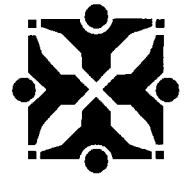


City of Columbia

701 East Broadway, Columbia, Missouri 65201



Agenda Item Number: REP 71-15

Department Source: City Manager

To: City Council

From: City Manager & Staff

Council Meeting Date: 7/6/2015

Re: Austin, Texas Economic Development Model

Documents Included With This Agenda Item

Council memo

Supporting documentation includes: Austin EDD FY14 Budget, Austin EDD Overview FY15, City of Austin Chapter 380 Performance-Based Contracts Policy 2015

Executive Summary

At the May 4, 2015, City Council Meeting in response to a staff report on the organizational structure of Regional Economic Development Inc. (REDI), Council member Skala asked for a report about the City of Austin, Texas Economic Development Department as he felt it would be a useful model to review because of their success in economic development.

The following report summarizes the Austin Economic Development Department's organizational structure and budget which encompasses its efforts in the areas of business recruitment and expansion, redevelopment, small business development, cultural arts, music and entertainment, and workforce development.

Discussion

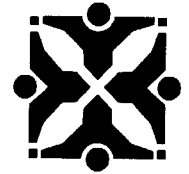
The City of Austin Economic Development Department (EDD) is fully funded through four city sources: energy, water, resource recovery (sanitation) and general fund; and, is responsible for all economic development efforts. It is comprised of six divisions: Global Business Recruitment and Expansion, Redevelopment, Small Business Program, Cultural Arts, Music and Entertainment and Support Services/Other (Workforce Development). The department employs 56 individuals and staff manages \$40 million in revenue, which is utilized as the primary funding source for Austin's business incentive programs¹.

The Austin EDD also provides funding to five area Chambers of Commerce: the Greater Chamber of Austin, Greater Austin Hispanic Chamber, Greater Austin Black Chamber, Greater Austin Asian Chamber, and Austin Gay and Lesbian Chamber, to address local business obstacles and business opportunities.

The Austin EDD *Global Business Recruitment and Expansion Division* works to support and continually develop Austin's regional logistics and distribution network, pursue new economic development projects, as well as engage in aggressive international marketing. It is the largest

City of Columbia

701 East Broadway, Columbia, Missouri 65201

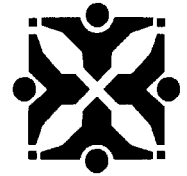


investor in the Opportunity Austin regional economic development plan, a five county economic development initiative aimed at fostering job-creating investment in central Texas and is coordinated by the Greater Chamber of Austin² through the EDD's funding. The division also makes recommendations for incentives for businesses interested in locating to or expanding in Austin. The Austin EDD's incentive programs include the following:

- **Chapter 380:** A tax rebate program for large business, specifically used when Austin is competing with other communities to recruit that business. The City currently has two options for financing Chapter 380 businesses: 1) refunding a portion of property taxes paid by the company on a significant capital investment, or 2) developing a "per job" payment structure for projects that are not capital intensive. Chapter 380 agreements are established on the grounds that the business will provide higher levels of employment, economic activity and stability (see pgs. 21-33 of City of Austin Chapter 380 Performance-Based Contracts Policy 2015).
- **The Texas Enterprise Zone Program:** The Austin City Council has approved eight Texas Enterprise Zone Program nominations since 2004. Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created at the qualified business site. In addition, the City of Austin offers incentives to participants under the Enterprise Zone Program, such as tax abatement, tax increment financing, one-stop permitting, and other incentives. Projects may be physically located in or outside of an Enterprise Zone: if located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged or Enterprise Zone residency requirements. If located outside of a zone, the company commits that at least 35% of their new employees will meet economically disadvantaged or Enterprise Zone residency requirements³.
- **Industrial Revenue Bonds:** Through the Austin Industrial Development Corporation, this program is used to issue bonds to finance all or part of the cost of projects to promote and develop commercial, industrial, and manufacturing enterprises in support of employment (see pg. 11 of City of Austin Chapter 380 Performance-Based Contracts Policy 2015).
- **Creative Content Incentive Program:** Aimed to increase Austin's competitive advantage for film, television and digital media projects, production projects are eligible for an incentive equal to 0.5% - 0.75% of the wages paid to local workers (see pg. 5, Austin EDD Overview, FY15).
- **The Business Retention and Enhancement (BRE) Fund:** Provides low interest loans to attract new business and assist existing businesses displaced by development. These loans are intended to spur growth and reestablish Congress Avenue and East 6th Street as retail and urban entertainment district destinations. Revenue is comprised of right of way fees, alley vacation sales, and license agreement fees collected within the BRE Program revenue area, as well as loan repayments (see pg. 370, Austin EDD FY14 Budget).
- **Immigrant Investor Program:** Opens the door to foreign capital in areas of the City with

City of Columbia

701 East Broadway, Columbia, Missouri 65201



particular need for investment dollars and new jobs. High unemployment census tracts have been designated as Targeted Employment Areas (TEA) with the U.S. Citizenship and Immigration Services (USCIS). Foreign investors may become eligible for an EB-5 Visa if they invest at least \$500,000 in a workplace creating 10 jobs within a TEA. In addition to Asia, many investors come from South and Latin America (see pg. 11 of City of Austin Chapter 380 Performance-Based Contracts Policy 2015).

The Austin EDD *Redevelopment Division* repurposes underutilized City owned land through public-private partnerships that support mixed use development and downtown redevelopment. A variety of the incentive and financing mechanisms listed above have been utilized to implement a number of large catalyst projects. And, although somewhat infrequent, Tax Increment Financing (TIF) can also be utilized toward redevelopment projects. Currently, several projects have entered active design and construction phases requiring increased levels of developmental involvement (see pg. 368, Austin EDD FY14 Budget).

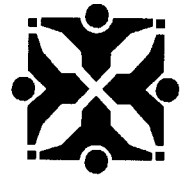
The Austin EDD *Small Business Development Program* fosters job creation and economic growth by providing education, one-on-one technical assistance, annual special topic informational events, and innovative technology resources for Austin's small businesses. It manages the following resources and initiatives in support of this effort: the Family Business Loan Program, a public-private partnership that provides low-interest loans for small business expansion; the Micro Loan Program, an alternative financing option for qualified borrowers, characterized by smaller dollar amounts in order to meet the relatively modest needs of business in the early stages of growth; the Entrepreneur Center, a dedicated small business training facility; LocallyAustin.org, an online small business map which provides featured businesses on a mini-website and has the potential to provide support to "Shop Local" marketing campaigns; and, education for Austin's small businesses about doing business internationally (see pg. 368, Austin EDD FY14 Budget).

The Austin EDD *Cultural Arts Division* partners with the community to implement the Create Austin Community Cultural Master Plan by providing "Take it to the Next Level" creative industry workshops, managing more than 80 active multi-year art in public places projects, and administering the Cultural Arts Fund, which is funded from a dedicated 1.05 cents out of every nine cents of the Hotel/Motel Occupancy Tax, all in an effort to increase cultural tourism, civic participation, and artistic development (see pg. 369, Austin EDD FY14 Budget).

The Austin EDD *Music and Entertainment Division* aims to strengthen the economic vitality of Austin's music industry. The division helps maintain a balance between Austin's live music districts and residential development by providing assistance to live music venues on sound mitigation measures and by streamlining the event permitting process. It plays an integral role in sound permitting and special events planning, and serves as the liaison between event organizers and other City departments. The division also partners with businesses and community organizations, coordinates 24 music focused programs, hosts 450 live music performances and activities, and works to strengthen business and professional development in all sectors and genres of the music industry (see pg. 369, Austin EDD FY14 Budget). The division also manages the Music Venue Assistance Program, which offers low interest micro loans to qualifying establishments for the purpose of

City of Columbia

701 East Broadway, Columbia, Missouri 65201



enhancing the sound quality of indoor and outdoor venues, while reducing sound impact to neighboring uses (see pg. 11 of City of Austin Chapter 380 Performance-Based Contracts Policy 2015).

Lastly, the *Other/Support Services Division* (i.e. workforce development) managed by the Austin EDD funds two workforce programs through contracts for service: Capital IDEA and SkillPoint Alliance. Capital IDEA helps low-income adults gain college degrees. In its 15 years of operation, over 1,000 adults have earned degrees. On average, 800 low-income students are enrolled in college courses with approximately 80 graduates per year. Average starting salary of graduates is \$40,000 per year. The SkillPoint Alliance helps low-income and out-of-work adults get technical training or gain computer proficiency skills to increase competitiveness in today's job market. Approximately 260 participants per year participate in this six-week technical training program (see pgs. 3-4 of Austin EDD Overview FY15).

The multi-faceted approach to economic development has proved successful for Austin, which is ranked first in the nation in overall economic performance and holds an official unemployment rate of 3.8% (pg. 22, City of Austin Chapter 380 Performance-Based Contracts Policy 2015).

¹ Austin, TX: Economic Development: <http://austintexas.gov/departments/economic-development>

² Austin Chamber: Opportunity in Austin <http://www.austinchamber.com/the-chamber/opportunity-austin/>

³ Texas Enterprise Zone: <http://austintexas.gov/departments/texas-enterprise-zone-program>

Fiscal Impact

Short-Term Impact: N/A

Long-Term Impact: N/A

Vision, Strategic & Comprehensive Plan Impact

Vision Impact: Economic Development

Strategic Plan Impact: Economic Development

Comprehensive Plan Impact: Economic Development

Suggested Council Action

This report is informational only.

Legislative History

At the May 4, 2015, City Council Meeting in response to a staff report on the organizational structure of Regional Economic Development Inc. (REDI), Council member Skala asked for a report about the City of Austin, Texas Economic Development Department as he felt it would be a useful model to review because of their success in economic development.

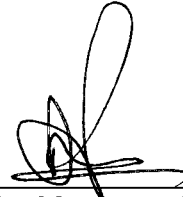
City of Columbia

701 East Broadway, Columbia, Missouri 65201



Leah Christian

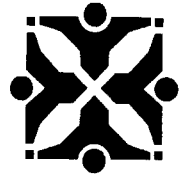
Department Approved

A handwritten signature in black ink, appearing to be 'D. [unclear]', written over a horizontal line.

City Manager Approved

City of Columbia

701 East Broadway, Columbia, Missouri 65201



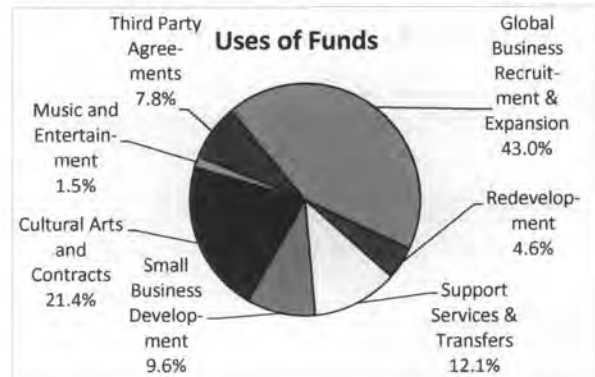
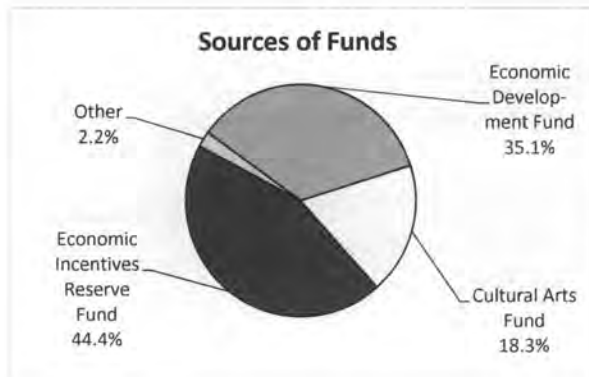
**SUPPORTING DOCUMENTS INCLUDED WITH
THIS AGENDA ITEM ARE AS FOLLOWS:**

