges.
  o Connecting people with training opportunities versus the connection with actual jobs.
• With tight unemployment conditions – 2% undeclared individuals – how do we provide current political conditions and connect with that group of people to provide those opportunities? How big is citizenship a barrier to be able to connect with the undocumented individuals? Where are they going for work?
  o Much harder population to serve with upskilling and job training. A better approach would be to engage them earlier K-12 to get them on a track for employment (although that’s a challenge within school districts as well.)
  o Age 16-24 (ACC age) and create systems for them to stick with it, what is the safety net if they fall out of the system?
  o Can you get Chambers or major employers to step in for upskilling?
Stakeholder Briefings Summary

Economic Development Policy Update: Community Engagement Report
Conversation with Development Services Department, October 4, 2017
City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department. Rodney Gonzales, Development Services Department Director

Executive Summary:
The conversation with Development Services Department resulted in the following take-aways:

- Ombudsperson program for Small Business are temporary and not located within the department and do not advertise their presence so the program is perceived to be low impact.
- One size fits all land development code is hard on small business.
- Regulations and zoning restrictions themselves are difficult for business growth, and Development Services seeks to make the process simpler and more accessible by allowing online process. No amount of money or incentives can help alleviate the reality of the regulations and zoning, however.
- EDD should be more familiar with the permitting process in order to set expectations with companies in the business community. Perhaps the creation of a short-hand brochure of information that can be provide to EDD to help companies learn the DS process.

Meeting Notes:

- Integrate feedback to engage better with Economic Development.
- Building Plan Reviews – small businesses will benefit (in some cases get it the next day)
- Ombudsperson program for small business (Small Business Program Ombudsman are only temporary and not located within the department and do not advertise their presence so this has low impact and effectiveness.)
- What about addressing other needs such as potholes and other needs felt urgently by companies?
  - This only asks for Development Service’s needs – and didn’t ask for a list of woes because they don’t want to step on small business department’s toes. They would review their survey results and offer new programs based on that feedback.
- One-size fits all for land development code – which is very hard on small business.
- How can economic development help other COA service providers do work for businesses?
  - Regulations themselves are hard, trying to make the process easier by putting things online. Need a joint partnership with EDD learning Development Service processes and able to speak about the process to the business community.
- What about place-based development and mixed use?
  - Zoning limitations are the biggest hurdle there, parking issues are next and typically are brought forward as major concerns by the neighborhoods. No amount of money can help with that. ABIA director says that parking limitations kill most business expansions. 26 neighborhood plans – integrate allowances for parking.
- Are there negative repercussions for fee waivers?
  - They are funded by department’s enterprise fund, and therefore fee waivers supported by the General Fund.
- Small business needs should be the focus
- Perhaps it might be useful to create a packet of Development Services flow chart of process for economic Development department to give to companies.
Executive Summary:
The conversation with District 2, Town Hall Meeting resulted in the following take-aways:

- Existing workforce within Austin should be the focus of the policy
- Exclusivity from a Diversity perspective is not in the city’s best interest. Use policy to address negative trend.
- Policy impact could reach healthy outcomes and access to healthy food options for residents.
- Revisit Economic Development Policy at least every 10 years to account for shifts in economic conditions.
- Transportation is a major concern and limitation for any project considering any Austin location.

Meeting Notes:
EDD staff was asked to present where we are in the process of revising Austin’s economic development incentive policies. David Colligan made the presentation and took questions from District 2 residents.

David Colligan, City of Austin EDD:
- David presented the process, initial feedback and next steps to offer recommendations to council to revise the current Chapter 380 policy and create programs that benefit the community.

Questions/Feedback:
- What is the 239% ROI from?
  o Sales, Property tax and is calculated as net benefit to the City of Austin, as we incur a cost for each project from the use of city services and resources.
- What about local workers? Are these incentives only benefitting people moving here from out of state?
  o Workforce Development would focus on local workers, existing employees and upskilling to meet employer and employee needs. This may mean the city plays the role of intermediary between service providers and employers, or it could mean other training services.
- Diversity is leeching out of the city of Austin in the form of African American population existing the city, to be replaced by other populations, such as the Asian American community. Exclusivity is not in the city’s best interest. What are we doing within this policy to address that negative trend?
  o Lack of economic opportunity and workforce development is a focus for this new revised policy.
- Is there going to be an opportunity for non-profits to help companies with WF Development?
  o Social Enterprise and how the City can leverage that part of the community is in consideration for program support as well under the revised 380 policy.
- The 239% ROI for the city can be directly related to the decline in African Americans in Austin.
- How is this policy impacting healthcare and promoting healthy communities?
  o Part of the focus of a revised chapter 380 will be its role in impacting health in the community, particularly the underserved such as food deserts in the Eastern Crescent (for which there is a standalone food study being conducted now to address that issue), but also will continue to include healthcare as a core requirement for projects. Merck, for example, pledged to impact health in the local community, but they are not currently required to do that.
- The policy should change at least every 10 years to accommodate change in Austin’s economic conditions and needs
- The Domain provided for affordable housing for retail employees.
- ETJ jobs outside the city limits are a concern.
- Why aren’t major projects selecting District 2?
Many elements are considered in the selection of a location for a company. Site selection is a complex process, and it doesn’t always come down to the needs of a particular district, it’s typically a business decision. Therefore, our role with a 380 is for us to clear the path and make projects more doable in the entire city. Good things for the city of Austin can mean good things for District 2.

- Many comments were made regarding frustrations with lack of transportation solutions, such as inadequate bus routes, CapMetro funding, etc.
- Was District 2 represented in the initial community conversations?
  - Yes, we held a meeting with focus on social enterprise in District 2, however many small businesses share concerns.
- Flooding is a major concern in District 2.
- Community Health Workers may offer a solution for creating more jobs in the area.
- Does the Chapter 380 revision process include permitting?
  - While it’s a separate department, there are already many improvements being made to the permitting process, such as adding 51 new FTEs to the department, expedited permitting, etc. which may affect projects down the road. Typically, the first place you call at the city if you need something done is Economic Development, yet that is not the case in Austin. Departments are taking action to change the perception that Austin is a difficult place to get projects through permitting.

Photos:
Economic Development Policy Update: Community Engagement Report

Conversation with Downtown Austin Alliance, November 3, 2017

City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:
The conversation with the Downtown Austin Alliance resulted in the following take-aways:

- Tenants currently connect with this policy through non-capital intensive projects with high job count.
- Community values extend beyond job creation to place-making.
- Small and mid-sized companies need a place in this policy, not just large companies.
- Better define “Economically Disadvantaged” and “disadvantaged workers.”

