This memo serves to provide a current summary of the community engagement prior to City Council action on June 28, 2018, related to the new Economic Development Policy. The City Council will be considering action on items 23, 24 and 25 regarding this matter. The attached information includes attendee lists of participants in the final Economic Development Policy Wrap-Up Event conducted May 31, 2018, feedback responses collected in an open comment portal and official Letters of Support received by the Economic Development Department (EDD).

**Formal Letters of Support** (see attached Letters):
- Arts Commission, City of Austin
- Austin Independent Business Alliance
- Capital Area Council of Governments (CAPCOG)
- Economic Prosperity Commission, City of Austin

**Feedback Received Via Open Comment Portal** (see attached comment report):
- Austin Community College’s Back to Work 50+ program
- Austin Film Society
- The Hideout Theatre and Coffee House (2 submissions)
- Anonymous Submission (1 submission)

**May 31, 2018 Economic Development Policy Wrap-Up Event** (see attached Attendees List):
- 40 Wrap-Up Event Attendees

**Final Stakeholder Meetings and Presentations** (see attached Stakeholder Meetings):
- 43 Meetings / Presentations with Stakeholders. Between May 8, 2018 and June 27, 2018, EDD convened 43 meetings to follow-up with stakeholders. These meetings brought together multiple representatives of aligned groups that shared similar community values and/or affiliations to brief them on the proposed policy, close up the conversation and direct final
feedback. Feedback was positive through these final stakeholder engagements. A list of stakeholder meeting attendees is provided.

Additional stakeholder engagement and provided feedback is meant to assist Council with June 28, 2018 Council Meeting Agenda Items 23, 24 and 25 that request Council adopt Guiding Principles and Chapter 380 Policy, establish the Economic Development Business Expansion Program Guidelines and establish the Economic Development Locational Enhancement Program.

Approval of these items will position the City of Austin with a revised Economic Development Policy, reflective of the community’s and Council policy priorities and aligned with Austin’s Strategic Direction 2023.

For additional information, contact David Colligan, Interim Assistant Director, (512) 974-6381; or Julia Campbell, Acting Global Business Expansion Division Manager, (512) 974-1357.

xc: Spencer Cronk, Austin City Manager
    Elaine Hart, Chief Financial Officer
    Greg Canally, Deputy Chief Financial Officer
Date: May 21, 2018

Subject: Recommendation to support Economic Development Department’s Chapter 380 Revision recommendations

Motioned By: Commissioner Amy Mok                     Seconded By: Commissioner Michelle Polgar

Recommendation

The Arts Commission recommends that the City Council approve the Economic Development Department’s Chapter 380 Revision recommendation which include location based and equity funding.

Description of Recommendation to Council

The Arts Commission supports the recommendations of the Economic Development Department’s Chapter 380 Revision recommendations including the following requested actions:

- Approve Resolution for Economic Development Guiding Principles and Chapter 380 Policy Framework based on Option B
- Approve Ordinance for Business Expansion Program Guidelines
- Approve Ordinance for further Location-Based program development

Rationale:

The Arts Commission has heard from no less than 30 art organizations that are in jeopardy or have already lost their creative space. In order to address this Venue Crisis, we seek the appropriate tools and policies to support artists and art organizations in Austin. We are interested in the potential for location-based revision to allow for the creation of mechanisms to help with arts/music/culture affordability.

Vote 7-0-2

For:
Jaime Castillo – Chair
Michelle Polgar–Vice Chair
Brett Barnes
Lulu Flores
Amy Mok
Alissa McCain
Krissi Reeves

Against:
None
Abstain:
Bears Fonte
Chris Bryan

Absent:
Felipe Garza
Rene Rice

Attest: [Staff or board member can sign]
June 4, 2018

City of Austin Redesigns 380 Incentive Policy. And It’s Good News!

In March 2017, Austin’s City Council passed a resolution to initiate a stakeholder consultation process and develop recommendations for revising the City of Austin’s current Chapter 380 Performance-Based Contracts Policy (or the “incentives policy” as it is more commonly known.) The results of a year of community involvement are now realized in a New Economic Development Policy. I’ve met with city staff and attended a presentation of the new policy and I have to say, “Bravo.”

AIBA has advocated for more than 15 years to turn at lease some of our economic development policies to benefit the small, local businesses that are here and not just to attract the next big business to Austin. This policy is the first real sign of that new direction. Our goal has never been to totally cease offering incentive packages for strategically selected companies but to have a balance that helps local business too.

