



MEMORANDUM

TO: Mayor and City Council

FROM: Rebecca Giello, Interim Director, Economic Development Department

DATE: June 22, 2018

SUBJECT: Economic Development Policy Agenda Items June 28, 2018

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



ARTS COMMISSION RECOMMENDATION 20180521-7.a.i

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]*



Austin Independent Business Alliance
PO Box , Austin, Texas 78765
512-441-2123 • www.ibuyaustin.com

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 least 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,

A handwritten signature in black ink, appearing to read "Rebecca Melancon", with a long horizontal line extending to the right.

Rebecca Melancon, Executive Director
rebecca@ibuyaustin.com



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 LEE LLANO TRAVIS WILLIAMSON

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.



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BASTROP BLANCO BURNET CALDWELL FAYETTE HAYS LEE LLANO TRAVIS WILLIAMSON

Sincerely,

A handwritten signature in black ink, appearing to read "CS", is positioned below the word "Sincerely,".

Chris Schreck
Director of Planning and Economic Development
Capital Area Council of Governments



Economic Prosperity Commission Recommendation

Recommendation Number: (20180620-004b) Economic Prosperity Commission Recommendation

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)

R. Mosier

Chair

**Proposed New Economic Development Policy
Open Portal Submission Details (May 8, 2018 - June 20, 2018)**

Submitted Time	Zip Code	Please provide your comments on the Proposed New Economic Development Policy.	First and Last Name (optional)	Organization /Company (optional)
5/8/2018 17:39	78701	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.	Kareem Badr	The Hideout Theatre & Coffee House
5/9/2018 10:11	78702	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. It would be great if a business that bring culture- theaters, music venues, comedy clubs, etc could be given a cultural tax abatement. 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.	Jessica Arjet	The Hideout Theatre
5/15/2018 12:58	78745	The Imperative for a Senior Workforce Development Institute at Austin Community College District Executive Summary 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? 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 Millennial 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 sizable demographic 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-savvy millennial. Finally, the institute would build a cross-sector ecosystem—a collective impact—pursuing age-progressive 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.	Ann Fant-Saez, Director BACK TO WORK 50+ at ACC	ACC
5/23/2018 11:59	78731	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!		
6/6/2018 17:22	78723	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. AFS has been supporting Texas filmmakers for over 30 years. Of the 500+ filmmaker-fellows supported by our programs, 80% are from Austin. AFS has given out \$1.7 million in cash grants to emerging filmmakers since 1996. This AFS 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.Studios have been vocal 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. We recommend that the City of Austin replace the CCIP with a meaningful incentive program for film and television. Such a program would impact both large and small businesses that support creative identity and culture. A local incentive would benefit local crews, vendors and creatives who work in production. 1.Low-budget productions should qualify, even as low as \$5,000. We speak from experience when we say that this area is Austin's competitive advantage. Austin's experienced crews and vendors have lured a lot of these smaller productions to town that could have shot anywhere, including this year's SXSW Grand Jury Prize winner THUNDER ROAD, the 2018 Tribeca award-winner LITTLE WOODS, and last year's feature comedy MR. ROOSEVELT. These films are tremendous boosters for local creatives and crew, as even ultra low-budget films have 20 - 30 crew employed. Encouraging these smaller productions is key to keeping the film sector in Austin thriving. 2.We have seen that it is not beneficial to house a film/television incentive with other creative disciplines, as they operate on a different economic cycle. We recommend treating film separately from other creative industries, yet we fully support a broad economic program that includes the creative industries and is tailored to their needs. 3.We recommend an incentive in the 5% - 7.5% range. If there's concern that one film could deplete the fund, a per-production cap can be included. If there's concern that the fund would be depleted by a handful of productions, our view is that it's better for the local economy to fund some over none. 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. Thank you for your leadership and commitment to this process.		Austin Film Society

Final Attendee List
Economic Development Policy Wrap-Up Event
Thursday May 31, 2018, 2:00pm
Austin City Hall, Council Chambers

First Name	Last Name	Company
Alexandra	Davis	Alliance for Economic Inclusion
Daniel	Salazar	Austin Business Journal
Tina	Cannon	Austin Chamber
Chris	Engberg	Austin Film Society
Rebecca	Melancon	Austin Independent Business Alliance
Bob	Batlan	Austin Interfaith
BiNi	Coleman	Austin ISD
Maddie	Morgan	Austin Resource Recovery, City of Austin
Mitch	Jacobson	Austin Technology Incubator
Melis	Ozturk	Austin Technology Incubator
Paul	Jensen	Best Medicine Productions
Stephen	Shepard	BOMA Austin
Chris	Schreck	CAPCOG
Chris	Laing	Capital City Innovation
CG	Niquette	Capital City Innovation
Kim	Shipman	Central Austin Management Group
Lara	Foss	City of Austin
Janee	Briesemeister	Commission on Seniors
Dewitt	Peart	DAA
Ben	Ramirez	Foreign Trade Zone #183 Administrator
Marina	Bhargava	Greater Austin Asian Chamber of Commerce
Eloisa	Alvarez	It's Cleaning Time! LLC
Lance	Dean	Liberty Hill, TX
Jud	McGehee	Lift Fund
Sylvia	Orozco	Mexic-Arte Museum
Carol	Fraser	No Org Listed
Brianna	Frey	No Org Listed
Betsy	Greenberg	No Org Listed
Clifford	May	No Org Listed
Nina	Murrell	No Org Listed
Mick	Normington	No Org Listed
Mindy	Raymond Benson	No Org Listed
Lindsey	Ashley	Office of the Governor
Ali	Nichols	Office of the Governor
Sam	Alexander	Order Register
Jennifer	Millspaugh	PhD from London College of Fashion
Mike	Strong	Re:3D
Alex	Bassett	Rude Mechs
Kevin	Brackmeyer	Skillpoint Alliance
Jessica	Wolff	Workers Defense

Economic Development Policy Final Stakeholder Outreach May 8, 2018 - June 22, 2018

KEY: Same color highlights indicates joint meeting

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 (in lieu of Edwin Marty)	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 Gierbolini	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	African American Quality of Life Advisory Commission	African American Quality of Life Advisory Commission
5-Jun	Marina Bhargava	Asian Chamber
5-Jun	Vincent Cobalis	Asian American Quality of Life Advisory
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