Meeting Notes:

- Basically, the bottom line here is that you are trying to revise the new Chapter 380 policy?
  - Yes, but make the policy an umbrella, allow for both grants and loans and then make more programs that address community needs.
- Can you give us an example?
  - Focus on expansion, and open the dialogue with companies already here, such as manufacturing companies and developers to create affordable commercial space for small businesses. We are trying to see things more creatively.
- How much money is in any given city year is used in Chapter 380? What are financial resources that go into the program?
  - For a grant, with a capital intensive project, the City provides a portion of their property taxes back, written into the budget on an annual basis. Regarding loans: there is a revolving loan for music, and an old BRE program. We would use the guidelines created and ask for resources needed to administer the programs.
- So for grants with property tax abatement, what if the company is a tenant?
  - We don’t abate taxes, it’s a rebate and it is hard to return dollars back to person renting. If the project is less capital intensive, it’s then usually a job-based award instead of a property tax award. Facebook and Merck are examples of this.
- So for company like Facebook, $200 per job, is insignificant, what’s the value then – does it unlock other financial benefits?
  - The State of Texas requires local participation to have access to the governor’s deal closing fund. If we are looking to secure jobs and mid-skill jobs for folks here, the state is not going to reward job creation that fall below $60K.
- What are the values of the community beyond things like jobs and investment? Like Transportation?
  - We overlapped data with other initiatives such as Spirit of East Austin community values. Community Leadership session said “Place” was the number one value for exchange instead of job creation. Quality of life, opportunity and culture were more important than job creation.
- I am representing the Austin Theater Alliance – bring 270,000 people in each year. As I think about doing renovations, where do we fit into this policy? Policy language is supportive – but it is difficult to navigate the City of Austin.
  - Family Business Loan Program is too big for you. Outside that and this potential Chapter 380, there isn’t anything. That’s what we’re looking to do – address medium sized companies potential. Everyone equates incentives with “bad” and Samsung and Apple come to mind. But people forget their connection to small business. What about mid-sized firms? City doesn’t currently partner with these types of companies.
- Are you starting the conversation with council in December – what’s the goal for new Chapter 380?
  - By February depending on Council approval. March or April with new policy, then start bringing forward programs, first address Business Recruitment and Business Expansion, then the rollout of new programs to then study a bit more in-depth.
- Can you clarify “Disadvantaged Worker“ term? Does this relate to pay scale? Income?
  - There we are speaking to an audience who have low income or are considered in poverty, experienced economic setbacks, previously incarcerated, veteran, or other barriers to employment. There may exist some partnership opportunities with community groups to directly connect with the Employer and result in a job.
Executive Summary:
The conversation with East Austin Ministers resulted in the following take-aways:

- Stakeholders engaged in the process of collecting feedback, including the Chambers.
- Connection with Community Colleges setting up curriculum and classes that connect the workforce with the jobs these deals create.
- When the City forms a contract, create lead time to train up people here locally before the project starts or lands.

Meeting Questions and Feedback:
- What stakeholders have you engaged so far?
- Have the Chambers been involved?
- What about Education? What’s the connection with community colleges setting up curriculum and classes that connect the workforce with the jobs these deals create?
- When the City forms a contract, is there enough lead time to train up people here locally before the project starts or lands?
- Follow up with the survey to send out to ministry and community.

Photos:
Executive Summary:
The conversation with Encast resulted in the following take-aways:

- Request to provide connection points to companies seeking assistance with their philanthropic efforts and programming that solidifies their business model.
- Request to consider making this an added service or requirement to the matrix or qualifiers for public private partnerships to instill this value in the business community.

Meeting Feedback:
Initial Outreach: Leo Ramirez connected with John Michael Cortez with the Mayor’s Office to relay an idea he had about adding standards for employee philanthropy (giving and volunteering) as part of the matrix. John Michael recommended Leo connect with David Colligan and Julia Campbell with EDD in the midst of developing policy recommendations to see if this might be feasible/advisable.

- Request to provide connection points to companies seeking assistance with their philanthropic efforts and programming that solidifies their business model.
- Request to consider making this an added service or requirement to the matrix or qualifiers for public private partnerships to instill this value in the business community.
- Response was to request he stay engaged with the revision effort, and fill out the survey/exercise to include more feedback on the community input received so far.
- Requested Leo participate later on in support of the final recommendations put forward to council.
Economic Development Policy Update: Community Engagement Report
Financial Institutions Forum, October 25, 2017
Attendees:
BiG Austin: Stacey Rhone, Steve Foster, Melvin Wrenn
Texas Capital Bank: Kerry Hall, Robert Franco, Chris Rios
PeopleFund: Angela Amaya, Allie Quill
LiftFund: Jud McGehee

City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:
The Financial Institutions Forum resulted in the following take-aways:

- Seeing the city really focus in on a holistic small business development program to help CDFIs fund their loan programs and have more discretion with lending.
  - City funding for those loans
  - Adjustment of the criteria for the loans programs to allow for more criteria
  - Guaranteed Loans program
  - Require job creation
  - Interest rate buy-downs to buoy business cash flow
- CDFIs stay with the company after the lending occurs, which makes them better partners for job creation and performance-based projects than banks.
- Consider asking companies to put X amount of money into a fund to provide skilled training for their needs, or creating a funding pool that invests back into the training programs on a wider basis.
- Consider EDD get a cut of EDD redevelopment projects tax revenue or Chapter 380 revenue to further enrich some community programs that focus on commercial affordability and equity.
- Small businesses is considered 5 employees or less according to CDFIs, not the less than 200 employees. Consider adding revenue (for example federal regulations look at $1M or less) as an indicator, not just job count.
- Bring more organizations together physically in one space (tech assistance, funding). Ex. Ft. Worth built Business Assistance Center (1-stop shop), in Austin people don’t know where to go.
- City should have a guaranteed smaller fund to make loans would help close the gap for businesses 5 and under.
- City of Austin doesn’t fast track projects, silos exist are in permitting, processing planning. City is anti-small business in terms of process.
- City does not market its programs well.

Meeting Feedback:
- EDD asked them: How can the City of Austin offer loans to make capital available to businesses in Austin? How can we help you to help our small business base? How can we diversify this incentive portfolio in the future?
- Small Business Program falls within Economic Development department, correct? Where does the Family Business Loan Program fall?
- Is Artist Inc. program related? Seeing the city really focus in on holistic small business development program, that can help CDFIs fund their loan programs and have more discretion with lending. Challenge is that small pockets of funding for technical assistance or training is never enough, pivots into helping clientele in creative businesses areas where banks won’t lend with technical assistance. Funding and loans are harder in those areas because of the criteria that qualifies them for those loans. Higher risk loans, by nature.
• City funding for those loans
• Adjustment of the criteria for the loans programs to allow for more criteria.
• Would operate the fund, underwriting those loans and give them the ability to work with clientele.

• Do you have any loans that are guarantee programs? Bank would handle the loan, and City would provide a guarantee on the loan. SBA can then package that loan if company is within a certain size. Pool could be large enough, and could put it on secondary market.