Austin EDD FY14 Budget

Austin EDD Overview FY15

City of Austin Chapter 380 Performance-Based Contracts Policy 2015

Economic Development



Budget Overview

	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Economic Development Fund					
Revenue	\$0	\$0	\$0	\$0	\$60,000
Transfers In	\$0	\$0	\$0	\$0	\$13,421,090
Requirements	\$0	\$0	\$0	\$0	\$13,234,026
Full-Time Equivalents (FTEs)	0.00	0.00	0.00	0.00	53.00
Austin Energy Fund					
Revenue	\$0	\$95	\$0	\$0	\$0
Requirements	\$9,686,788	\$9,522,313	\$11,403,433	\$10,827,264	\$0
Full-Time Equivalents (FTEs)	46.00	47.00	47.00	47.00	0.00
Economic Incentives Reserve Fund					
Revenue	\$11,212,673	\$12,695,949	\$13,631,169	\$13,824,120	\$17,033,496
Requirements	\$8,750,339	\$8,218,177	\$11,798,090	\$10,860,537	\$17,586,855
Cultural Arts Fund					
Revenue	\$5,472,334	\$5,960,953	\$6,025,619	\$6,791,923	\$7,008,588
Requirements	\$4,364,888	\$5,198,537	\$6,806,755	\$6,656,755	\$7,831,499
Section 108 Family Business Loan Program Fund					
Revenue	\$0	\$3,000,000	\$98,688	\$15,087	\$100,000
Requirements	\$0	\$70	\$3,098,688	\$923,371	\$2,191,646
Business Retention and Enhancement Fund					
Revenue	\$338,630	\$453,799	\$204,789	\$157,650	\$25,315
Requirements	\$0	\$0	\$250,000	\$0	\$1,847,797
Music Venue Assistance Program Fund					
Revenue	\$1,179	\$519	\$100,000	\$100,275	\$100,220
Requirements	\$0	\$39,493	\$248,000	\$60,000	\$210,000
Music Loan Program Fund					
Revenue	\$1,545	\$585	\$0	\$149	\$0
Requirements	\$0	\$272,922	\$25,892	\$10,000	\$10,000
Expense Refunds	\$114,788	\$120,195	\$135,000	\$190,000	\$526,369
Grants	\$75,669	\$108,476	\$150,000	\$22,984	\$105,000
Total Budget	\$23,280,305	\$23,768,016	\$34,203,691	\$29,838,744	\$43,543,192

*In FY 2013-14 the Economic Development Department operating budget is moving from the Austin Energy Fund to the Economic Development Fund. The Economic Development Department also manages other funds governed by outside agreements

Economic Development
Organization by Program and Activity for 2014

Cultural Arts and Contracts	Small Business Development
Cultural Development and Contracting Services	Program Management Program Services
Global Business Recruitment and Expansion	Support Services
Global Business Recruitment and Expansion	Departmental Support Services
Music and Entertainment Division	Transfers & Other Requirements
Music and Entertainment	Other Requirements Transfers
Redevelopment	
Redevelopment Services	

Economic Development Mission and Goals for 2014

Mission

The mission of the Economic Development Department (ED) is to create a cultural and economic environment that enhances the vitality of the community in a manner that preserves Austin's character and environment.

Goals

Create 500 new jobs annually through economic development efforts with a renewed emphasis on low income and blue collar jobs.

Offer classes through International Programs that will assist 35 businesses to export or enter into new markets annually.

Create or assist at least 500 music events annually that promote the artistic excellence and diversity of Austin musicians.

Create 20 new jobs annually through the Family Business Loan program.

Repair or restore three pieces of the public art collection annually.

Economic Development

Message from the Director

Austin leads the nation in economic strength, as ranked by the Business Journals' *On Numbers Economic Index*. Austin was also ranked No. 1 by *Moviemaker Magazine*, was recognized with three *International Economic Development Council Awards* (*Best Public Private Partnership*, *Best Entrepreneurship*, and *Best Small Business for Inner cities*), scored a perfect 100% on *Economic Transparency by Good Jobs First*, and was ranked the 3rd *Most Prosperous Metro* in the nation, making it one of the biggest job producers since the recession. While it is exciting to see such positives, we realize poverty in Austin remains alarmingly high and the City's growth is demanding. Our challenge now is to harness the economics that have been created and realize the potential that exists, moving Austin forward for all its citizens.

Our strategy is to capitalize on new found strengths, especially in technology, international trade and the creative industries. Two technology industry expansions are currently underway: VISA's Global IT Center and National Instruments, which together are generating 1,784 jobs and \$6.8 million in net benefits. Austin contributes \$8.5 billion in global trade each year toward the state's \$190 billion top exporting achievement. With more than 250 live music venues, Austin is known as the "Live Music Capital of the World," and boasts the world-famous SXSW, ACL Festival, and the Formula 1™ U.S. Grand Prix, the latter generating over \$190 million in branding for the City in 2012. A snapshot of Austin's creative industries (music, arts, gaming and film) showed that being weird contributes over \$4.3 billion dollars to the local economy, further advancing Austin's status as a city of cultural vitality and economic excellence.



How do we create a community that builds on those strengths and remains prosperous and inclusive? In FY 2011-12, two manufacturing companies, U.S. Farathane and HID Global, signed economic incentive agreements to support hiring more than 400 residents considered "hard-to-hire," including those who are homeless, lack a GED or diploma, or have a criminal background. Working with our partners, we continue to promote science, technology, engineering, and mathematics (STEM) initiatives, such as a recent *National Instruments* incentive, which included a ten-year effort to mentor a generation of 10,000 STEM-prepared kids for the workforce of the future. We continue to assist in the implementation of Imagine Austin by attracting new blue-collar and high-tech employers in transit-friendly development locations and by strategically redeveloping underutilized City assets.

The Economic Development Department (ED) is strengthening a healthy business climate by investing in music, cultural arts, and international exchange programs. This summer, with our partners, we launched next generation analytic technology to create ROI on the proposed rail system. Our goal is to eliminate economic blind spots and to leverage private investments to underwrite portions of the rail costs. In adapting to changing economic conditions we strive to make Austin a model for how communities of the future grow. Employment for the poor, globalization, hard to find capital, regenerating our city - these and other important questions still are to be answered. We commit to the highest level of services and we welcome your ideas. On behalf of your Economic Development team, thank you for allowing us to help keep the economy moving forward.

Kevin Johns, Director

Budget Highlights

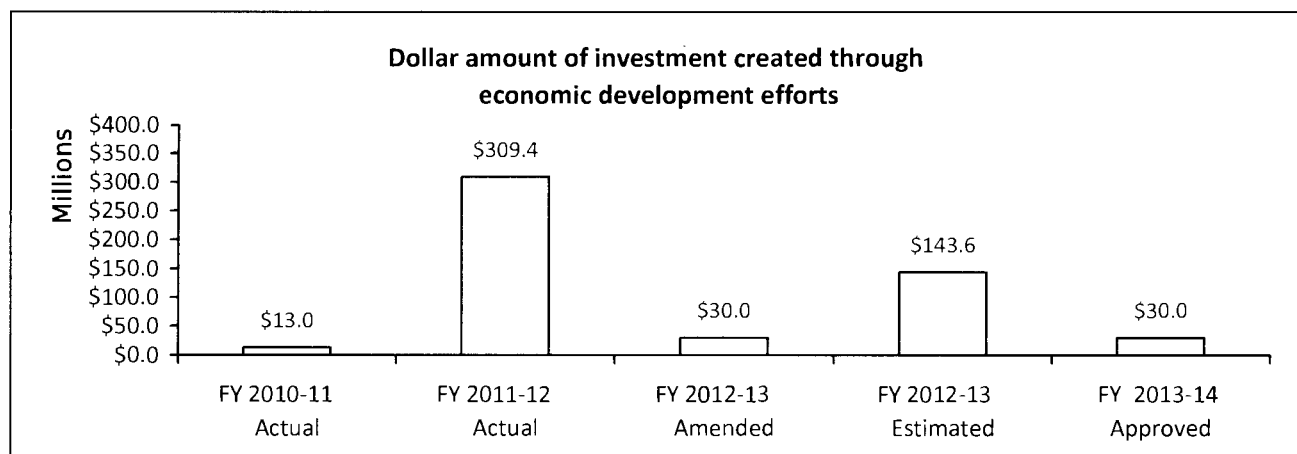
Austin has been recognized as one of the best places to start a small business. The Economic Development Department (ED) is aggressively working to help foster Austin's robust economy through international economic development efforts, as well as by attracting corporate business relocation and expansion, promoting and facilitating sustainable growth in the Desired Development Zone, assisting locally-owned small businesses, and continuing to support creative development through arts and music.

A number of services are provided by one or more departments that are shared Citywide. As part of budget development, the method for distributing the costs of those shared services to benefiting departments is reviewed and adjustments made when necessary. This process ensures that over time, costs are equitably shared among City departments. As a result of this evaluation, the Economic Development Department (formerly the Economic Growth and Redevelopment Services Office) will be moved out of Austin Energy and into the Economic Development Fund in FY 2013-14. Costs for the department will be shared by Austin Energy, Austin Water, Austin Resource Recovery and the General Fund and will be determined by an percentage of gross revenues. This funding change will be phased in over a four-year transition period to allow departments to budget accordingly.

Global Business Recruitment and Expansion

Austin's stature as a global business city continues to rise. Austin is a competitive business location where trade, finance, technology, and a multi-lingual population contribute to making the case for corporate foreign direct investment. Cities across the globe are capitalizing on this trend, creating public-private partnerships to expand finance opportunities and attract innovative companies that stimulate smart and sustainable economies. The Global Business Recruitment and Expansion Division will continue to develop the regional logistics and distribution network, pursue new economic development projects, as well as engage in aggressive international marketing.

At \$350,000, ED is the largest investor in the Opportunity Austin regional economic development plan, whose purpose is to market Austin across the country. For businesses interested in locating to or expanding in Austin that seek City incentives, ED uses Council-approved policies to assess the merits of the project, determine an appropriate level of incentives, and make recommendations for performance-based incentives to Council. ED provides \$550,000 in contracts to the Greater Austin Hispanic Chamber, Capital City African American Chamber, Greater Austin Asian American Chamber, and Austin Gay and Lesbian Chamber to address local business obstacles and business opportunities.



The FY 2013-14 Budget supports business growth initiatives in the clean energy, biotechnology, digital media and wireless industry sectors, including the Austin Technology Incubators and Austin Technology Council. The Global Business Recruitment and Expansion Division creates and administers agreements with targeted industry companies to promote and facilitate sustainable growth in Austin's Desired Development Zone. These economic development agreements create jobs,

increase the City's tax base, diversify the local economy, and provide a strong economic foundation for all of our residents. The FY 2013-14 Budget includes a new contract compliance specialist to manage this workload.

Redevelopment Services

The Redevelopment Division is repurposing underutilized City-owned land through public-private partnerships that support mixed-use development and downtown redevelopment, and that emphasize commercial, residential, retail, cultural and multi-modal transportation projects. Currently, several projects have entered active design and construction phases requiring increased levels of developmental involvement. Projects include, but are not limited to: Mueller Redevelopment, Gables Park Plaza Phase II, Seaholm Power Plant Redevelopment, and Green Water Treatment Plant Redevelopment. Catalyst redevelopment projects are likewise being pursued in the Waller Creek TIF area, the Saltillo Plaza Transit-Oriented Development District, the Capitol Complex, and the ABIA area.



The Redevelopment Division recently finalized a 1.75 million square feet, \$540 million agreement with Trammel Crow to buy and develop a Green Water Treatment Plant and is currently developing implementation plans for several master plans created by the Department of Planning & Development Review. The successful implementation of each master plan requires a strong partnership between the community, the City of Austin, other government agencies, and the private sector. ED is using a variety of financing mechanisms, resulting in the implementation of large catalyst projects that translate vision into reality.

Mueller development-to-date totals 1.5 million square feet of commercial, retail, and institutional space and is home to 3,550 jobs, 46 employers and approximately 3,330 residents. An estimated \$930 million has been invested in new infrastructure and vertical development projects. An additional \$327 million is under development during 2013 and includes infrastructure, 801 residential units of which 169 are part of the affordable homes program, 217,000 square feet of commercial and retail space, 431,000 square feet of institutional and civic space including the Dell Children's Hospital and Pediatric Research Institute, and a 75-acre urban park. The FY 2013-14 Budget includes a new project coordinator and a new project manager to support the Mueller Development and other Redevelopment activities.

Finally, redevelopment staff manages the US Housing and Urban Development Sustainable Communities Planning Grant, in conjunction with our regional partners. The FY 2013-14 Budget includes \$25,000 for a Sustainable Places Analytical Tool that will assist the Capital Area Council of Governments with the development of the best return on investment for the public rail system.

Small Business Development

Austin is known as one of the best places in the United States to own a small business, and is home to approximately 38,000 small businesses. The Small Business Development Program (SBDP) fosters job creation and economic growth by providing education, one-on-one technical assistance, annual special-topic informational events, and innovative technology resources to help Austin's small businesses grow and prosper.