Is it perfect? No. Is it all it will ever be? No. But to come from a policy that was 100% focused on recruiting big business to Austin to one that is focused on growing businesses that are here...well it’s impressive. To even find the words ‘local business’ in the policy is a major departure from the existing global business recruitment practices.

You still have time to respond and comment on this policy. You can review the policy here: http://www.austintexas.gov/investinaustin. Go to http://www.austintexas.gov/online-form/proposed-new-economic-development-policy to leave your comments. If you are so moved, email your City Council member. Find your council member’s email here: http://www.austintexas.gov/government.

What’s to like?
The original 380 Policy was totally based on return for investment, hence the big numbers from big business. An incentivized business had to show substantial gain to the tax base above and beyond the incentive. The large incentives are still based on this. But now a new measurement based on enterprises that support local, creative identity and culture has been included in the policy. This is a major paradigm shift.

There are grants that local business could take advantage of for hiring and growing. We’re even talking about adding some relief on permitting and code compliance for small business.

There are loans for creative venues and healthy food programs; cultural and heritage business preservation programs and social enterprise programs.

The devil is in the details and they’re aren’t many details in the documentation. But this is the framework for a completely new approach. It holds the promise of our city actually supporting the local businesses that built this city and continue to make it thrive. It’s a seat at the table.

Thank you,

Rebecca Melancon, Executive Director
rebecca@ibuyaustin.com
June 1, 2018

Austin City Council
301 West 2nd St.
Austin, TX 78701

Dear Mayor, Mayor Pro Tem, and Members of the Austin City Council:

For over 45 years, the Capital Area Council of Governments (CAPCOG) has served as an advocate, planner, and coordinator on important regional issues for the ten-county Capital Area. CAPCOG also serves as an important resource for economic development organizations throughout the Capital Area and works with those organizations to generate a regional Comprehensive Economic Development Strategy (CEDS) every five years. It is in this capacity, as a stakeholder in the region’s economic competitiveness, that we submit the following support for the proposed update to the City of Austin’s Economic Development Incentive Policy.

We applaud the Business Expansion Program’s stated values and priority goals, particularly the emphasis on hard-to-employ populations and access to employment. The population of the Austin Metropolitan Statistical Area (MSA) has grown by 22% since 2010. This growth has generated tremendous prosperity for many residents, but it has also created and exacerbated a wide range of housing, transportation, and equity challenges. We are encouraged to see the City consider a policy that specifically articulates how economic development can address these challenges. As noted in the Capital Area CEDS, our ability to effectively solve housing, transportation, and equity issues across our region will determine the sustainability of our economic competitiveness.

We are encouraged by the development of a framework to support expansion for local businesses that are already present in Austin, and we support the creation of eligibility tiers for small, medium, and large businesses. An October 2015 Report from Good Jobs First analyzed more than 4,200 economic development incentive awards in 14 different states and found that 90 percent of the incentive dollars were awarded to large businesses. The City is right to seek a policy that can serve all of the businesses in Austin, regardless of the number of workers currently employed. Likewise, we are glad to see a policy that can be utilized by businesses that are already located in Austin, rather than focusing exclusively on the attraction of new employers at the expense of those already here.

The proposed updated policy is well-aligned with the Capital Area CEDS’ recognition of the importance of location-specific place-making as well as creative sector supports. One of the key pillars of the Austin region’s economic competitiveness is its distinct cultural output and the nationwide perception that comes with that. The entire region benefits when local communities invest in preserving and cultivating their unique cultural features, and the proposed policy puts forward an approach for ensuring that economic development contributes to growing the Austin area’s distinct and significant cultural output.

We applaud the City of Austin’s effort to ensure that its economic development policies and tools work in harmony with the goals of its community. In many cases, those goals reflect and support important regional priorities as well. As an organization that is committed to a regional economy that is prosperous, sustainable, and equitable, we enthusiastically support that alignment.
Capital Area Council of Governments
6800 Burleson Road, Building 310, Suite 165
Austin, Texas 78744-2306
Ph: 512-916-6000 Fax: 512-916-6001
www.capcog.org

BASTROP BLANCO BURNET CALDWELL FAYETTE HAYS LlANO TRAVIS WILLIAMSON

Sincerely,

Chris Schreck
Director of Planning and Economic Development
Capital Area Council of Governments
WHEREAS the mission of the Economic Prosperity Commission is to advise the City of Austin Council on matters of construction and job creation, and the development and growth of cooperative businesses will induce the creation of living wage sustainable jobs in Austin;

WHEREAS “Economic Opportunity and Affordability” is designated a Strategic Outcome for the City of Austin with the identified Priority Indicator of “improving skills and capability of our community workforce” for the City of Austin;

WHEREAS the Council directed the City of Austin’s Economic Development Department to send proposals to the Economic Prosperity Commission for input and consideration;

WHEREAS the Economic Development Department has undertaken the task of drafting new guiding principles and a chapter 380 policy framework.