• City guarantee with equity a possibility.

• Require job creation. Programs that lenders work with city now to ensure they are job creators as well as taking individuals that are low-income and helping them start a business.

• LiftFund: all over Texas, successful in SA and Corpus, city sponsored a buy-down. Hand out a grant and buy-down the interest rate from 7% to 3-4%, which reduces the risk, target the areas of investment, conditions have to include a job creation element. Open to it if lower risk and City backs us. They feel they can steward that money better. Business has better cash flow.

• Is job creation a needed exchange? What exchange values should we have?
  o Should include sustaining jobs. Those who are not on the system right now.
  o Give them ability to move to a better location within that underserved area. Giving them an opportunity to invest there and that they can stay where they are.

• What timeframes are you going to put on this? Takes time for businesses to get to a point where they can hire people.

• Banks just lend, we stay with the businesses which makes it better to follow through on those projects.

• Cost of funds is high, as CDFI products are loans, higher interest rates charged so borrowers can’t afford it, leaning on the city. What would the value of the city be to implement? Give us the money and we will do with it what we will.

• Commercial affordability is an issue.

• Providing jobs to economically disadvantaged is an issue.

• CDFIs need funding to pay for these same values that the city is focusing on. As you have new corporations, developers, construction companies that make jobs and opportunities, if city required a fund through EDD, required them to put X amount of money into a fund to provide skilled training for their needs, that would be a potential solution. Invest back into the training programs on a wider basis. Focuses on only one or two organizations, that focus on construction or tech, needs to be wider.

• EDD get a cut of redevelopment projects to further enrich some community programs.

• Have you looked at certain money that goes to affordability housing, certain money for EDD to go back into the community? Put together the position papers for council to understand that?

• Concerning location of business, where does City own property and how can they be turned into incubator areas for businesses. How can you identify these properties that are workable for CDFIs to generate locations for businesses to continue to generate revenue?

• Why doesn’t EDD get a cut from those tax revenues generated with chapter 380 incentives? But that money goes back to general fund, not into a pool of funds that’s needed for more EDD programs to reinvest.

• How do you know that they are small businesses and what model are they using to call it small businesses? Their definition of small businesses is 200

• Small businesses is 5 employees or less according to CDFIs.

• Number 1 questions from businesses is where can I get funds to access to capital and where can I go to learn things?
  o Need access to capital
  o Need education
• Bring more organizations together physically in one space (tech assistances, funding). Ex. Ft. Worth built Business Assistance Center (1-stop shop). In Austin people don’t know where to go.
• City should have a guaranteed smaller fund to make loans that would help close the gap for businesses 5 and under.
• Size and bandwidth.
• Can you get the city demographer to run that data – check in with Ryan to see if we can find out the segments of small business?
• You still do have to keep an eye on 200 or less employees because of the job creation impact and economic impact of those businesses.
• Where does employee size or revenue cut off. Once you hit ten employees, you can shift back down or go up. They typically qualify as micro business. If they don’t get that funding or education, ten employees can be the tipping point to fail.
• Observed more bankruptcy over the last two years.
• City focuses on startup businesses, programming. But gap of businesses beyond 2-year mark don’t have the resources and focus.
• City of Austin doesn’t fast track projects, silos exist are in permitting, processing, planning. City is anti-small business in terms of process. Needs to be a check and balance on the permitting and planning desks to make sure they don’t put too many onerous requirements on businesses. Treating contractors for small businesses the same as large purchasing? City imposing certain standards that bogs down businesses with paperwork. Look at the whole process 1) permitting, 2) administration of services.
• Needs to be an ongoing process of reviewing this policy and the small business community’s needs. BigAustin received same funding now as they did in 1992. Dealing with more compliance and restrictions. Process can’t wait 17 years, now the city is looking at how much more can CDFIs do? Yearly evaluation of how we can continue to provide more services and how the City can support them as well.
• Revenue size is the driver for everything, not employee count. Drives everything that happens with the company. Without including the revenue size, that’s doing them a disservice; as you watch revenue grow it splinters off to different needs. Revenue needs to be tied to job growth.
  o When clients break from BigAustin, they are at $2M then they move on to banks and do not come back.
  o Breaking point also then at $5M, and again at $10M. Can’t be hands-on, decision making changes.
• Social Enterprise: the Goodwill’s of the world – non-profits that find ways of generating revenue or having a business model, how we can expand the Tom’s Shoes of the world. Having Goodwill attached to their business plan. Hearing from non-profits that they need capital as well – do you have any feedback:
  o Open Arms, refugee women get skilled services, line of credit with this organization. Capital to expand their funds.
  o BigAustin nonprofits want social impact- warn for small business, already invested in how much they are going to give to social issues and that’s a huge issue. They don’t push that too hard to manage their own business. They need to make payroll. Their social impact is hiring one person, not philanthropic. We don’t want to ask social impact as a requirement for these small businesses.
  o Big companies that have excess revenue should be the one to play in that area.
  o It depends on the business.
• Missing: Diversity and gentrification is a huge issue for East Austin. Incentives for business owners that want to stay in the community and need help or who want to grow in the community because you don’t get affordability issues and expansion; this is very tough for them. Zoning and permitting requirements, property owners are against restrictions.
• Incubators – bringing in businesses as well?
Need to see the math for the impact of economic development incentives. Doesn’t get caught in a special fund, goes into the general fund and that story is lost. We need a clearer view of what those incentives create (jobs, investment, tax base) even if 10% of that goes into its own fund, that could help solidify that story.

How do we go about making it so that part of incentives would be greater in areas of economic segregation? EB5 opportunities and focus in those areas.

Additional feedback from Robert Franco, SVP Community Development Lending and Investments:

- FYI, Federal Regulations surrounding fair lending practices define as small business those businesses with gross annual revenues of $1,000,000.00 or less. It is my opinion that this definition is uniform and should be used as the benchmark when discussing and analyzing the small business environment. Number of employees is good for political and economic reasons but the true measure of a company and its growth is revenue. Plus this is the definition used in federal regulations. You could always use a higher number if you find that you are not reaching enough people who could use the available programs.
- Second point, I do not think the city markets its programs well.