SBDP's FY 2013-14 Budget meets the ever-evolving needs of small businesses with current funding levels, and includes the following resources and initiatives: The *Family Business Loan Program (FBLP)*, a public-private partnership that provides low-interest loans for small business expansion and is expected to create up to 315 new jobs over the next three to five years; The *Entrepreneur Center*, a dedicated state-of-the-art small business training facility with access to meeting rooms for small business owners, where SBDP expects to train approximately 2,000 small business owners annually; *LocallyAustin.org*, SBDP's online small business map, which provides featured businesses a mini-website and has the potential to provide support to "Shop Local" marketing campaigns. SBDP will evaluate the findings of a pending update to the Small Business Needs Assessment Study during FY 2013-14, and propose potential service enhancements in future fiscal years. SBDP also supports ED's Global Commerce Strategy by adapting existing services to educate Austin's small businesses on doing business internationally.



Cultural Arts

Arts, culture, and creativity are critical to the identity, economy, and quality of life in Austin and are vital to Austin's reputation as a creative center in the global marketplace. The Cultural Arts Division continues to partner with the community to implement the CreateAustin Community Cultural Master Plan by providing *Take it to the Next Level* creative industry workshops, managing more than 80 active multi-year Art in Public Places projects, and administering the Cultural Arts Fund with a total budget of \$7.8 million projected for cultural contracts in FY 2013-14 – funded from a dedicated 1.05 cents out of every nine cents of the Hotel/Motel Occupancy Tax – all in an effort to increase cultural tourism, civic participation, and artistic development.



A recently completed economic impact analysis shows that Austin's creative sector generates over \$4.3 billion in annual economic activity, with tourism contributing to over half of the City's tax base. The Cultural Arts Division will develop a cultural tourism plan to ensure that the creative sector continues to be a vibrant contributor to Austin's economy. The Cultural Arts Division launched the first annual Austin Creative Expo in FY 2012-13 to bring city, business and non-profit resources to Austin's creative community. The Public Art Fund, dedicated to public art preservation, will repair or restore 3 works of art in FY 2013-14.

The FY 2013-14 Budget includes a new marketing representative to replace the temporary arts marketing specialist currently managing the cultural tourism plan.

Music and Entertainment Division

The Music Division aims to strengthen the economic vitality and cultural excellence of Austin's music industry, enhance the quality of life for all Austin music professionals, and strengthen avenues of cultural exchange and collaboration between Austin's music community and global music markets. In 2010, the economic impact of music on Austin's economy was more than \$1.6 billion dollars, with almost 50% generated by music tourism. The music industry also provides an estimated 18,148 jobs and generates more than \$38 million in City tax revenues.



To encourage these benefits, a balance must be maintained between Austin's live music districts and residential development. The Music Division helps maintain this balance by providing assistance to live music venues on sound mitigation measure and by streamlining the event permitting process. The Music Division also plays an integral role in sound permitting and special events planning, and serves as the liaison between event organizers and City Departments, which resulted in 6,000 amplified sound investigations and 500 outdoor music permit evaluations. The Music Division further contributes to Austin's music industry by partnering with businesses and community organizations, coordinating 24 music focused programs, hosting 450 live music performances and activities and strengthening business and professional development in all sectors and genres of the music industry.

The FY 2013-14 Budget includes one new music program specialist and one music program specialist transferred from the Planning and Development Review Department. These program specialists will assist with growth in the number of music programs, increased participation with music events, and more frequent requests from live music venues, music businesses, musicians and residents.

Capital Budget

The FY 2013-14 Capital Budget includes a total appropriation of \$1.9 million to provide funding to expand City-owned buildings that are leased and operated by the Austin Film Society to increase the amount of square footage available for film and television production and add office space for creative small businesses. This appropriation is funded by the 2012 Bond Program.

Other Funds

The Economic Development Department, in addition to its \$13.2 million operating budget, manages more than \$30 million in programmatic funds that further economic development in the City of Austin.

Economic Incentives Reserve Fund

The Economic Incentives Reserve Fund (EIRF) was established to identify and monitor economic incentive agreements maintained by the City of Austin. The agreements originate through the establishment of performance-based economic development grants in accordance with Chapter 380 of the local government code, redevelopment agreements, and other agreements authorized by City Council. The agreements are established on the grounds that they provide higher levels of employment, economic activity, and stability. Economic incentive payments totaling \$17.6 million are projected for FY 2013-14.

Cultural Arts Fund

The Cultural Arts Fund was established to encourage, promote, and improve the arts. The Texas Tax Code allows for 11.7% of hotel occupancy tax receipts to be used to pay for administrative costs that incur directly from promotion and servicing of the arts. The Cultural Arts Fund's budget of \$7.8 million is used to fund cultural agencies through a predetermined process involving review and recommendation by the Arts Commission and approval of allocation by City Council. Additionally, in 1988 Council established a contingency reserve policy of 10% to offset any shortfalls in Hotel occupancy tax revenue. The Austin Art Commission recommends that an additional 5% is included in the reserve when funding permits.

Section 108 Family Business Loan Program Fund

The Section 108 Family Business Loan Program (FBLP) Fund enables family-owned small businesses to implement business ventures that will create jobs, revitalize communities, increase the tax base of the City, and enhance the overall quality of life for all City of Austin residents by providing low-interest fixed asset and working capital loans to qualified Austin small business owners. Financing is provided by a U.S. Department of Housing and Urban Development (HUD) Section 108 loan guarantee. Borrowers are required to create at least one full-time job for every \$35,000 in loan funds borrowed, and per HUD regulations, 51% of jobs created must be offered to Austin residents that have low to moderate income. A total of \$2.2 million in loans are projected for FY 2013-14.

Business Retention and Enhancement Fund

The Business Retention and Enhancement (BRE) Fund provides low-interest loans to attract new businesses and assist existing businesses displaced by development. These loans are intended to spur growth and reestablish Congress Avenue and East 6th Street as retail and urban entertainment district destinations. Revenue is comprised of right-of-way fees, alley vacation sales, and license agreement fees collected within the BRE Program revenue area, as well as loan repayments. BRE Program loans total \$250,000 in FY 2013-14. The Budget also includes a transfer of \$1.6 million to the General Fund.

Music Venue Assistance Program Fund

The Music Venue Assistance (MVA) Program aims to reduce the number of noise complaints by providing micro-loans to qualifying music venues to implement sound mitigation technologies, which will significantly reduce sound levels impacting nearby residential uses. The MVA is funded by an annual \$100,000 General Fund transfer and interest payments. The FY 2013-14 Budget includes \$210,000 to assist businesses that have received a high number of sound complaints.

Music Loan Program Fund

The Music Loan Program was established to develop and strengthen the Austin music industry. The funds support Musician Corps and other music-focused programs, including the Austin Export Music Initiative, Music Entrepreneur Accelerator, Online Creative Community, and Leadership Music Austin. These programs will be funded over a three year period. The Music Loan Program Fund is a one-time-use fund and will be phased out once the fund is depleted. The FY 2013-14 Budget includes \$10,000 for music programs.

Economic Development

Significant Changes

Economic Development Fund

Revenue Changes		Dollars
Transfer in from General Fund.		\$1,280,445
Transfer in from Austin Water Utility.		\$614,875
Transfer in from Austin Resource Recovery.		\$88,250
Increased revenue from fees.		\$60,000
Transfer in from Austin Energy.		\$34,087
Expenditure Changes		FTEs Dollars
Citywide Cost Drivers		
1.5% wage increase, additional wage adjustment to be implemented in April 2014 for non-civil service employees, and increase in City contributions for health insurance.		\$97,564
Increase for Communications and Technology Management support.		\$271,591
Increase to City Administrative Support.		\$142,347
Vacancy savings increase by 1%.		(\$49,035)
Department Cost Drivers		
Increase for rent due to the relocation of the Economic Development Department.		\$393,600
Transfer of the Community Technology Initiative from the Sustainability Fund.		\$287,833
Transfer in of Music Program Specialist from Planning & Development Review.	1.00	\$56,365
New expense refund from Catellus for Mueller Development.		(\$250,000)
New Investments		
Project Coordinator and Manager for Redevelopment activities.	2.00	\$221,033
Increase funding for Capital IDEA.		\$200,000
Increase funding for the Texas Facilities Commission Interlocal Agreement.		\$200,000
Contract Compliance Specialist for monitoring of economic incentive agreements.	1.00	\$78,714
Increased support for the Science, Technology, Engineering and Mathematics Program (STEM) initiative.		\$50,000
Increased funding for Sustainable Places Analytical Tool support.		\$25,000
Increase funding for the Opportunity Austin 3.0 Initiative.		\$17,500
Program Specialist for the implementation of Music Division Programs, funded by repurposed fees, sales of merchandise, and expiring contracts.	1.00	\$0

Expenditure Changes	FTEs	Dollars
Marketing Representative B for the implementation of the Cultural Tourism Plan, funded by the Cultural Arts Fund and Hotel/Motel Tax receipts.	1.00	\$0

Economic Incentives Reserve Fund

Revenue Changes	Dollars
Increase in General Fund contributions to cover payments pursuant to contract agreements.	\$3,402,327

Expenditure Changes	FTEs	Dollars
Increase in economic incentive agreement payments based on preliminary valuation data from the Travis County Appraisal Board.		\$5,788,765

Cultural Arts Fund

Revenue Changes	Dollars
Increase in Hotel/Motel Tax receipts.	\$984,409

Expenditure Changes	FTEs	Dollars
Increase in non-profit cultural arts funding.		\$1,024,744

Family Business Loan Program

Expenditure Changes	FTEs	Dollars
Decrease in remaining dollars for the loan program.		(\$907,042)

Business Retention and Enhancement Fund

Revenue Changes	Dollars
Decrease in current projects in the Business Retention and Enhancement zone.	(\$179,474)

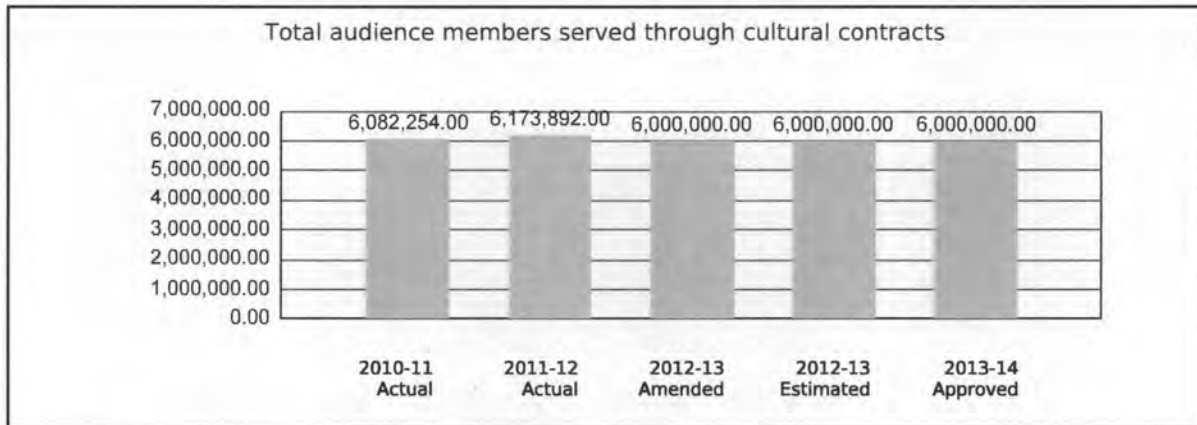
Expenditure Changes	FTEs	Dollars
Increase transfer to the General Fund.		\$1,597,797

Economic Development Budget Detail by Activity

Program: Cultural Arts and Contracts

Activity: Cultural Development and Contracting Services

The purpose of the Cultural Arts Division is to nurture, preserve, and promote Austin's arts and creative industries in order to strengthen and sustain Austin's dynamic cultural vitality and to strengthen the role of the arts in economic development, tourism, community development and revitalization.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	991,140	1,071,878	1,142,921	1,027,921	0
Cultural Arts Fund	4,364,888	5,198,537	6,806,755	6,656,755	7,831,499
Economic Development Fund	0	0	0	0	1,098,009
Expense Refunds	114,788	120,195	75,000	190,000	276,369
Grants	75,669	108,476	150,000	22,984	105,000
Total Requirements	\$5,546,485	\$6,499,086	\$8,174,676	\$7,897,660	\$9,310,877
Full-Time Equivalents					
Austin Energy Fund	8.50	9.50	9.50	9.50	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	10.50
Total FTEs	8.50	9.50	9.50	9.50	10.50
Performance Measures					
<i>Number of Public Art Collection Pieces repaired and/or restored</i>	<i>0</i>	<i>3</i>	<i>3</i>	<i>17</i>	<i>3</i>
Number of public pieces added to Art in Public Places collection	13	8	16	21	17
Total amount of cultural funding requested	New Meas	8,569,621	9,400,000	9,400,000	9,600,000
Total amount of funding awarded to cultural contracts	4,324,888	5,150,287	6,686,755	6,546,755	7,186,755
<i>Total audience members served through cultural contracts</i>	<i>6,082,254</i>	<i>6,173,892</i>	<i>6,000,000</i>	<i>6,000,000</i>	<i>6,000,000</i>

Services

Organizational development for arts and culture organizations, business development of for-profit creative industries and professional development of individual artists; cultural tourism and arts marketing; arts-integration into long-range city planning and development; cultural planning and community development; and arts and cultural programming.