NOW, THEREFORE, BE IT RESOLVED, the City of Austin’s Economic Prosperity Commission recommends that the City of Austin:

- Approve a Resolution supporting the May 2018 New Economic Development Policy document, including the Economic Development Guiding Principles, Chapter 380 Policy Framework, Business Expansion Program Guidelines, and further Location-Based program development;
- Dedicate resources to explore the feasibility to establish a singular external Economic Development Entity;
- Dedicate resources to develop policy for real estate acquisition and disposition of city-owned resources.

Yea: 6 (M. Bhargava; K. Haverlah; R. Rondero de Mosier; M. Ybarra; A. Noel; H. Lackey)

Nay: 0

Abstain: 0

Absent: 3 (O. Segura; H. Frankel; K. Opp)
Chair
<table>
<thead>
<tr>
<th>Submitted Time</th>
<th>Zip Code</th>
<th>Please provide your comments on the Proposed New Economic Development Policy.</th>
</tr>
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<tbody>
<tr>
<td>5/8/2018 17:19</td>
<td>78701</td>
<td>One of the biggest challenges for small businesses is the rising cost of property taxes. Even if we do not own our buildings, we are typically responsible for property taxes with the standard triple net lease agreements. I would ask that if there are any considerations for property tax abatements for long-standing local businesses, that you make sure to extend those programs to lease-holders who effectively pay the property taxes, and not just building owners. It is an important distinction.</td>
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<tr>
<td>5/9/2018 10:11</td>
<td>78702</td>
<td>Thank you for working so hard on this. I really am hopeful at all of the ideas that you have brought forward. I own a small theater and coffee shop in downtown Austin. One of our huge concerns right now is property tax. We have to pay taxes based on the other huge corporations that surround us and it makes it very difficult. I know we do a lot for the city and bring a lot of people downtown each weekend, it would be great if we were rewarded for that rather than being taxed out of business. I don’t know if it is possible, but it would be great if property taxes were more like income taxes and were based on how much profit the business made.</td>
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| 5/15/2018 12:58 | 78745    | According to the Bureau of Labor Statistics (BLS), employees 65 and older are expected to grow faster than any other age segments represented in the workforce through 2024. In fact, the BLS estimates that 25.6% of the labor force will be 50+ by 2022. As the U.S. transitions to a longevity economy, people are now working well into their seventies by choice or necessity. However, what happens to the mature worker who has lost their job because of downsizing due to the advancement of technology or has taken an extended leave of absence? \( \text{Executive Summary} \)

A lesser--publicized fact, according to AARP, is the percentage of older, long-term unemployed job seekers (those job searching for 27 weeks or more), which stands at 24.8% (as of January 2018). This is in stark contrast to the national unemployment rate of 3.9%. In addition, the city that now boasts the second highest number of Millennium per capita, also is home to the fastest growing 50+ (and second fastest growing 65+ demographic) in the nation. As a result, the mature working population now faces a crisis—not only do they encounter obstacles getting hired but many also lack technical and occupational skills required to meet the rising demands of the workforce.

It is proposed that the college expand the work of ACC’s BACK TO WORK 50+ program into a one-of-a-kind Senior Workforce Development Institute (SWDI). The Institute would train a resilient and adaptable 50+ labor market (of scalable demographics) in the city by closing the skills gap facing the mature worker. In addition, SWDI would create a cross-mentoring program that capitalizes on the experience of both the mature worker and the tech-savy millennial. Finally, the institute would build a cross-sector ecosystem—a collective impact—pursuing age-appropriate workforce policies. It is imperative that Austin Community College District not only address the city’s booming 50+ demographic with ongoing education and training—a vital component of keeping Austin’s labor market agile, adaptable, and skilled but continue to supply local industry with a highly skilled workforce.