Photo:
Economic Development Policy Update: Community Engagement Report
Incubators Forum, October 25, 2017

Attendees:
3 Day Startup: Cam Houser
International Accelerator: Angelos Angelou
Texas Life-Sciences Collaboration Center: Michael Douglas
Capital City Innovation: Christopher Laing
ATI: Mitch Jacobson, Lisa McDonald
Economic Growth Business Incubator: Monica Pena, Barbra Boeta
Impact Hub Austin, Ashley Phillips

City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:
The Incubators Forum resulted in the following take-aways:
• Performance agreements that have the right kind of needs for funding, such as equipment to give them the runway.
• MBE/WBE Advisory Council – this ordinance has negatively affected the small business community. Small businesses come and complain to the advisory council often that big companies get the opportunities and they are left out, the contracts are too big.
• In a number of industry sectors, there exists a disconnect between small and large companies to connect to large contracts. One area for the city to play in is strategically positioning resources by looking for those gaps and closing them for smaller business and whole variety of sectors.
• Create a matching fund for businesses direct and also incubators to utilize.
• Allow for cooping of small businesses to access city support.
• Support for EDD-specific revolving fund to impact some social values.
• Consider offering grant-writing services
• Actively market programs

Meeting Feedback:
• Discussion here today to is to focus on the different incubation models that exist here in Austin. That very definition is being stretched to include incubation of not only businesses but individuals, the workforce to include internships, mentorships, and apprenticeships, for diverse businesses. What type of role should the City play with the potential for Chapter 380 in this space?
• Austin made headlines in attracting major companies, headlines are now that we are number one entrepreneurial city. Plan from now on how to create an entrepreneurial city.
• How often are you meeting or coming together to collaborate?
  o Not very often, and we should do that more often.
  o We don’t meet formally.
• Regarding financing: Grants and loans: how do you see the City’s position in offering value?
  o Performance-based grants for the city. Performance agreements that have the right kind of needs for funding, such as equipment to give them the runway. (In the Life Sciences field that’s an important piece for growth.)
  o MBE/WBE Advisory Council – this ordinance has negatively affected the small business community. Small businesses come and complain to the advisory council often that big companies get the opportunities and
they are left out, the contracts are too big. Offer grants or funding for them to begin to start a contract would be huge impact for them. Provide vital working capital they need. They can’t wait even 45 days it takes to get the contract in place. This pertains to companies like construction, cleaning services and other service providers.

o In a number of industry sectors, there exists a disconnect between small and large companies to connect to large contracts. One area for the City to play in is strategically positioning resources by looking for those gaps and closing them for smaller business and whole sectors.

o For a small business, getting funding prior to the first invoice is tough. Bank/lenders are then out that money if they fail. The bank/lender is then more involved in the business. If the City could provide the immediate funding it would be great for small business.

o Create a collaborative program where City could cover some bonding authority, posting bonds for work they are getting. Not for one on one businesses, but perhaps should be collaborative effort. 50-100 startups in a variety of different sectors – such as a coop.

o An idea for a “carrot” for large businesses, given that you don’t want to overload policy even for large businesses to solve social problems in Austin, what if those companies are able to take advantage of a larger incentive if they employ small businesses (not necessarily disadvantaged businesses, but all small business, plus engaging with entrepreneurs.)

o Matching fund on the grant, a small amount (such as $50K) that would tie to performance.
  ▪ Is this a matching fund for the incubator or the company? Either. Not necessarily a government handout, either, it’s about creating resources for a matching fund.

o Social policy focus on equity – HIB visas are more accessible for non-profit, government entities and take no time at all to procure. The majority of entrepreneurs pitching are foreign born. Create some sort of pathway for visas through this program. Paris has a model for providing visas to entrepreneurs, providing domestic companies access to foreign market. Best practices where incubators worked with universities to teach students entrepreneurial skills where they would be issued a visa.

o Equity focus – “institutional racism task force” produced plenty of recommendations, but no money was associated with those recommendations. Budgets are moral documents and if we can attach resources to those task force findings, performance would be powerful.

o Loan capacity – where would the City’s position be there? Has the City ever tried it before? Yes, some loan programs are currently under Chapter 380. Music Venue Loan Program (currently undergoing some recommendations for change) was originally funded for sound mitigation. Another program was the old version of the BRE program, which carved out a downtown corridor to generate funds that would be then loaned out to those businesses affected by growth and development to help them afford needed renovations.

o Are those loans hard asset financing? How would start ups get those? What’s the criteria? How do they value IP? Family Business Loan Program is hard to get and it’s not supposed to be. It’s for renovation and equipment purchases, not working capital, which is why some companies do not qualify. We need a program for working capital.

o Total Funding for BRE was around $3M eligible for loans but companies were not finding it competitive, they didn’t want to provide all of their requirement criteria to City. Other barriers were the borders of the corridor selected needed to be expanded, therefore overall the criteria was not attractive.

o Can you work with local regional banks that could feed into this program to feed more business? What are the different types of programs we could be offering?

o In healthcare biosciences, sometimes companies are not interested in bridge financing. Does that speak to a bonding option? Industrial revenue bonds don’t get used for “industrial” projects. There are no revolving funds at all. Funds go into the general fund, not into economic development specific fund.
City could dictate those priorities through a revolving fund. Small businesses don’t need all of the $3B, but a portion to be dedicated to those efforts that EDD prioritizes.

UT study – recruitment of firms and entrepreneurial ecosystem. How do you tap into bigger investments, and how do they manifest?
  
  - Major connection between small and entrepreneurship community with large businesses that have received incentives.
  - These large companies are hiring per their 380 agreement goals, but they didn’t even come close to MBE/WBE goals.

City needs to look at who are you trying to employ. How you deal with a tech company is totally different than a service company.

Capacity building for local companies should be the focus.

Tools to educate the small business that they do benefit from recruitment deals.

Cincinnati minority-owned businesses is a sound practice. It is a collaborative between business leaders and banks. They put together a fund to cherry-pick promising companies to scale them (require at least $1M) to make them $25 - $50M. Criteria includes not just revenue but management practices, etc.

Life Sciences – in Austin we are a wasteland in this industry, as there is no large anchor and now with Dell Med here that’s a real opportunity to attract that type of project. It’s going to take a decade to get to the point where it is a major research center. Merck, a digital health company is a great example of that opportunity - what’s part of Austin’s strength right now is big data and artificial intelligence. That whole sector is poised and having a Merck as an initial anchor tenant is important in the success of that future growth. Lots of carry-over from the early Apple days that digital piece to gain momentum. Not sure what the City needs to do to encourage that, though.

I’m not sure the City needs to do anything. It’s the State that got the Dell Medical Center here.

Merck sees the potential and future of Austin being the next Boston or San Diego.

Small and low income companies can’t compete, and medium sized businesses that are home grown need loans, bonding and capital, but also need skills and job training. They can’t find people to hire, or the pay isn’t good enough to attract them.

CPRIT: $3B, no one knows about it. We need to market what we do.

State of Texas – Emerging Technology Fund had money that was available. That’s not going to happen under Abbot. Is there an emerging industry fund with low level grants and investments, as low as $50K? Do you think it’s the function of the governor, which is not business friendly? There are cities that could get together to get that going from a State level, but not the City by itself.

States and some cities have matching SBIR. Grant writing – if we could offer companies discounted grant writing services.

Marketing problem and awareness of these programs – how do we simplify this?

Is the relationship good with the small business program? – Mixed responses.