Contact

Megan Crigger, Program Manager, 512-974-9312

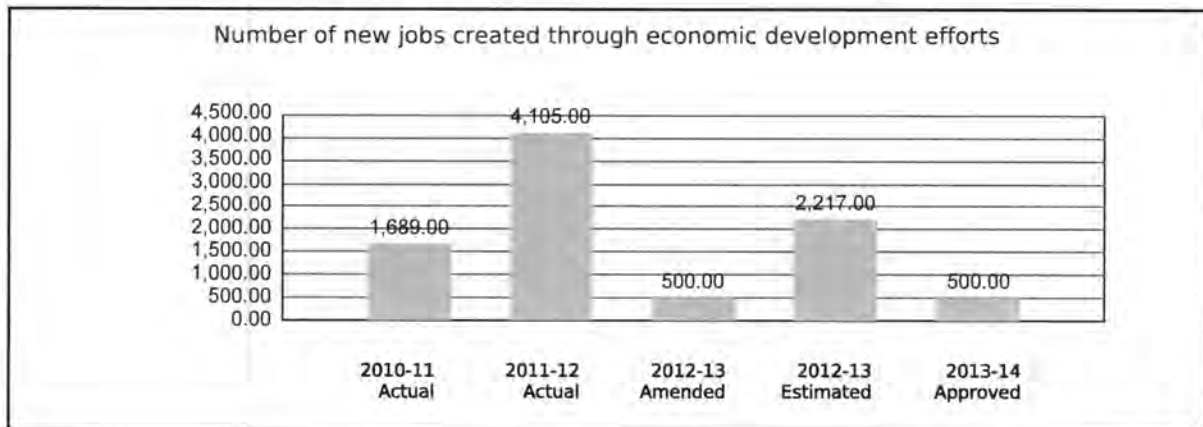
Bold/Italicized Measure = Key Indicator

Economic Development Budget Detail by Activity

Program: Global Business Recruitment and Expansion

Activity: Global Business Recruitment and Expansion

The purpose of the Global Business Recruitment and Expansion Division is to manage the City's economic development policies and programs and promote and facilitate sustainable growth in the Desired Development Zone in partnership with the community, project developers and the City of Austin in order to enhance livability and economic viability in a manner that preserves the character of Austin and its environment.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	1,037,471	711,705	863,967	863,967	0
Business Retention and Enhancement Fund	0	0	250,000	0	250,000
Economic Development Fund	0	0	0	0	914,496
Economic Incentives Reserve Fund	0	0	0	10,860,537	17,586,855
Total Requirements	\$1,037,471	\$711,705	\$1,113,967	\$11,724,504	\$18,751,351
Full-Time Equivalents					
Austin Energy Fund	7.50	6.50	6.50	6.50	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	7.00
Total FTEs	7.50	6.50	6.50	6.50	7.00
Performance Measures					
Dollar amount of investment created through economic development efforts	13,000,000	309,400,000	30,000,000	143,577,062	30,000,000
<i>Number of participants attending international business seminars</i>	<i>250</i>	<i>281</i>	<i>250</i>	<i>52</i>	<i>250</i>
<i>Number of new jobs created through economic development efforts</i>	<i>1,689</i>	<i>4,105</i>	<i>500</i>	<i>2,217</i>	<i>500</i>

Services

Implementation of the City's economic development policies and programs; Negotiation and implementation of the City's economic development policies and programs; Primary employer encouragement to develop, locate or expand in the Desired Development Zone; Promotion of Austin as a prime location for foreign direct investment; global trade classes for business executives; Sister Cities Program; and visiting international delegation assistance.

Contact

Ben Ramirez, Program Manager, 512-974-6416

*Beginning in 2012-13 Estimated, Economic Incentives Reserve Fund expenditures have been moved to the Global Business Recruitment and Expansion Program.

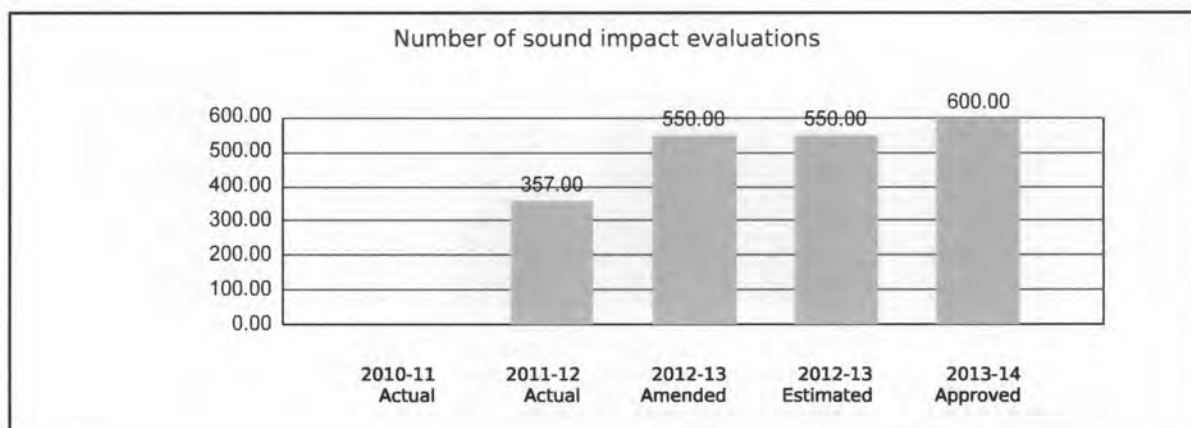
Bold/Italicized Measure = Key Indicator

Economic Development Budget Detail by Activity

Program: Music and Entertainment Division

Activity: Music and Entertainment

The purpose of the Music activity is to promote the artistic excellence and cultural diversity of Austin musicians and to create a sustainable cultural and economic environment for the community that enhances the livability and economic vitality of Austin.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	385,417	316,988	339,500	339,500	0
Economic Development Fund	0	0	0	0	413,463
Music Loan Program Fund	0	272,922	25,892	10,000	10,000
Music Venue Assistance Program Fund	0	39,493	248,000	60,000	210,000
Total Requirements	\$385,417	\$629,403	\$613,392	\$409,500	\$633,463
Full-Time Equivalents					
Austin Energy Fund	3.00	2.00	2.00	2.00	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	4.00
Total FTEs	3.00	2.00	2.00	2.00	4.00
Performance Measures					
Number of music events	50	423	173	300	500
<i>Number of sound impact evaluations</i>	<i>New Meas</i>	<i>357</i>	<i>550</i>	<i>550</i>	<i>600</i>
Total audience served through event permitting process and outdoor music venue permits	New Meas	New Meas	4,080,000	3,200,000	3,932,557

Services

Develop and manage music-focused programs; Promote Austin artists on a global level; Coordinate with City departments and event organizers in planning and permitting music events and festivals; Provide recommendations regarding all outdoor sound permits; Facilitate communication between neighborhood groups and outdoor music venues; Assist music venues with sound mitigation technologies; Staff Liaison to Austin Music Commission; Advise policy makers on issues that affect the Austin music industry and community.

Contact

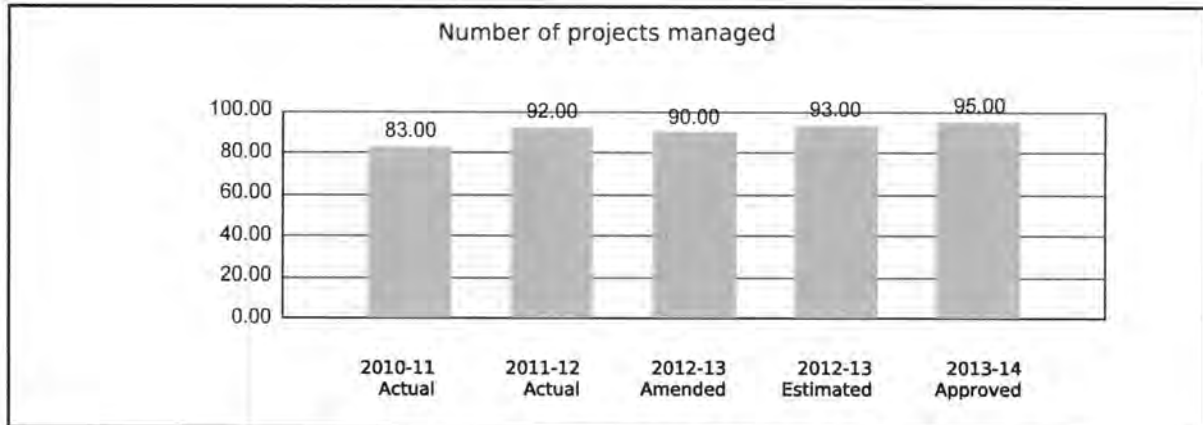
Don Pitts, Program Manager, 512-974-7821

Economic Development Budget Detail by Activity

Program: Redevelopment

Activity: Redevelopment Services

The purpose of the Redevelopment Services activity is to provide project management, implementation, and information services for project and community stakeholders in order to catalyze mixed-use redevelopment of the urban core.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	1,205,922	1,512,375	1,643,211	1,703,211	0
Economic Development Fund	0	0	0	0	1,753,635
Expense Refunds	0	0	60,000	0	250,000
Total Requirements	\$1,205,922	\$1,512,375	\$1,703,211	\$1,703,211	\$2,003,635
Full-Time Equivalents					
Austin Energy Fund	7.00	9.00	9.00	9.00	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	11.00
Total FTEs	7.00	9.00	9.00	9.00	11.00
Performance Measures					
Amount of new retail square footage downtown	16,600	0	26,000	16,000	25,000
Number of new residential units downtown	176	0	451	266	296
Number of projects managed	83	92	90	93	95
Percent increase in property tax valuation in downtown public improvement district	7.40	8.50	2	12	8
Percentage of agreed-upon performance standards achieved by project developers	100	88	100	100	100

Services

Solicit, negotiate and administer public-private development contracts; Complete ancillary projects; Facilitate land development/permitting process; Coordinate with transit projects; Annual and 5-year reauthorization of the downtown PIDs; Liaison with downtown groups; Staff Liaison to Downtown Commission; Participate in studies affecting the urban core; Administer Downtown Austin Alliance contract; Emerging Projects Map and Database; Maintain Downtown Redevelopment web page; Gather and communicate information on downtown development.

Contact

Fred Evins, Project Manager, 512-974-7131

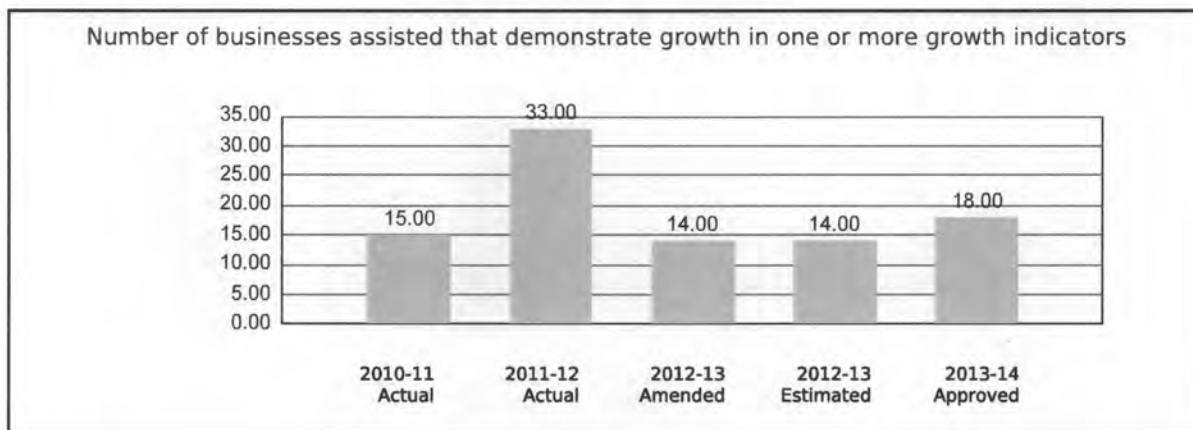
Bold/Italicized Measure = Key Indicator

Economic Development Budget Detail by Activity

Program: Small Business Development

Activity: Program Management

The purpose of the Program Management activity is to identify small business owner's development needs and provide the most effective and efficient services that meet those needs.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	494,594	550,679	621,894	621,894	0
Economic Development Fund	0	0	0	0	645,198
Total Requirements	\$494,594	\$550,679	\$621,894	\$621,894	\$645,198
Full-Time Equivalents					
Austin Energy Fund	4.00	4.50	4.50	4.50	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	4.50
Total FTEs	4.00	4.50	4.50	4.50	4.50
Performance Measures					
Number of participants attending business information events	1,237	1,194	1,200	1,800	1,500
<i>Number of businesses assisted that demonstrate growth in one or more growth indicators</i>	<i>15</i>	<i>33</i>	<i>14</i>	<i>14</i>	<i>18</i>
Number of presentations made to business and civic groups	93	109	50	80	50

Services

Strategic Planning; Needs Assessment; Program Development; Program Outreach; Program Evaluation; Contract Management; Financial Management.