5/22/2018 11:59 | 78734    | I appreciate that this plan supports and offers incentives to small, local businesses — not just large corporations. And I am VERY excited about supporting / offering incentives to companies that hire traditionally “hard-to-employ” individuals, e.g., the growing number of older adults moving to Austin/Central Texas! This could truly make a difference in the lives of older adults who want/need to work, but often face ageism in their job search. Please support this plan, City Council! \( \text{The Austin Film Society} \)

The Austin Film Society applauds the EDD for updating its policy. We appreciate the focus on equitable prosperity, affordability, and the local creative economy. Based on our deep experience with how grants can stimulate the film and media sector, we would like to share our thoughts and experience with you to help shape the future of this conversation. APS has been supporting Texas filmmakers for over 30 years. Of the $500+ filmmaker-fellows supported by our programs, 80% are from Austin. APS has given out $1.7 million in cash grants to emerging filmmakers since 1996. This APS Grant has been a critical source of funding for a number of productions made entirely out of the Austin area. Small grants to encourage creative projects has become the basis for a vibrant artist-led filmmaking community. The City is doing a great job with this through Cultural Funding.

In our discussions with Brian Gannon of the Austin Film Commission, we agree that the Creative Content Incentive Program (CCIP) is not effective in encouraging film activity in Austin. Here are some reasons:

1. The Creative Content Incentive Program is tied to the Texas Moving Image Industry Incentive Program (TMIIP). Almost no independent film that is made in Austin qualifies, because the TMIIP has a $250,000 spend threshold.
2. Studies have shown that the return offered by the CCIP is so minimal as to not represent an incentive for shooting in Austin. The 0.25% to 0.75% return on wages paid is insignificant, even for very high-budget projects. The process has also been criticized as burdensome and difficult to navigate. Some productions have mentioned that they would spend more paying someone to process the necessary paperwork than they would make on the incentive.
3. We recommend an incentive in the 5% - 7.5% range. If there’s concern that one film could deplete the fund, a cap would be appropriate. We recommend offering incentives for larger productions that would result in economic growth in the film sector. There are many successful local programs (San Antonio, Dallas and Houston) that could serve as examples.

Thank you for your leadership and commitment to this process.

6/6/2018 17:22 | 78722    | We'd like to be part of a solution and help design a creative content grant program that would result in economic growth in the film sector. There are many successful local programs (San Antonio, Dallas and Houston) that could serve as examples.
### Final Attendee List
#### Economic Development Policy Wrap-Up Event
**Thursday May 31, 2018, 2:00pm**
**Austin City Hall, Council Chambers**