CAPCO – tax credits for insurance companies that the state would choose anywhere from 4-8 VC firms to manage those funds. Could this City program take advantage of the money available there?
Executive Summary:
The conversation with Hispanic Ministers of East Austin resulted in the following take-aways:

- Youth training
- Market and communication existing City programs
- Make it easy for information to be passed through the faith community.
- Entrepreneurship is prevalent in their congregations but needs more training.
- Entrepreneurs need support, particularly undocumented individuals who have IT numbers, who are successful business owners, homeowners and taxpayers.

Meeting Notes:

- Youth training for those that do not have the money to go to college could result in a skilled job or get them prepared for those jobs that are available.
- Consider youth engagement with job training a requirement for companies that are coming here.
- Consider additional funding for marketing City program opportunities to our youth for training. The lack of information devastates those who are unemployed. The job is there but people don’t know the job is there.
- Improving the communication effort to promote and creating outreach to inform people here of programs and services that could help them.
- Get youth engaged at an early age – maybe a year before they graduate, and offer internships and programs that they can consider instead of college. There are local organizations that can pass the information to the churches, too.
- David Colligan asked: How often do you all connect with the Hispanic Chamber of Commerce?
  - We have not connected with them but we would like to.
- Dusty McCormick added: We need to help broaden the chambers reach to include churches.
- Maybe we should engage with Colleges and Universities that have a program for minorities that may have information for job training that can help connect with the community.
- Training and development for small businesses that are connected through the faith community.
- Develop a network within the church and between churches to inform community of job opportunities that are made available by employees.
- Lots of people go to church for help, specifically with employment. If we can improve the information available, that could improve the connection between the church and the job market.
- David Colligan added: Partner with churches for multi-generational job fairs.
- David Colligan: What are you hearing in your community and individuals? How can we leverage this resource in the future for things like workforce development, training, internships, small business support, funding, services, loans, grants, etc.?
- Are there existing requirements? What are the overall areas that included in that?
  - Right now, no. We are looking for ways to recreate the policy. We have a lot of flexibility within the policy but we currently do not use it to its full potential.
- Entrepreneurship is prevalent in their congregations (food carts, construction, etc.) but they need more training on how to build a business, how to structure basic things and how to find the resources at the city of Austin. They have a thriving spirit of work and developing their businesses, but they lack the support, financial or otherwise, and training to take their businesses to a higher level. If the city of Austin can help to bring that information to local churches, that would help but may be hard to measure. The family can suffer when the business pressure exists, so this could not only help the economy but this can also help our society. Business is the driver and the family takes a backseat.
- Community with strong family values.
• Determine the number of Hispanic individuals not finishing high school and catching them earlier to give them a better chance of finding a job.

• Pastors have a unique situation to address: immigrants in their memberships. Companies ask for papers, which they do not have, therefore immigrants drop out of the workforce because they are uncertain about their future, so they get creative and decide to self-employ. They don't have ability to apply for loans. More and more spouses are going along with their partners to work, as a family means. Question: What's going to happen if they don't have their IT numbers retained? More Hispanics are moving out of Austin and into Elgin, Cedar Park, Kyle, and Buda due to high cost in Austin. This negatively impacts traffic, their children kids, and the economy. What classes and information can we provide for guidance on laws and regulations?

• What about kids that are involved in the family businesses? Consider a program to offer children born here when parents are removed from the country. They need support. City program within the churches so that we do not lose this generation and keeping this pool of youth from being affected by their parents. (Age 9-16)

• Urban Farming. Families move out ad purchasing land outside of city limits because of restrictions. Information in Spanish available to them would be helpful.

• Develop a way to help immigrant community that is not documented but have an IT number. Having this status doubles, triples the required down payment on a home and they generally pay higher taxes with an IT number. To maintain the business activity, the city can maintain those entrepreneurs that are thriving against all odds.

• Can the city do something about not removing those IT numbers?
  o We need to do more research to understand what we can do as a city and as a state. City Council and Mayor are progressive and work to retain immigrant people here. Pushing back on what the state pushes on us is a main priority. How can we mobilize programs the help assist businesses here that face that type of setback? Also Public Health offers programs, so what’s the next connection with immigrant community for economic development?
  o We will come back to you with a better explanation of services that small business dept. offers as well as Hispanic chamber and public health dept. We will translate it and provide it to your congregation.

• Young entrepreneurs that have social security numbers is growing. They are not reinvesting in the family, they are reinvesting in the business.

• Does the City see the flight of Hispanic population a problem?

• What about housing? Some big companies provide housing and social services. We need workforce housing options. But it can become exploitive.

• Most of our congregations are 40-45% below the age of 18.

• In the Hispanic community, they cannot afford to live where they work and have to drive far distances to their jobs and potentially make their money inside Austin and spend it outside.

• Family support, parenting skills are also important to maintain the workforce.

• Can we have another meeting to follow up on this?

Photo:
Executive Summary:
The conversation with the Asian Contractor Association & Business Resource Consultants resulted in the following takeaways:

- The opportunity may exist to enhance process improvements that would improve outcomes for minority trade contractors.
- A stronger connection between Minority Trade Associations, Small and Minority Owned Businesses department and the Economic Development Department could improve working relationships and enhance results for minority businesses.

Meeting Notes:
- Organize a meeting between trade associations and the company earlier on in the recruitment process, prior to the council proposal.
  - This will allow an earlier connection with contractors and providers and set the expectation of availability of services from the company’s perspective.
  - SMBR could assist with facilitating this earlier introduction.
- Minority Trade Associations (MTAs) currently feel left out of the early stages of the project, such as design and construction planning, and therefore feel they are not able to participate in these opportunities.
  - Opinion is that all Chapter 380 projects are exclusive of trade associations, with the exception of Samsung who have done an adequate job engaging with a diverse array of businesses.
  - The perspective is that the African American community is not able to access these opportunities because of the lack of focus in the policy itself, unlike the Hispanic community which is perceived as more present and prevalent in the policy.
- A stronger connection between Minority Trade Associations, Small and Minority Owned Businesses department and the Economic Development department could improve working relationships and enhance results for minority businesses.
  - Consider stronger leadership that oversees the contracts and the relationships between the entities that engage with projects.
  - Consider developing a monthly monitoring process of contracts to ensure progress toward goals.
  - Consider developing a process and a plan that outlines the communication steps for the company, EDD, MTAs, SMBR, etc.
  - SMBR only focuses on compliance and MTAs focus on outreach to businesses, but MTAs would like to be involved earlier on in the process.
  - Consider stronger EDD oversight for MTA participation and compliance, SMBR doesn’t have the bandwidth and the expertise to oversee the agreements or the projects.
  - EDD could connect companies who are still engaged in the recruitment process directly with contractors face-to-face to get a head start on the vendor vetting process.
  - Consider arranging first encounter between a company new to Austin and SMBR and ensure that initial meeting is introductory in nature, sets expectations and doesn’t focus overly on the compliance piece.
• MBE/WBE Commission doesn’t understand how to ensure the connection between minority owned businesses and new companies that have been recruited.
• Create a stronger connection between MTAs and MECA Chambers.
• Consider stronger penalties for companies that don’t achieve the contract goals.
• SMBRs list is minimally scrubbed (or verified for accurate contact information), many duplicates exist and it is not regularly updated. Also, SMBR does not allow MTAs to update the contact information for vendors they know due to confidentiality.
  o SMBR could consider developing a secondary contact list that is separate from the vendor list to ensure accurate contact information for outreach.
• A stronger message should be made to companies and projects to “un-bundle” their contracts so that the minority businesses could have the opportunity to bid on them.
• Prime consultants and first tier contractors should be doing outreach for second and third tier involvement as well.
• Consider getting creative with participation, such as engaging in second, third and even fourth tier contracts.
• MTAs have direct contracts with SMBR, approximately $100,000 each. Current responsibilities include:
  o Outreach
  o Certifications
  o Training
  o Newsletters
  o Bid Updates
• Find out from the companies early what they plan on purchasing in order to make the first introduction with SMBR meaningful and valuable.
• MTAs do not have time or bandwidth to engage with the Small Business Division within the Economic Development Department.
Economic Development Policy Update: Community Engagement Report
Conversation with Mosaic Sound Collective September 18, 2017
Organization Representative: Dan Redman
City of Austin Attendees: David Colligan, Julia Campbell & Christine Maguire, Economic Development Department