Contact

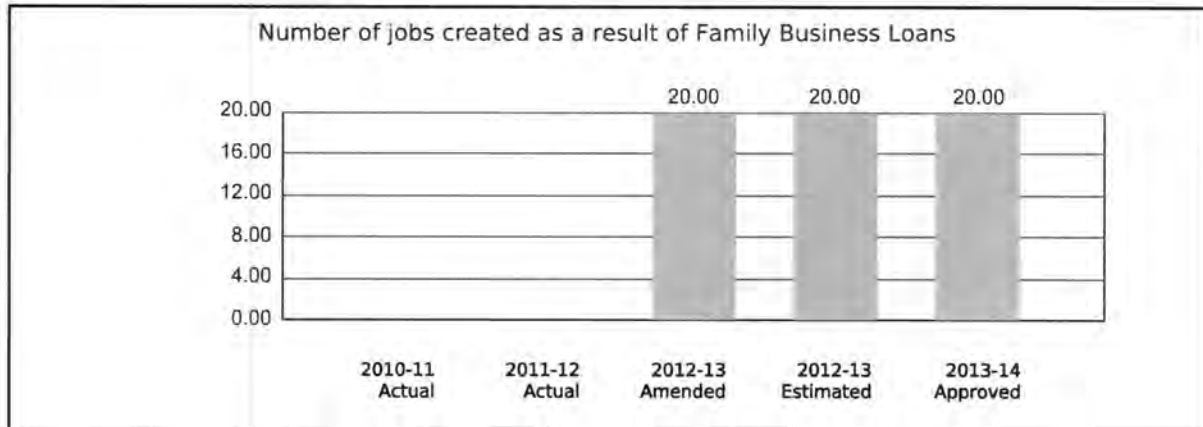
Vicky Valdez, Program Manager, 512-974-7620

Economic Development Budget Detail by Activity

Program: Small Business Development

Activity: Program Services

The purpose of the Program Services activity is to provide direct services, resources and information for small businesses so they can demonstrate productive growth in a competitive business environment.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	1,489,219	1,439,765	1,437,555	1,401,386	0
Economic Development Fund	0	0	0	0	1,442,422
Section 108 Family Business Loan Program Fund	0	70	3,000,000	908,284	2,096,458
Total Requirements	\$1,489,219	\$1,439,835	\$4,437,555	\$2,309,670	\$3,538,880
Full-Time Equivalents					
Austin Energy Fund	8.50	8.00	8.00	8.00	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	8.00
Total FTEs	8.50	8.00	8.00	8.00	8.00
Performance Measures					
Number of SBDP training hours provided	1,974	1,689	2,000	1,700	1,700
Number of contracted training hours provided	4,258	4,542	3,500	3,000	3,500
<i>Number of jobs created as a result of Family Business Loans</i>	<i>New Meas</i>	<i>New Meas</i>	<i>20</i>	<i>20</i>	<i>20</i>
Number of contracted business development technical assistance hours delivered	1,218.25	1,185.75	1,400	1,500	1,700
Number of customer visits to the Business Solutions Center	4,798	4,502	5,000	4,000	5,000
Percentage of customers satisfied with Business Solutions Center services	100	96	90	90	90

Services

Technical Assistance; Classroom training; Development Information Resources; Business Solutions Center; Entrepreneur Center.

Contact

Vicky Valdez, Program Manager, 512-974-7620

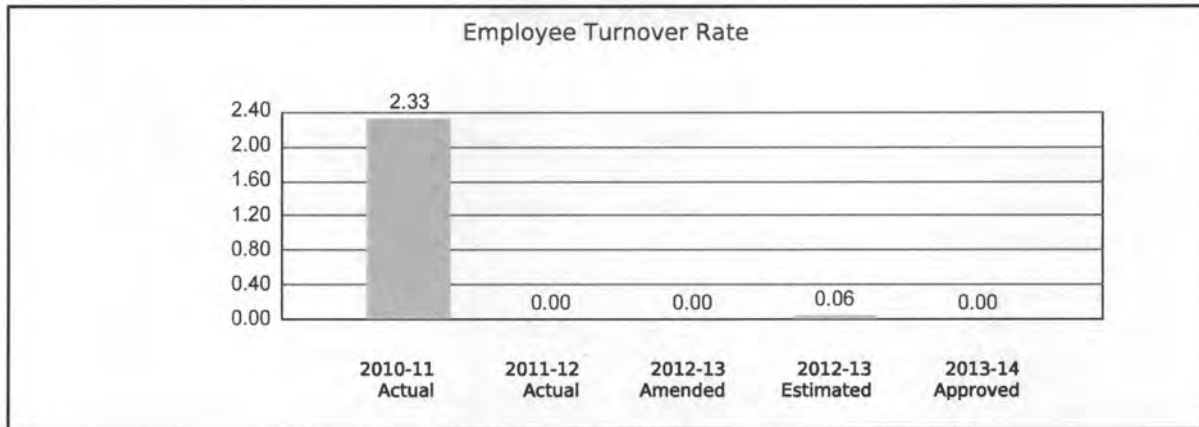
Bold/Italicized Measure = Key Indicator

Economic Development Budget Detail by Activity

Program: Support Services

Activity: Departmental Support Services

The purpose of the Departmental Support Services activity is to provide administrative and managerial support to the department in order to produce more effective services.



	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	792,854	993,901	1,113,259	1,113,259	0
Economic Development Fund	0	0	0	0	1,661,813
Total Requirements	\$792,854	\$993,901	\$1,113,259	\$1,113,259	\$1,661,813
Full-Time Equivalents					
Austin Energy Fund	7.50	7.50	7.50	7.50	0.00
Economic Development Fund	0.00	0.00	0.00	0.00	8.00
Total FTEs	7.50	7.50	7.50	7.50	8.00
Performance Measures					
Average Annual Carbon Footprint	20	12	43	12	33
Employee Turnover Rate	2.33	0	0	0.06	0
Lost Time Injury Rate Per the Equivalent of 100 Employees	0	0	0	0	0
Sick leave hours used per 1,000 hours	29.12	32.17	5	30.65	25

Services

Office of the Director, Financial Monitoring, Budgeting, Accounting, Purchasing, Human Resources, Facility Expenses, Information Technology Support, Public Information, Grant Administration, Safety, Customer Service, Contract Management.

Contact

Sylvia Holt-Rabb, Financial Manager, 512-974-3131

Economic Development Budget Detail by Activity

Program: Transfers & Other Requirements

Activity: All Activities

The purpose of the Transfers & Other Requirements program is to account for transfers and other departmental requirements at the fund or agency level.

Graph Not Applicable

	2010-11 Actual	2011-12 Actual	2012-13 Amended	2012-13 Estimated	2013-14 Approved
Requirements					
Austin Energy Fund	3,290,172	2,925,022	4,241,126	3,756,126	0
Business Retention and Enhancement Fund	0	0	0	0	1,597,797
Economic Development Fund	0	0	0	0	5,304,990
Economic Incentives Reserve Fund	8,750,338	8,218,177	11,798,090	0	0
Section 108 Family Business Loan Program Fund	0	0	98,688	15,087	95,188
Total Requirements	\$12,040,510	\$11,143,199	\$16,137,904	\$3,771,213	\$6,997,975

Contact

Sylvia Holt-Rabb, Financial Manager, 512-974-3131

*Beginning in 2012-13 Estimated, Economic Incentives Reserve Fund expenditures have been moved to the Global Business Recruitment and Expansion Program.

Economic Development - 2013-14

Economic Development Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
CULTURAL ARTS AND CONTRACTS										
Cultural Development and Contracting Services	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,098,009	10.50
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,098,009	10.50
GLOBAL BUSINESS RECRUITMENT AND EXPANSION										
Global Business Recruitment and Expansion	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$914,496	7.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$914,496	7.00
MUSIC AND ENTERTAINMENT DIVISION										
Music and Entertainment	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$413,463	4.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$413,463	4.00
REDEVELOPMENT										
Redevelopment Services	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,753,635	11.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,753,635	11.00
SMALL BUSINESS DEVELOPMENT										
Program Management	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$645,198	4.50
Program Services	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,442,422	8.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$2,087,620	12.50
SUPPORT SERVICES										
Departmental Support Services	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,661,813	8.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,661,813	8.00
TRANSFERS & OTHER REQUIREMENTS										
Other Requirements	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$3,722,513	0.00
Transfers	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,582,477	0.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$5,304,990	0.00
Total	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$13,234,026	53.00

Economic Development - 2013-14

Austin Energy Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
CULTURAL ARTS AND CONTRACTS										
Cultural Development and Contracting Services	\$991,140	8.50	\$1,071,878	9.50	\$1,142,921	9.50	\$1,027,921	9.50	\$0	0.00
Subtotal	\$991,140	8.50	\$1,071,878	9.50	\$1,142,921	9.50	\$1,027,921	9.50	\$0	0.00
GLOBAL BUSINESS RECRUITMENT AND EXPANSION										
Global Business Recruitment and Expansion	\$1,037,471	7.50	\$711,705	6.50	\$863,967	6.50	\$863,967	6.50	\$0	0.00
Subtotal	\$1,037,471	7.50	\$711,705	6.50	\$863,967	6.50	\$863,967	6.50	\$0	0.00
MUSIC AND ENTERTAINMENT DIVISION										
Music and Entertainment	\$385,417	3.00	\$316,988	2.00	\$339,500	2.00	\$339,500	2.00	\$0	0.00
Subtotal	\$385,417	3.00	\$316,988	2.00	\$339,500	2.00	\$339,500	2.00	\$0	0.00
REDEVELOPMENT										
Redevelopment Services	\$1,205,922	7.00	\$1,512,375	9.00	\$1,643,211	9.00	\$1,703,211	9.00	\$0	0.00
Subtotal	\$1,205,922	7.00	\$1,512,375	9.00	\$1,643,211	9.00	\$1,703,211	9.00	\$0	0.00
SMALL BUSINESS DEVELOPMENT										
Program Management	\$494,594	4.00	\$550,679	4.50	\$621,894	4.50	\$621,894	4.50	\$0	0.00
Program Services	\$1,489,219	8.50	\$1,439,765	8.00	\$1,437,555	8.00	\$1,401,386	8.00	\$0	0.00
Subtotal	\$1,983,813	12.50	\$1,990,444	12.50	\$2,059,449	12.50	\$2,023,280	12.50	\$0	0.00
SUPPORT SERVICES										
Departmental Support Services	\$792,854	7.50	\$993,901	7.50	\$1,113,259	7.50	\$1,113,259	7.50	\$0	0.00
Subtotal	\$792,854	7.50	\$993,901	7.50	\$1,113,259	7.50	\$1,113,259	7.50	\$0	0.00
TRANSFERS & OTHER REQUIREMENTS										
Other Requirements	\$3,290,172	0.00	\$2,925,022	0.00	\$3,113,158	0.00	\$2,628,158	0.00	\$0	0.00
Transfers	\$0	0.00	\$0	0.00	\$1,127,968	0.00	\$1,127,968	0.00	\$0	0.00
Subtotal	\$3,290,172	0.00	\$2,925,022	0.00	\$4,241,126	0.00	\$3,756,126	0.00	\$0	0.00
Total	\$9,686,788	46.00	\$9,522,313	47.00	\$11,403,433	47.00	\$10,827,264	47.00	\$0	0.00

Economic Development - 2013-14

Business Retention and Enhancement Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
GLOBAL BUSINESS RECRUITMENT AND EXPANSION										
Global Business Recruitment and Expansion	\$0	0.00	\$0	0.00	\$250,000	0.00	\$0	0.00	\$250,000	0.00
Subtotal	\$0	0.00	\$0	0.00	\$250,000	0.00	\$0	0.00	\$250,000	0.00
TRANSFERS & OTHER REQUIREMENTS										
Transfers	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,597,797	0.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$0	0.00	\$1,597,797	0.00
Total	\$0	0.00	\$0	0.00	\$250,000	0.00	\$0	0.00	\$1,847,797	0.00

