



MEMORANDUM

TO: Mayor and Council

FROM: Sylnovia Holt-Rabb, Interim Director, Economic Development *SHR*

DATE: January 27, 2022

SUBJECT: Equitable Chamber Funding Model Report Update and Revised Recommendation

Background Information

During the Fiscal Year 2017/2018 budget adoption process, City Council adopted a budget rider “To provide recommendations on methods to equitably fund the chambers including the Small Business (AIBA).”

In response to the budget rider, Economic Development Department (EDD) staff hired a consultant to assist with accomplishing the Council direction. After conducting stakeholder engagement, performing a chamber assessment, and reviewing national best practices, the consultant developed a funding model and methodology. The body of work was provided to Council on October 2, 2019 as the Equitable Chamber Funding Final Report (Report) which also provided recommendations for accomplishing the Council direction.

On December 10, 2020, City Council approved staff recommendation to do the following:

- In accordance with the equitable funding model report, increase the Greater Austin Hispanic Chamber of Commerce annual contract to \$252,882 (previously \$212,500) and increase the Greater Austin Black Chamber of Commerce annual contract to \$230,797 (previously \$171,000).
- Not in accordance with the equitable model but to provide a one-year transition, keep (for one year) the Greater Austin Asian Chamber of Commerce annual contract at \$202,500 (model calls for a decrease to \$155,440) and keep the Austin LGBT Chamber of Commerce annual contract at \$153,750 (model calls for a decrease to \$100,631).
- In accordance with the equitable funding model report, keep the Austin Young Chamber of Commerce contract at \$61,100.

On March 25, 2021, City Council indefinitely postponed a staff recommended resolution to adopt the Equitable Chamber Funding Report. Rather, City Council approved the following direction to staff and to the chambers of commerce:

- Invite the MECA Chambers to engage in a process over the coming months to envision a path forward for how we fund, and what we expect from, chambers in advancing economic opportunity in Austin. The City Manager is directed to plug into this process where appropriate and, absent meaningful progress, bring forward the base funding model to Council for approval in November 2021.”

In accordance with the Council direction, the chambers convened in order to propose a path forward. On July 16, 2021, the MECA Chambers proposed to City staff the formation of a single entity, the Diversity and Ethic Chamber Alliance (DECA), to contract with the City with the same funding amount of \$839,929 per year. The new DECA entity was to be comprised of the Austin LGBT Chamber, Greater Austin Asian Chamber, Greater Austin Black Chamber, and Greater Austin Hispanic Chamber of Commerce. The MECA chambers proposed contracting with the City under one contract with the DECA that focuses on (1) marketing Austin as a place to operate a business with a diverse workforce and create jobs for minority and LGBT communities; (2) requiring DECA to develop and implement a Regional Economic Equity Development Plan; and (3) attracting, retaining, and expanding minority and LGBT business in Austin.

Based on the continued progress toward a single entity model, EDD staff placed an item for Council consideration on the November 18, 2021 Council agenda for consideration, which would have put in place the proposal from the Chambers. Unfortunately, the progress to completely solidify the single entity was not completed in time such that a contract could be brought forward November 18, 2021. Items outstanding included the following:

- DECA Articles of Formation and
- Partnership Agreement containing the signatures of each chamber’s Chief Executive Officer and Board Chair and/or a copy of each chamber’s Board minutes evidencing an affirmative vote to join DECA and support for the single DECA contract with the EDD.

Staff postponed the November 18 agenda item to December 2 and again to December 9 in order to provide additional time to the Chambers with the goal of placing the item on the January 27, 2022 Council agenda.

Update

The requested documentation has not been provided. Rather, the Chambers have provided staff with a new proposal that calls for four separate contracts with each Chamber. Given the amount of time that has transpired since the first Equitable Chamber Model Report was completed, EDD recommends updating the model with current data and documentation. When this work is completed, EDD will provide the updated report to Council and to the Chambers. As a note, the next contract expiration date for the current Chamber contracts is February 2022.

Should you have any question or interest in discussing any of the information included in this memo, please have your office reach out directly to set an appointment or by contacting Dusty McCormick at 512-974-6390 or dusty.mccormick@austintexas.gov.