Executive Summary:
The conversation with Mosaic Sound Collective resulted in the following take-aways:

- Musicians and artists are working 2-3 jobs, and moving out of the city because of the cost to live here.
- The music industry has suffered and been fragmented because of this.
- Mosaic seeks to build affordable resources and follow job creation metric and economic impact of music industry.
- They are both for and non-profit structure and work with non-profits for membership collaboration with other non-profits.
- Consider 3 focus areas: 1) renovating space, 2) job training (skill development) and service deliveries (supplying content to venues)
- What’s missing in the economic development policy values is — cohesion within the industry, vinyl manufacturing, community co-sponsoring events and a bridge to the arts community.

Meeting Feedback:

- Reviewed affordability, cultural, diversity issues in the city
- Musicians and artists are working 2-3 jobs, and moving out of the city because of the cost to live here.
- The music industry has suffered and been fragmented because of this.
- Mosaic seeks to build affordable resources and follow job creation metric and economic impact of music industry.
- They are both for and non-profit structure and work with non-profits for membership collaboration with other non-profits.
- Their properties include one at 183 & MLK which is a 25,000 square foot former jail which includes an auditorium/community center, with 2 recording studios, co-working space, a vinyl manufacturing space and food and beverages. It’s an incubator model and currently looking at $2.5M – $3M 5 yr lease to purchase 7 acres for affordable housing or 180 unites and currently working with developers.
- **What does music industry suffer?**
  - Opportunities, making money, day-time usage of space, support structure, education, access to lowest bid resources, supporting existing base and subsidies don’t work. Serving as music tech incubator and some VC for music
- Focusing on 3 areas of delivery with this model: 1) renovating the space, 2) job training (skill development) and service deliveries (supplying content to venues)
- What’s missing — cohesion within the industry, vinyl manufacturing, community co-sponsoring events and a bridge to the arts community.
Economic Development Policy Update: Community Engagement Report
Conversation with Public Art, October 26, 2017
City of Austin Attendees: David Colligan, Julia Campbell, Marjorie Flannigan, Susan Lambe, & Christine Maguire, Economic Development Department

Executive Summary:
The conversation with Public Art resulted in the following take-aways:

- A developer might contribute to a pool of funding set up by CoA for public art to be distributed through set goals and guidelines.
- A developer might complete public artwork on their project following established goals and guidelines.
- A developer might receive:
  - Less parking constraints, tree coverage allowances, etc. (re: Portland)
  - A tax incentive (1% of the tax incentive, tax deduction for equal to the value of the donated public art) (Re: Indianapolis)
  - Use of public art as a mitigation tool for environmental impacts Additional points towards LEED accreditation
  - Floor area ratio bonus on permitting
  - Zoning bonus on permitting

Meeting Feedback:
- Possible ideas and resources surrounding how the City of Austin might offer developers incentives for including public art in private development:
  - A developer might contribute to a pool of funding set up by CoA for public art to be distributed through set goals and guidelines.
  - A developer might complete public artwork on their project following established goals and guidelines.
  - A developer might receive:
    - Less parking constraints, tree coverage allowances, etc. (re: Portland)
    - A tax incentive (1% of the tax incentive, tax deduction for equal to the value of the donated public art) (Re: Indianapolis)
    - Use of public art as a mitigation tool for environmental impacts Additional points towards LEED accreditation
    - Floor area ratio bonus on permitting
    - Zoning bonus on permitting

- Pros:
  - Promote Austin creative community
  - Create jobs for creative community
  - Forge stronger public + private partnerships with creatives
    - Add exponentially to the cultural enrichment of Austin’s new landscape
  - Enhance the long-term value of real-estate projects
  - Meet goal as outlined in 2016 Creative Ecosystem
  - Improve tenant environment
  - Provide unique landmark

- Questions:
  - Who would establish guidelines, policies and ordinances? (amount of contribution 1-2% or tax incentive deduction, use for maintenance)
• How would funding be distributed? (AIPP-staff at 15%)
• What projects would be eligible/ineligible? (budget/neighborhood/type)
• How might the incentive adjust for market swings if it is a requirement versus an option?
• Should the City boards and commissions have authority over what art is selected?
• Art commissioned for site or bought and installed?
Economic Development Policy Update: Community Engagement Report
Conversation with Public Health and Sustainability, October 6, 2017
City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department. Cassandra DeLeon, Public Health & Amanda Rohlich, Sustainability

Executive Summary:
The conversation with Public Health and Sustainability resulted in the following take-aways:

- Understand “Healthy Outcomes” definition as defined by Public Health department to determine a way to overlay them with draft economic development policy outcomes.
- Consider looping NHCD into the program.
- Consider micro-programs such as NY – Greencarts Program (removes permitting issues and clears the obstacles for fruit carts in certain zones that have barriers to fruit access.) It’s also a workforce solution as well.
- Create a Development Ombudsman (such as the Round Rock model) who can help convene the departments and clear the way for business within other departments.
- Include in Place-Based recommendations: Lacing healthy outcomes in with companies for their employees. Austin Energy Green Building standards have healthy food programs. PUDS have access to healthy foods onsite.
- Add Healthy Outcomes as a vertical in the Best Practices Analysis.