Economic Development - 2013-14

Cultural Arts Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
CULTURAL ARTS AND CONTRACTS										
Cultural Development and Contracting Services	\$4,364,888	0.00	\$5,198,537	0.00	\$6,806,755	0.00	\$6,656,755	0.00	\$7,831,499	0.00
Subtotal	\$4,364,888	0.00	\$5,198,537	0.00	\$6,806,755	0.00	\$6,656,755	0.00	\$7,831,499	0.00
Total	\$4,364,888	0.00	\$5,198,537	0.00	\$6,806,755	0.00	\$6,656,755	0.00	\$7,831,499	0.00

Economic Development - 2013-14

Economic Incentives Reserve Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
GLOBAL BUSINESS RECRUITMENT AND EXPANSION										
Global Business Recruitment and Expansion	\$0	0.00	\$0	0.00	\$0	0.00	\$10,860,537	0.00	\$17,586,855	0.00
Subtotal	\$0	0.00	\$0	0.00	\$0	0.00	\$10,860,537	0.00	\$17,586,855	0.00
TRANSFERS & OTHER REQUIREMENTS										
Other Requirements	\$8,750,338	0.00	\$8,218,177	0.00	\$10,816,271	0.00	\$0	0.00	\$0	0.00
Transfers	\$0	0.00	\$0	0.00	\$981,819	0.00	\$0	0.00	\$0	0.00
Subtotal	\$8,750,338	0.00	\$8,218,177	0.00	\$11,798,090	0.00	\$0	0.00	\$0	0.00
Total	\$8,750,338	0.00	\$8,218,177	0.00	\$11,798,090	0.00	\$10,860,537	0.00	\$17,586,855	0.00

Economic Development - 2013-14

Music Loan Program Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
MUSIC AND ENTERTAINMENT DIVISION										
Music and Entertainment	\$0	0.00	\$272,922	0.00	\$25,892	0.00	\$10,000	0.00	\$10,000	0.00
Subtotal	\$0	0.00	\$272,922	0.00	\$25,892	0.00	\$10,000	0.00	\$10,000	0.00
Total	\$0	0.00	\$272,922	0.00	\$25,892	0.00	\$10,000	0.00	\$10,000	0.00

Economic Development - 2013-14

Music Venue Assistance Program Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
MUSIC AND ENTERTAINMENT DIVISION										
Music and Entertainment	\$0	0.00	\$39,493	0.00	\$248,000	0.00	\$60,000	0.00	\$210,000	0.00
Subtotal	\$0	0.00	\$39,493	0.00	\$248,000	0.00	\$60,000	0.00	\$210,000	0.00
Total	\$0	0.00	\$39,493	0.00	\$248,000	0.00	\$60,000	0.00	\$210,000	0.00

Economic Development - 2013-14

Section 108 Family Business Loan Program Fund

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
SMALL BUSINESS DEVELOPMENT										
Program	\$0	0.00	\$70	0.00	\$3,000,000	0.00	\$908,284	0.00	\$2,096,458	0.00
Services										
Subtotal	\$0	0.00	\$70	0.00	\$3,000,000	0.00	\$908,284	0.00	\$2,096,458	0.00
TRANSFERS & OTHER REQUIREMENTS										
Transfers	\$0	0.00	\$0	0.00	\$98,688	0.00	\$15,087	0.00	\$95,188	0.00
Subtotal	\$0	0.00	\$0	0.00	\$98,688	0.00	\$15,087	0.00	\$95,188	0.00
Total	\$0	0.00	\$70	0.00	\$3,098,688	0.00	\$923,371	0.00	\$2,191,646	0.00

Economic Development - 2013-14

Expense Refunds

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
CULTURAL ARTS AND CONTRACTS										
Cultural Development and Contracting Services	\$114,788	0.00	\$120,195	0.00	\$75,000	0.00	\$190,000	0.00	\$276,369	0.00
Subtotal	\$114,788	0.00	\$120,195	0.00	\$75,000	0.00	\$190,000	0.00	\$276,369	0.00
REDEVELOPMENT										
Redevelopment Services	\$0	0.00	\$0	0.00	\$60,000	0.00	\$0	0.00	\$250,000	0.00
Subtotal	\$0	0.00	\$0	0.00	\$60,000	0.00	\$0	0.00	\$250,000	0.00
Total	\$114,788	0.00	\$120,195	0.00	\$135,000	0.00	\$190,000	0.00	\$526,369	0.00

Economic Development - 2013-14

Grants

	2010-11 Actual	2010-11 FTE	2011-12 Actual	2011-12 FTE	2012-13 Amended	2012-13 FTE	2012-13 Estimated	2012-13 FTE	2013-14 Approved	2013-14 FTE
CULTURAL ARTS AND CONTRACTS										
Cultural Development and Contracting Services	\$75,669	0.00	\$108,476	0.00	\$22,984	0.00	\$108,476	0.00	\$105,000	0.00
Subtotal	\$75,669	0.00	\$108,476	0.00	\$22,984	0.00	\$108,476	0.00	\$105,000	0.00
Total	\$75,669	0.00	\$108,476	0.00	\$22,984	0.00	\$108,476	0.00	\$105,000	0.00



Economic Development Department - City of Austin

The City of Austin **Economic Development Department (EDD)** develops and leads the innovative programs that increase the prosperity of Austin's citizens, our businesses, and our diverse neighborhoods.

We build programs that create a better future for all Austinites.
We help Austin's businesses and entrepreneurs reach their full potential.
We revitalize, energize and uplift Austin's diverse local communities and neighborhoods.

Numerous programs of the City's Economic Development Department work to provide equal opportunities to all. Within these programs there are a myriad of ways EDD supports, encourages, and invests in local creatives, entrepreneurs and job creation. Below is a list of *some* of the most pertinent EDD programs and projects:



Cultural Funding

Utilizing the arts portion of the Hotel Occupancy Tax, EDD contracts for services to over 200 nonprofit arts organizations and sponsored individual artists. In this current fiscal year (October 1, 2014-September 30, 2015) the Cultural Funding Program is managing 240 nonprofit contractors. Of these, 28, or 16.05%, self-identified as minority. The total allocation to all contractors was \$7,944,327. Listed below are some of the minority contractors:

- **Austin Community Steelband** - Committed to sharing the joys of steelpan with the Citizens of Austin of all ages, incomes and cultural backgrounds with a special emphasis on reaching at-risk youth. Received 2 funding contracts through the Core and Cultural Expansion Program.
- **Austin Creative Alliance/Cosmic Intuition Productions** - The mission of the Austin Creative Alliance is to advance, connect and advocate for Austin's arts, cultural, and creative communities in order to strengthen and protect the character, quality of life, and economic prosperity of our region.
- **Austin Visual Arts Association** - A nonprofit service organization for 36 years - the Austin Visual Arts Association is one of the oldest visual arts organizations in Austin.
- **Ballet East/UpRise! Productions** - UpRise! transcends the confines of difference through a multidisciplinary performing arts group that aims to affect social change through performance and empowerment education.
- **Lannaya West African Drum and Dance Ensemble** - dedicated to performing, teaching and celebrating drum and dance of the African diaspora. Received 2 funding contracts through the Core and Cultural Expansion Program.
- **Women in Jazz** - provides Women in Jazz Concert Series and Vocal Performance Workshops for performance opportunities and experiences of professional and amateur jazz vocalists in the Austin metropolitan area.

Visual Arts Programming

Art in Public Places Program whereby 2% of individual City of Austin Capital Improvement Projects budget for artist-architectural enhancement projects.

The People's Gallery at City Hall - Largest visual arts annual exhibition in Austin featuring works by Austin-area artists.

Faces of Austin - Programming featuring short films by local filmmakers on a variety of subjects.

Music Programming

ATX Music Industry Census & Needs Assessment Survey is a comprehensive economic development study of Austin's music industry and its workers

Dub Academy offers 500 deserving teens from the greater Austin area free music classes

HOPE FM Live! First Sundays a broad range of live music programming at Plaza Saltillo

ListentoAIR launched as an online music streaming service to benefit Austin independent artists and listeners worldwide. ListentoAir.com generates distribution channels for independent artists to sell their digital and recorded music. The mobile app spawned from the success of the AIR web site, which currently has launched over 750,000 streams in over 45 countries.

Austin Music Memorial Annual Induction - The Music Memorial builds a living legacy that threads the past to the present in Austin's musical heritage, and serves as an annual event that unites Austin's citizens in a celebration of our unique culture and the people who have created it. EDD facilitates the musician selection and produces the annual induction ceremony that honors deceased local music legends that had a unique and significant impact on Austin's music community.

Special Events & Projects

Creative Sector Needs Assessment - Comprehensive study looking at the support structures needed for Austin's Nonprofit Arts and Cultural Organizations and Individual Creatives to perform at their optimum level and to build their capacity. Assessment study will identify support structure needs; identify service gaps between the support structures services needed and those provided by Austin nonprofit service providers; and develop a report of findings and set of recommendations for implementing support and capacity building services and structures, and professional development opportunities, to be developed and delivered by the City over time. A similar needs assessment study for small businesses (including the for profit creative industries) is being completed.

Mapping Austin's Cultural Resources - With support from the National Endowment for the Arts, EDD will be embarking on a mapping project to identify Austin's cultural assets across the City using GIS mapping and community vetting to identify hyperlocal neighborhood assets. The GIS information will be added to the City's online data system and viewing tool in order to make informed decisions regarding planning, analyses, and investments. The project will produce a set of maps, a Findings Report and short list of Cultural Economic Development Strategies keyed to the individual newly formed Council Districts.

Workforce Development

In the realm of workforce development, the Economic Development Department invests \$1,480,650 annually into Capital Idea and another \$437,833 annually into Skillpoint Alliance. Both organizations focus on providing the skills and education to move the Austin workforce from low-paying jobs to higher paying jobs. Investments in both organizations provide the local talent needed by existing and incoming companies so that external recruitment of talent becomes a second choice.

Workforce development investments by the Economic Development Department include the following:

Capital IDEA - Funded through EDD through a Workforce Development Contract, Capital IDEA helps low-income adults gain college degrees. In their 15 years of operation, over 1,000 adults have earned degrees in areas such as Registered Nursing, Network Administration, Respiratory Therapist, Medical Lab Technologist, Pharmacy Technician, and more. On average, 800 low-income students are enrolled in college courses; with approximately 80 graduates per year. Average starting salary of graduates is \$40,000 per year.

SkillPoint Alliance - Funded through EDD through a Workforce Development Contract, SkillPoint Alliance helps low-income and out-of-work adults get technical training or gain computer proficiency skills to increase competitiveness in today's job market. Approximately 260 participants per year participate in their 6-week technical *Gateway* training program. For the *Gateway* program, in addition to poverty considerations; former offenders, veterans, homeless, and currently incarcerated youth are also served. The majority of *Gateway* students are under 30, unemployed, former offenders, in poverty, and suffering from low self-esteem. Working to launch Gateway, Empower and Velocity Prep programs within the Reagan High School vertical pattern; Skillpoint will look to specifically target 78752 and 78723 zip codes.

Take it to the Next Level Program - Ongoing initiative of workshops, speaker series, and webinars to provide capacity building and professional development to the creative sector.

Urban Artist Development - partnership with Capitol View Arts to offer vocational training, seminars, and networking opportunities specifically targeted to the needs of urban artists to help them monetize their careers and reduce underemployment.

Artist Inc. - Up to 25 local artists, chosen by a selection panel, participated in an 8-week training program that will enhance their business and entrepreneurial skills

Ongoing work with the Asian, Hispanic, and **Black Ethnic Chambers of Commerce** and the Austin communities and countries they represent. EDD currently funds the Black Chamber of Commerce \$171,000.

BONUS - Austin / Mexico Creative Sector Development - EDD staff is working with the organizers of BONUS Creative Week in Mexico, representatives of Mexico's regional and federal governments, and representatives of various educational and industry trade associations in Mexico, to find ways to enhance creative sector business and cultural opportunities between Austin and Mexico

Texas Enterprise Zone Program - an economic development tool for municipalities to partner with the State of Texas to promote job creation and capital investment by providing designated projects eligibility for state sales and use tax refunds on qualified expenditures. In exchange for State incentives, companies must agree to hire either 25% or 35% of its new jobs or replaced jobs with economically-disadvantaged workers or workers who reside in the enterprise zone itself. The complete list of [Texas Enterprise Zone Program](#) projects can be found on the City's Data Portal.