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<thead>
<tr>
<th>First Name</th>
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<tbody>
<tr>
<td>Alexandra</td>
<td>Davis</td>
<td>Alliance for Economic Inclusion</td>
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<tr>
<td>Daniel</td>
<td>Salazar</td>
<td>Austin Business Journal</td>
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<tr>
<td>Tina</td>
<td>Cannon</td>
<td>Austin Chamber</td>
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<tr>
<td>Chris</td>
<td>Engberg</td>
<td>Austin Film Society</td>
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<tr>
<td>Rebecca</td>
<td>Melancon</td>
<td>Austin Independent Business Alliance</td>
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<tr>
<td>Bob</td>
<td>Batlan</td>
<td>Austin Interfaith</td>
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<td>BiNi</td>
<td>Coleman</td>
<td>Austin ISD</td>
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<tr>
<td>Maddie</td>
<td>Morgan</td>
<td>Austin Resource Recovery, City of Austin</td>
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<tr>
<td>Mitch</td>
<td>Jacobson</td>
<td>Austin Technology Incubator</td>
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<tr>
<td>Melis</td>
<td>Ozturk</td>
<td>Austin Technology Incubator</td>
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<tr>
<td>Paul</td>
<td>Jensen</td>
<td>Best Medicine Productions</td>
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<td>Stephen</td>
<td>Shepard</td>
<td>BOMA Austin</td>
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<td>Chris</td>
<td>Schreck</td>
<td>CAPCOG</td>
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<td>Chris</td>
<td>Laing</td>
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<td>CG</td>
<td>Niquette</td>
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<tr>
<td>Kim</td>
<td>Shipman</td>
<td>Central Austin Management Group</td>
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<td>Lara</td>
<td>Foss</td>
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<td>Janee</td>
<td>Briesemeister</td>
<td>Commission on Seniors</td>
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<td>Dewitt</td>
<td>Peart</td>
<td>DAA</td>
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<tr>
<td>Ben</td>
<td>Ramirez</td>
<td>Foreign Trade Zone #183 Administrator</td>
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<tr>
<td>Marina</td>
<td>Bhargava</td>
<td>Greater Austin Asian Chamber of Commerce</td>
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<tr>
<td>Eloisa</td>
<td>Alvarez</td>
<td>It's Cleaning Time! LLC</td>
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<tr>
<td>Lance</td>
<td>Dean</td>
<td>Liberty Hill, TX</td>
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<td>Jud</td>
<td>McGehee</td>
<td>Lift Fund</td>
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<td>Sylvia</td>
<td>Orozco</td>
<td>Mexic-Arte Museum</td>
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<td>Carol</td>
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<td>Brianna</td>
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<td>Mindy</td>
<td>Raymond Benson</td>
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<td>Lindsey</td>
<td>Ashley</td>
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<td>Ali</td>
<td>Nichols</td>
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<tr>
<td>Sam</td>
<td>Alexander</td>
<td>Order Register</td>
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<tr>
<td>Jennifer</td>
<td>Millspaugh</td>
<td>PhD from London College of Fashion</td>
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<tr>
<td>Mike</td>
<td>Strong</td>
<td>Re:3D</td>
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<td>Alex</td>
<td>Bassett</td>
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<td>Kevin</td>
<td>Brackmeyer</td>
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<tr>
<td>Jessica</td>
<td>Wolff</td>
<td>Workers Defense</td>
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## Meeting / Presentation Date | Point of Contact | Organization
--- | --- | ---
16-Apr | Charisse Bodisch | Greater Austin Chamber
9-May | Rebecca Campbell | Austin Film Society
10-May | Tamara Hudgins | Girlstart
10-May | Chris Laing | Capital City Innovation
10-May | Daryl Kunik | Springdale General
10-May | Jason Denny | Commission on Veterans Affairs
11-May | Teresa Ferguson | AustinUp
11-May | Janee Briesemeister | Commission on Seniors
14-May | Sarah Tober | Commission for Women
15-May | Rebecca Melancon | Austin Independent Business Alliance
16-May | Ed Latson | Austin Regional Manufacturing Association
16-May | Roberto Mosier | Economic Prosperity Commission
16-May | Amanda Rohlich | Food Policy Board
21-May | John Riedie | Creative Alliance
21-May | Jaime Castillo | Arts Commission
21-May | Luis Rodriguez | Hispanic Chamber
23-May | Bob Batlan | Austin Interfaith
23-May | Doug Greco | Austin Interfaith
23-May | Sabine Foster | Austin Independent School District
23-May | Cathy Jones | Austin Partners in Education
23-May | Chiquita Eugene | Public Health
23-May | Garrett Groves | Austin Community College
24-May | Kenneth Thompson, Rev. Daryl Horton, Nelson Linder | African American Quality of Life Advisory Commission
24-May | Edgar Gerbolini | LGBT Chamber of Commerce
24-May | Lisa Scheps | Transgender Education Network of Texas
24-May | Victor Martinez | LGBT Quality of Life Advisory Commission
29-May | Adriana Cruz | Greater San Marcos Partnership
29-May | Ben White | Round Rock Chamber
29-May | Molly Alexander | Downtown Austin Alliance
29-May | Casey Burack | Downtown Austin Alliance
29-May | Rodney Gonzales | Development Services
30-May | Wayne Knox | Huston Tillotson
31-May | Mark Gilbert, Elliott Smith | Travis County Economic Development
1-Jun | Linda Gabriel | Austin Alliance for Economic Inclusion & Financial Fitness Greater Austin
1-Jun | Nicole Ryf | Office of the Governor
1-Jun | Veronica Briseno, Edward Campos, Tamela Saldana | Small and Minority Business Resources
4-Jun | Kimberly McCarson | Music Commission
5-Jun | Marina Bhargava | Asian Chamber
5-Jun | Vincent Cobalis | African American Quality of Life Advisory Commission
22-Jun | Tina Cannon | Greater Austin Chamber Local Advocacy Council
27-Jun | Tamara Atkinson | Workforce Solutions Capital Area
Email Communication | Dianne Bangle, Geoffrey Tahuahua | RECA

**KEY:** Same color highlights indicates joint meeting