Meeting Feedback:
- “Healthy Outcomes” is called out in the Chapter 380 resolution – those are defined by sustainability and public health. Let’s start there to see what their metrics are and overlay them with our draft economic development outcomes and see where we may need to do more research.
- NHCD financing program: developer applicants come in to vie for financing from NHCD to support affordable housing development, such as Foundation Communities, Greendoor, etc., by acquiring property. Financing includes things like, permanent housing, etc. Offering such as a wellness program and computer labs to help community that is vulnerable, but don’t include basic things like grocery. Although proximity to grocery is part of their criteria. Bonus program for tobacco-free.
- Consider bringing NHCD into the program. Connect with Erica Leak and Johnathan Tomko with NHCD to set up a meeting to talk about potential incentive tools.
- Check out the housing blueprint.
- NY – Greencarts Program (removes permitting issues and clears the obstacles for fruit carts in certain zones that have barriers to fruit access.) It’s also a workforce solution as well.
- Include in our direct recommendation – create a Development Ombudsman (Round Rock Model) who can help convene the departments and clear the way for business within other departments.
- Include in Place-Based recommendations: Lacing healthy outcomes in with companies for their employees. Austin Energy Green Building standards have healthy food programs. PUDS have access to healthy foods onsite.
- Connect with Meghan Cermack at Central Health to ask where they are on the development – how are they putting into healthy outcomes into their development plan?
- Pilot a program where we award a private entity who is providing the service we want and measure the impact to then justify building our own COA policy.
- Develop a brochure for all the departments that currently have programs that impact these outcomes. Have EDD staff be more informed and able to plug them into those programs.
- Follow up with healthy outcomes definition
- Follow up with us Austin Green Building Standards and PUDS healthy food access.
- Add Healthy Outcomes as a vertical to our Best Practice Analysis.
Economic Development Policy Update: Community Engagement Report
Conversation with Six Square, December 14, 2017
City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department
Six Square Representative: Nefertitti Jackmon, Director

Executive Summary:
The conversation with Six Square resulted in the following take-aways:

- Local challenges that erode the Black Cultural District include affordability of central Austin location, few economic opportunities in the area and the stale, impermanent nature of the area (it’s more like a museum, not a vibrant community.)
- Services Six Square provides is art exhibits, tours, music festivals, and music venues.
- There is an opportunity to engage with Greg Smith with Austin Revitalization Authority to develop a strategy on how to bring vibrancy back to this cultural district through the Chapter 380 program.
- Recommendation to reach out to Mark Terry with the Boys and Girls Club of Central Texas to receive advice and input on this strategy.
- There is an opportunity to better identify clear channels of communication direct with the City of Austin’s Economic Development Department, as interactions have waned and alignment has been lost.

Meeting Notes:

- Six Square engages in efforts to preserve the Black Cultural District on the east side. This include the preservation of people, places and things (cultural elements.)
- Six Square re-animates public spaces through cultural programming for the purpose of attracting visitors to Austin and encourage tourism. Some locational highlights include the Carver Museum, HTU, cemeteries and mural sites.
- The challenge Six Square faces is that cultural tourists are not finding authentic experiences in Austin’s Black Cultural District like they do in Philadelphia, Atlanta and Chicago.
- Local challenges that erode the Black Cultural District include affordability of central Austin location, few economic opportunities in the area and the stale, impermanent nature of the area (it’s more like a museum, not a vibrant community.)
- Services Six Square provides is art exhibits, tours, music festivals, and music venues.
- There is an opportunity to engage with Greg Smith with Austin Revitalization Authority to develop a strategy on how to bring vibrancy back to this cultural district through the Chapter 380 program.
- Recommendation to reach out to Mark Terry with the Boys and Girls Club of Central Texas to receive advice and input on this strategy.
- There is an opportunity to better identify clear channels of communication direct with the City of Austin’s Economic Development Department, as interactions have waned and alignment has been lost.
Executive Summary:
The conversation with TENT resulted in the following take-aways:

- Workforce Development: Skills sets needed in the trans community is evolving, but the population is typically educated, skilled people. Finding work is more complicated, and they are just not getting calls for interviews.
- Educating the workforce on transgender issues they may encounter when looking for, interviewing for, getting and keeping a job could help.
- Businesses small and large, they need education that hiring a trans person or supporting through transition is not that big of a drain on their business.
- Austin is already a welcome and inclusive place. However, enforcing laws that we already have on the books here and giving them teeth could help with the issue of housing discrimination against transgender individuals.
- Transgendered individuals should be included in the definition of “economically disadvantaged”.
- Creative space affordability is a major concern, not just because of market factors, but because of the undue burden that the city places on these establishments. If the city wants to support theater and visual artists they need to get out of the way at the least, support making programs that support.
- Consider ombudsperson role to help the arts community and non-profits with the City of Austin permitting and regulations.

Meeting Feedback:
- The term “Equity” seeks to equalize opportunity, not necessarily be explicitly inclusive or exclusive.
- TENT is not hearing from progressive organizations that are engaging with TENT that any one disparity is feeling stronger discrimination over others.
- Viability of Human Rights Campaign’s Corporate Quality Index as a performance measurement? Lisa served on Human Rights Commission for a number of years and got city council to enact resolution requiring companies doing business with CoA to include EEO policy to include sexual orientation and gender identity. Not ever enforced, however.
- To get 100 percent on a Corporate Quality Index score, you have to have an EEO, insurance and medical policies that are trans-inclusive for companies doing business here, not just the corporate headquarters location.
- Business community is more progressive than the lawmakers.
- What are the needs of Transgender individuals in the workplace and workforce development and skills?
  - In the workplace, Transgender individuals are met with discrimination. Those who are gender fluid, gender queer, etc. have lots of issues around people that don’t fit into the female and male stereotypes. Worker-to-worker issues tend to go to HR and workers get no real help just “lip service”. Not sure how to solve that, but equality laws on paper are not enough.
  - Workforce Development: Skills sets needed in the Trans community is evolving, but the population is typically educated, skilled people. Finding work is more complicated, and they are just not getting calls for interviews. Might be a cultural thing or more a legal issue. That’s a barrier.
  - Educating the workforce on transgender issues they may encounter when looking for, interviewing for, getting and keeping a job could help.
- What do you think the outreach to businesses for being more equitable is?
That’s a big thing, and a good number of business here in town are good with progressive policy, but we passed single stall restroom from small businesses and closed minded businesses, just a matter of changing a sign, so the outreach and understanding and education is the biggest thing. Businesses small and large, they need education that hiring a Trans person or supporting through transition is not that big of a drain on their business. TENT can help with that – Trans 101.

- **Place-Based conversation: Commercial affordability a focus of this policy. How can we step in and incentivize places around the community. Any particular needs that makes it more welcoming and inclusive?**
  - Austin is already welcoming and inclusive. We don’t have a “gay-borhood” because we don’t need to be residing together for protection, but problems can happen anywhere. Trans people have problems that everyone has. Socioeconomically depressed community, especially trans people of color and trans women of color experience discrimination at a higher rate. Affordable housing is a huge issue. Tackling onto the work that the City needs to do to find and create affordable housing, we are working on the corridors so that everything isn’t centrally located. Difficulty in finding housing because of discrimination or socio economic issues that exist. Enforce laws that we already have on the books here and give them teeth. Gender identity and housing discriminations could be improved.