Financing Opportunities

Business Retention and Enhancement Program - Supports the re-establishment of Congress Avenue and East 6th Street as retail and urban entertainment destinations by providing low-interest loans.

Creative Content Incentive Program - Program will increase Austin's competitive advantage for bringing film, television and digital media projects to Austin. Production projects will be eligible for an incentive equal to 0.5%-0.75% of the wages paid to local workers.

Family Business Loan Program - Created in 2012 with a \$3 million Department of Housing and Urban Development Grant as a public-private partnership between the City of Austin Economic Development, the U.S. Department of Housing and Urban Development, and local banks. The program created a low-interest loan pool and requires borrowers to create one job for every \$35,000 borrowed' 51% of individuals hired must be deemed low to moderate income as defined by federal levels.

Micro Loan Program - An alternative financing option for qualified borrowers characterized by smaller dollar amounts in order to meet the relatively modest needs of business in the early stages of growth.

Music Venue Assistance Program - Created to support our valuable music industry, and to reduce sound complaints. This program offers low interest micro loans to qualifying establishments for the purpose of enhancing the sound quality of indoor and outdoor venues, while reducing sound impact to neighboring uses.

Industrial Revenue Bonds - Through the Austin Industrial Development Corporation, this program is used to issue bonds to finance all or part of the cost of commercial, industrial, or manufacturing projects to promote and develop commercial, industrial, and manufacturing enterprises in support of employment.

Small Business & Community Economic Opportunity

The Economic Development Department invests \$617,500 annually into three of the four Austin Technology Incubators (ATI), a program of The University of Texas at Austin (UT) IC2 Institute. Funding for the Clean Energy, Bio/Health Sciences, and IT/Wireless incubators is critical for developing industry clusters in each of these areas. ATI provides strategic counsel, operational guidance, and infrastructure support to its member companies to help them transition into successful, high growth technology businesses. A March 2014 report by UT's Bureau of Business Research concluded that between 2003 and 2012, ATI graduate companies created more than 6,520 direct and indirect jobs, and produced more than \$20 million in local revenue.

The Economic Development Department invests \$679,750 annually into the Greater Austin Asian Chamber of Commerce, the Greater Austin Black Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, and the Austin Gay and Lesbian Chamber of Commerce. The chambers of commerce help to develop local businesses by providing them access to skills and business opportunities for growing and expanding.

The Economic Development Department invests \$350,000 annually into the Opportunity Austin program. This regional economic development program is aimed at fostering job-creating investment in the Austin region. Opportunity Austin markets Austin as a desired business location and provides access to data, site information, and talent information for companies interested in locating or expanding in Austin.

Other small business investments and community investments include the following:

Business Education - Classroom training for local, small businesses on a variety of business topics through a partnership with UT. Classes are taught by UT Adjunct Professors.

Business Solutions Center - A technology center located on the 1st floor of One Texas Center that provides small business owners with access to online business research tools. The Business Solutions Center also provides “How To” and “Where To Go” information, and serves as a portal to City services for small businesses.

BizOpen - Helps small business owners navigate the City’s complex development and permitting processes. BizOpen offers one-on-one assistance and an overview class on the City’s development process.

Business District Incubator - This new program is being rolled out to provide support and enhancement to Austin’s commercial corridors in challenged areas to enhance the viability of commercial clusters, promote local job creation, and provide neighborhoods greater access to retail and services.

Global Business Matching Program - Leading over 184 visiting international delegations during fiscal year 2014-15. The majority of these delegations sought business introductions and collaborative opportunities with local companies or educational/cultural organizations. A short list of the business delegations include: young entrepreneurs from Argentina; photovoltaic delegation from Brazil; ICT from Chile; Power Market Management Systems Group from Columbia; oil and gas industry representatives from Mexico; and digital media industry representatives from Spain.

International Events Calendar - The growth of diversity in Austin’s community drives the need for a comprehensive calendar, which provides a resource for individuals interested in exploring our numerous global, cultural, and educational and business offerings. As a result, a partnership with GlobalAustin was established to create Austin’s International Events Calendar: www.internationalaustin.org.

Getting Connected - This free annual event provided nearly 700 entrepreneurs with access to classes, panel session, one-on-one assistance. Guidance on topics such as business planning, funding, networking, accounting and business law are covered.

LocallyAustin.org - This online map allows residents and visitors the tool to discover the many locally-owned, small businesses that give Austin its treasured and unique character. This resource will assist Black, Hispanic, Asian businesses with marketing. LocallyAustin.org gives locally-owned, small businesses a greater presence online, increasing their chances of attracting customers.

Technical Assistance - This service provides one-on-one coaching and technical assistance with starting a business, writing a business plan, developing a marketing plan, basic financial management and preparing to apply for a business loan.

BONUS - Austin / Mexico Creative Sector Development - The Economic Development Department is working with the organizers of BONUS Creative Week in Mexico, representatives of Mexico's regional and federal governments, and representatives of various educational and industry trade associations in Mexico to find ways to enhance creative sector business and cultural opportunities between Austin and Mexico.

Areas of Opportunity

Advanced Manufacturing, Distribution and Logistics - Austin sits on the I-35 NAFTA Corridor and this creates an opportunity to grow and recruit companies. The Economic Development Department (EDD) is stepping forward with a plan that has a strong focus on creating opportunities for a growing economically disadvantaged population - including the Advanced Manufacturing, Distribution & Logistics target industries. These are three inter-laced industries that support an industrial cluster with good wages and basic educational requirements that fit well with traditionally hard-to-employ segments of the labor force. Austin has had great success in developing the Advanced Manufacturing industry as evidenced by Samsung, Spansion, Applied Materials, and a list of other design centers and manufacturers. And although the Distribution & Logistics does not currently have strong infrastructure in place, the relatively longer time-horizon with which the Economic Development Department operates identified it as a critical underpinning for a modern economy and future and seeks to develop the industry. Opportunity Austin 3.0 now recognizes tech manufacturing as a desired objective.

Industrial and Logistics Expansions offer the good jobs that people without college degrees need. Manufacturing and distribution companies also are more likely to hire the formerly incarcerated. We target expansions of technology manufacturing, recycling manufacturing, general manufacturing, logistics and distribution companies in order to diversify our economy and to increase home ownership among people in poverty. HID Global, Apple, Samsung are companies that have been offered performance-based contracts to expand in Austin as a result of this strategy. Our current portfolio of incentives includes 380 Agreements with matching State dollars, the Texas Enterprise Zone Program which refunds sales taxes to companies (requires 25% - 35% hiring of disadvantaged workers), and the Triple Freeport Tax Exemption which applies to products that leave the state in 175 days in the Del Valle, Leander, Pflugerville, or Manor School Districts. To this portfolio we are adding Industrial Revenue Bonds as a financial incentive to companies expanding their operations in Austin. December 11, 2014 City Council activated the Austin Industrial Development Corporation to allow the Department to begin offering companies industrial revenue bonds. The authorization had been inactive for 30 years. This State of Texas program provides tax-exempt financing to manufacturing companies. These industrial revenue bonds will also be used to recruit companies to the Austin [Re]Manufacturing Hub (developed in partnership with Austin Resource Recovery). Also underway is the Eco Industrial Park. These 100 acres at the former city landfill is projected to create up to 1,250 jobs in the recycling and reuse sector. See complete list of [Texas Enterprise Zone Program](#) projects. Also see our complete list of [Chapter 380 performance-based agreements](#).

The new **Dell Medical School, Seton Teaching Hospital and Innovation Zone** offer an estimated 15,000 job opportunity. In the emerging cluster industry of care giving and the creation of the medical school we see opportunities for the rapidly growing Hispanic business community and traditionally

black college, Huston Tillotson University to grow the medical curriculum with the ultimate goal of a stand-alone black medical school associated with the University of Texas medical school. This is modeled on the Emory University School of Medicine in Atlanta, Georgia. The benefit to using cultural diversity is the strength it generates as an alloy binding old and new ideas and perspectives into a stronger and broader Austin marketplace. 2015 research indicates that the top category of 2014 available jobs (36,000) are those in the nursing and care giving careers.

Soul-y Austin City-wide Commercial Regeneration Program - Merchants Challenge - Several Black or formerly Black Commercial areas are in the pipeline for the Merchants Challenge initiative. The City of Austin recognizes the significance and role that vibrant local commercial districts and corridors with a range of retail, restaurants and community responsive services have in creating socially and economically healthy neighborhoods. These commercial areas offer many benefits to our community including job creation, generation of sales tax and sales revenue, provide convenient access to healthy food, goods and services, support small business prosperity and importantly foster the sense of place that of our Austin neighborhoods have. Importantly Soul-y Austin presents opportunity to increase minority business success and further the imagine Austin's goal of becoming a compact and connected city. One element is increasing and promoting pedestrian, bicycle and transit friendly places that foster a sense of place and increase access to opportunity for residents and businesses. Soul-y Austin supports and provides a flexible set of tools to assist in the formation of Merchants Association who can serve as the anchors and leaders for beautification efforts, marketing and promotions, and business retention and development.

The program is positioned to develop a set of tools that may assist in infrastructure repairs, streetscape improvements, and on-going maintenance of these commercial areas that contribute to the local economy. The Merchants Challenge will be voluntary and competitive and is modeled on successful programs in Oklahoma City, Seattle and New York City.

Commercial areas seeking to participate will be analyzed by considering area commercial and residential demographics, retail market analysis and consideration of areas with higher concentrations of poverty or unemployment. Commercial areas will be supported with Family Business, Music Venue and Micro Loans as well as assistance with permitting or zoning items through the Small Business BizAid Program. The Commercial Regeneration Program will also support the efforts by the Cultural Arts Division and the mapping of art and cultural assets citywide through a \$265,000 American Art grant. Creative space development and programming in merchant areas throughout the city will bind neighborhoods and business hubs into civic urban villages - walkable homes for living and working. Business areas seeking to participate will be evaluated by the "Envision Tomorrow" ROI software and the number of merchants agreeing to participate. Consideration will be given to business areas with higher poverty and unemployment, those scoring high in job creation, local expansions, and net new taxes generated. The latter being relevant should the Merchants Associations desire to form self-funded public improvement districts. Selection will be performance based with the goal of having Merchants Associations in every Council District within 3 - 5 years.

Einstein Project (City of Austin Economic Development): In cooperation with the UT Ray Marshall Center, IC², AISD, other school districts, and other non-profit organizations focused on STEM, we will explore a program focused on ramping up STEM education for kids in school, particularly kids in poverty. We will be investigating the top 20 technology professions of the future, and we will identify curriculum strategies that can influence the paths to these careers. The goal will be to develop the

next generation of Einstein's right here from Austin that can compete for high-paying tech jobs with the influx of talent being attracted to Austin today. The desired outcome is to break the cycle of poverty using a targeted education program.