- **“Economically Disadvantaged” needs to be wider definition than just economic conditions at or below the poverty level, but now includes veterans, disabilities, creative sectors, do you think Transgendered individuals should be included in that?** Yes. More so than lesbian and gay individuals.

- **Creative Space?** Ground Floor theater – got shut down for 2 years, city has been awful. Arts Commission working around affordable creative space. Especially in permitting and code. Held to a higher standard, because located in a renovated building, 2017 code is cost prohibitive. Increase non-profit creative space, should be a different space. Non-profit in the arts spaces if COA wants a vibrant theater and visual arts scene (not sure they do), needs to be an accommodation made to be more affordable. Paying rent well under market value.

- **SBA Loans not open to them, no low interest funding options for non-profit theaters. Need to make personal loans to make it happen. Theater doesn’t make a lot of money for Austin, but it could since there is a huge community here. The City and the real estate market is taking an initiative to opening new spaces. If the City wants to support theater and visual artists they need to get out of the way at the least, and support programs.**
  - ASAP program – Art Space Assistance Program they applied and did not get it. Matching grant and a reimbursement. Panel 3 finance people, 1 arts person: on paper they weren’t financial viable, no subjective support. Pump project and the Vortex deck improvements were ultimately awarded.
  - Small Business won’t help because they are non-profit.
  - Ombudsman to help the arts community and non-profits with the City of Austin.
Economic Development Policy Update: Community Engagement Report
Conversation with The University of Texas System Office of HUB Programs October 6, 2017
Organization Representative: Hopeton Hay, Director
City of Austin Attendees: David Colligan & Julia Campbell, Economic Development Department

Executive Summary:
The conversation with UT Office of HUB Programs resulted in the following take-aways:

- City loans wouldn’t be interfering with the FI’s ability to give loans.
- Austin is aggressive in CDFIs. Austin doesn’t have a problem with capital being available for small businesses because of all the different loan programs.
- Training and education for entrepreneurs is needed but don’t have the financial statements that are good enough quality to allow them to get financing.
- Consider providing grants to small companies to help them back equity so they can leverage loans.
- Vet businesses for financial stability, and meet criteria and be prepared for push back because those with bad credit tend to be the ones to criticism the criteria itself.
- Tie the grant to financial institutions who will say they will lend with that secured equity.
- Grants are performance based – is the loan program in exchange for job creation, how do we ensure performance would be met like job creation if we are on the front end of the deal? Secondary criteria beyond hiring someone directly could be look at requiring local Austin firms are hired for their outsourced work. (local Business certification may help to define who those businesses are)
- Regarding patient capital model, consider requesting 3 years providing regularly updated financial statements and tax returns to maintain level of criteria and then a certain level of revenue or profitability targets to trigger the return. Bet on businesses that you think are going to win – can’t just be for support of community.
- No one has done an equity program – may consider an advisory board for the equity side.
- For loans, if company leaves the city, ask them to pay it back.

Meeting Feedback:
Small Business capital needs:

- City loans wouldn’t be interfering with the FI’s ability to give loans.
- Community Reinvestment Act – FI capital available to entire communities they serve. Red-lining banks take in deposits but don’t extend lines of credit or loans to those same people (racism perhaps a factor.)
- Banks get CRA ratings – measures the good job of making capital available? Yes = good rating.
- Institutions or entities that lend to small businesses that banks think are too risky, CDFI’s step in. PeopleFund, LiftFund, BigAustin, BCL of Texas, Texas Mezzanine Fund out of Dallas for the whole state.
- BigAustin and LiftFund are micro-lenders less than $50K.
- SBA Guaranteed loan is the next step – group of lenders and tell you how many loans they’ve made. These are stiffer restrictions than the CDFIs
- Austin is aggressive in CDFIs. Austin doesn’t have a problem with capital being available for small businesses because of all the different loan programs.
- The problem is equity – how do you get the equity out? Sold or go public.
- Training and education for entrepreneurs is needed but don’t have the financial statements that are good enough quality to allow them to get financing.
- CRA rating is the main return for CDFIs who lend to small businesses. A bad CRA for a bank can prevent you from acquiring another company. This record needs to be in good standing.
• If COA moved to offer grants instead of loans, we are trying to capture community values in exchange for the money. Is it good idea to provide grants to them to help back equity for a business so they can leverage loans? YES.

• Vet businesses for financial stability, and ability to meet criteria and be prepared for push-back because those with bad credit tend to be the ones to criticize the criteria itself.

• Tie the grant to financial institutions who will lend with that secured equity.

• Grants are performance based – is the loan program in exchange for job creation, and how do we ensure performance would be met like job creation if we are on the front end of the deal? Secondary criteria beyond hiring someone directly could be look at requiring local Austin firms be hired for their outsourced work. (local business certification may help to define who those businesses are)

• City can act like patient capital, but if we are looking at revolving fund, how patient should we be? Look out 2-3 years providing regularly updated financial statements and tax returns to maintain level of criteria and then a certain level of revenue or profitability targets to trigger the return. Bet on businesses that you think are going to win – can’t just be for support of community.

• What about retaining the company in the city, then if they leave ask them to pay it back.

• Put out RFP to ask for CDFI partners for help in creating the program to help determine criteria to vet companies that will be winners.

• Go visit with the lending community that has been here for decades (Margo Weiss: margotweisz@gmail.com 512-789-8223, Jenette Peten: j_peten@yahoo.com 512-294-5836 – to ask what has happened over the years in addition to the folks here now.)

• No one has done an equity program – may consider an advisory board for the equity side.

• Small Business Loans www.ffiec.gov (CRA Advocate, online reports)

• SBA Guarantee Loan program can track loans extended to certain demographics (Hispanic, black, etc.) Cindy Solano. Cindy.solano@sba.gov

• Marlin Mitchell, 512-845-2418, m.mitchell@hbdi.org Houston Business Development Inc. – started lending program for city low to moderate income census tracks. Lend money, training, cheap office space, UT professors to help with education, small business support. City owned facility that combined all those resources to help support small businesses. What support can the city provide to renovate the HTU space to provide small businesses support.

• Carl Shields – Dallas, Chief Lending Texas Mezzanine fund, 214-943-5900 x 103. cshields@tmfund.com

• Hopeton Hay - historical discussion on access to capital panel to bring them together and ask them questions. COA could support the event (January)

• Greg Smith – Economic Revitalization Authority – there are the beginning of BigAustin and PeopleFund [Get Christine in that meeting]

• Kauffman Foundation – small business and minority business research.