City of Austin Chapter 380 Performance-Based Contracts Policy

CITY OF AUSTIN, TEXAS

MARCH 2015

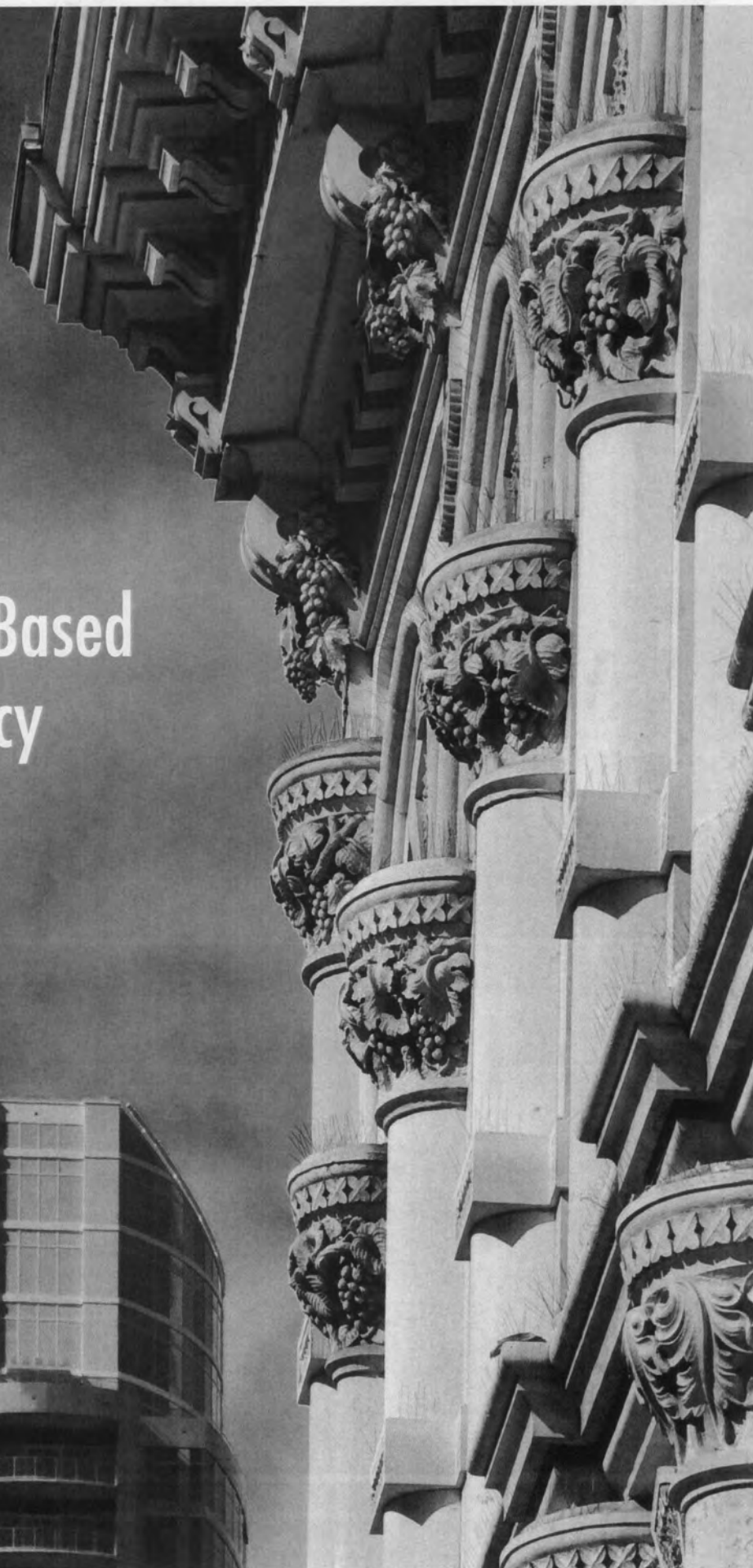


Table of Contents



A Drive to Rebound: The Genesis of Austin's Economic Development Policy	3
Austin's Economic Development Approach: Investments in Local Assets	7
Local and National Recognition for a Distinctive Economic Development Program	13
Targeting Traditional Industry Sectors and Growing New Industry Sectors	15
Chapter 380: Investing in the Future of Austin	21
A Process Built on Safeguarding Austin's Resources	25
The Best Practices for Transparency Are in Austin, Texas	29
Leveraging Austin's Economic Success To Solve Long-Standing and Growing Economic Challenges	32
Value to the Austin Community	33

A Drive to Rebound The Genesis of Austin's Economic Development

THE 2001 TECHNOLOGY RECESSION, THE LOSS OF JOBS, AND THE FINANCIAL IMPACT TO THE CITY OF AUSTIN

The creation of the City's Economic Development Department dates back to 2001 with the creation of the Mayor's Taskforce on the Economy ("Taskforce") and the appointment of (then) Council Members Will Wynn and Betty Dunkerley as co-chairs of the Taskforce. Prior to the 2001 national recession and the dot.com bust, Austin witnessed significant increases in home prices, average wages, and new jobs created. And, Austin was riding high on the rankings bestowed by Forbes Magazine, the Milken Institute, and others. This wave of economic prosperity broke quickly following a high-tech industry downfall that resulted in 17,000 local technology jobs being eliminated and huge losses in the stock market that reduced the worth of local publicly-traded companies. By January 2003, the city's unemployment rate ballooned to 6.2 percent from a historic low in November 2000 of 1.8 percent.



The resulting impact pushed city of Austin sales tax collections deep into negative decline. The City's dire financial condition was summed up best in the July 29, 2004 proposed fiscal year 2004-2005 budget presentation that elaborated on the following:

- For fiscal year 2002-2003, Austin had to close a \$54 million budget gap resulting in reductions to the General Fund of over \$31 million.
- For fiscal year 2003-04, \$38.2 million in General Fund reductions were made.
- And, for fiscal year, 2004-2005, an additional \$19.4 million in reductions was needed to close the gap between revenues and expenses.¹

¹ "City of Austin Proposed Budget for Fiscal Year 2004-05" presentation by City Staff, July 29, 2004.

Austin's economic growth prior to 2001 quickly turned into economic recession, with no clear plan for the future and significant cuts to General Fund programs implemented.

A COMMUNITY FOCUSED ON ECONOMIC DEVELOPMENT TO SHORE UP AUSTIN'S ECONOMY

In November 2002, Council members Wynn and Dunkerely, together with Jon Hockenyos, a local economist and principal of Texas Perspectives, Inc. (TXP), and Bill Hudnot, former Mayor of Indianapolis, Indiana and Senior Fellow at the Urban Land Institute, presented recommendations for a comprehensive economic action plan. At the Council work session, Hockenyos presented his white paper, "Austin's Economic Future: The Intersection of Innovation, Creativity, and Quality of Life"². The white paper provided insight into Austin's economic rise and subsequent fall. In the white paper, Hockenyos outlined Austin's assets that should be seized upon and how Austin could utilize those assets in a New Economy driven by innovation, continuous learning, and adaptation. He noted that Austin's embedded strengths of creativity, innovation and entrepreneurship should be put to use in this New Economy that drives long-term economic success to places that are rich in ideas, filled with talented and educated people, exude physical and cultural amenities, and embody the ability to learn and adapt.

However, as Hockenyos noted in the paper,³ Austin lacked a singular organization that assumed the responsibility for all the factors that would contribute to the City's long-term development of the local economy. He pointed out that the city was in a position to directly influence the local economy by focusing on three specific areas: traditional recruitment and retention, small business and entrepreneurship, and cultural vitality.

At their November 2002 work session, Council Members Wynn and Dunkerley, presented four (4) recommendations of the Taskforce requesting the City Manager to do the following:

1. Participate in and support three task force subcommittees (Traditional Recruitment and Retention, Small Business and Entrepreneurship, and Cultural Vitality);
2. Review the adequacy of the organizational structure for supporting economic development activities;
3. Establish a program honoring businesses and companies that make important quality of life and job contributions to Austin; and
4. Present a quarterly economic report for the city. These recommendations were accepted in a subsequent Council meeting.

Between November 2002 and April 2003, the Taskforce created and convened the three subcommittees to develop recommendations for a comprehensive economic development initiative. The three subcommittees were comprised of city staff, consultants, and 62 individuals representing local businesses, arts organizations, university officials, bankers, city staff, economists, venture capitalists, the Texas Governor's economic development staff, local chambers of commerce, local workforce development agencies, Liveable City, and Capital IDEA.

² "Austin's Economic Future: The Mayor's Taskforce on the Economy Subcommittee Findings", prepared for the City of Austin, April 9, 2003.

³ Page 13, "Austin's Economic Future: The Intersection of Innovation, Creativity, and Quality of Life", Jon Hockenyos, Texas Perspectives, Inc., November 20, 2002.

Participants were divided into subcommittees focused on traditional industries, small business, and cultural vitality. The participants focused on how Austin could leverage its strengths of innovation, creativity, and entrepreneurship and direct and indirect roles the city of Austin should take in leveraging these strengths to ensure that the local economy thrives in a global marketplace. The subcommittee's recommendations were compiled into a report, "The Mayor's Taskforce on the Economy: Subcommittee Findings"⁴, which led to the comprehensive economic development initiative and economic development policy in use today, including the first divisions that would comprise the Economic Development Department (small business development, cultural arts, and business retention & recruitment).

On June 12, 2003, the Austin City Council approved a resolution⁵ for a comprehensive Economic Development Program for the City of Austin. The resolution authorized the City Manager to take the necessary actions, including administrative changes, to implement the Economic Development Program. Then, on October 28, 2004, the Austin City Council adopted the Firm-Based Matrix⁶, which is the scoring mechanism used to determine whether a Chapter 380 performance-based contract should be provided or not for business recruitments. Austin now had a comprehensive economic development program focused on business recruitment and retention, cultural vitality, and small business and entrepreneurship. This three-pronged approach was fully supported by the Austin City Council. And, the focus on economic development and job creation was in alignment with newly elected Mayor Will Wynn's top priority of job creation.

Austin's Economic Development Policy and Program are much more than using performance based agreement for job creation – it is a comprehensive approach toward developing a sustainable local economy.

"The biggest threat to the economy is for the city to do nothing at a time when some of our brightest and best-trained workers are unemployed. That would be a horrible signal. The budget shortfall has actually inspired us to get back to the table with regard to economic development. One of the reasons why we're having to reinvent the city's economic strategy is because the city didn't need one until recently."

- May 18, 2003, Mayor-Elect Will Wynn in an interview with the Austin Business Journal.

⁴ "Austin's Economic Future: The Mayor's Taskforce on the Economy Subcommittee Findings", prepared for the City of Austin, April 9, 2003.

⁵ Austin, Texas City Council Resolution No. 030612-15.

⁶ Austin, Texas City Council Resolution No. 041028-3.

BUILDING THE ECONOMIC DEVELOPMENT DEPARTMENT

Austin's Economic Development Department is much more than using performance-based agreement for job creation. The Taskforce leaders utilized a cross-section of community interests to develop recommendations that leveraged Austin's key economic strengths. The diverse representation of workforce development, state agency, college and university, small business, civic organizations, cultural arts, banking, corporate, technology, parks, minorities, artists, and arts institutions ensured that the strengths of Austin's economy would receive increased investment as part of this new economic future. The foundation for a collaborative innovation platform was created. The next key step for Austin was to develop a centralized department that took primary responsibility for implementing the Economic Development Program.

The City's Economic Development Department started as the Redevelopment Services Office and was created through adoption of the City's fiscal year 2001-02 budget. Austin Energy, which is the city's wholly-owned electric utility, funded the Redevelopment Services Office with a \$4.2 million transfer into the city's Economic Development Fund. The benefit to Austin Energy was continued growth in its service area through the attraction of new business and encouragement of local businesses to expand.⁷ The Redevelopment Services Office was to work with primary employers that want to relocate to Austin as well as plan for downtown development and the redevelopment of the former Robert Mueller Airport property.⁸

For fiscal year 2002-03, the department name changed to Economic Growth and Redevelopment Services Office to reflect not only a focus on redevelopment, but also a focus on business growth and sensitivity to maintaining Austin's cultural identity. One (1) position was transferred from the Parks and Recreation Department for the "Austin Sense of Place and Cultural Identity" activity. The purpose of the activity was to enrich and enliven public spaces in the downtown area in order to attract new residents, businesses, and visitors.⁹ On March 6, 2003, the Austin City Council amended the fiscal year 2002-03 budget to create the Cultural Arts Program within the department for this purpose.¹⁰

With the June 12, 2003 approval by Austin City Council of a new three-pronged approach to economic development, the Small Business Development activity from the Department of Small and Minority Business Resources was moved into the Economic Development Department as part of the fiscal year 2003-04 budget. Additionally, the fiscal year 2003-04 budget included a formal "Cultural Arts Division" within the department.¹¹ The adoption of the fiscal year 2004-05 budget for the department marked the final action to fully assemble the full economic development program as envisioned by the Taskforce. A formal Music Division component was added as part of the fiscal year 2009-10 budget. The department now has a team focused on the economic diversity and well being of the city from the vantage points of traditional industries, redevelopment, small business development, and the creative industries sectors of cultural arts, music, film, and digital media.

From the beginning of the department through today, the City's focus for economic development has been to leverage Austin's strengths to support job creation and economic resilience. No other economic development agency in Austin invests more dollars into the local economy than does the Economic Development Department.

⁷ City of Austin, Texas Fiscal Year 2000-01 Adopted Budget, Volume IV, Page 128.

⁸ City of Austin, Texas Fiscal Year 2000-01 Adopted Budget, Volume IV, Page 135.

⁹ Austin, Texas City Council Ordinance No. 030603-07.

¹⁰ "2003-2004 Proposed Budget Presentation", a presentation by City Staff for the Austin, Texas City Council, August 28, 2003.

¹¹ "2003-2004 Proposed Budget Presentation", a presentation by City Staff for the Austin, Texas City Council, August 28, 2003.

Austin's Economic Development Approach: Investments in Local Assets

Unlike most economic development organizations in cities across the country, Austin's Economic Development Department is focused on several pillars of the local economy. The multi-faceted strategy is focused on traditional business recruitment, international trade and exporting, small business development, creative industries such as arts, music, and film, and catalytic redevelopment of blighted or underutilized City properties. Defining economic development as supporting Austin's core strengths allows for a comprehensive approach toward developing a sustainable local economy.

CULTURAL FUNDING & VISUAL ART PROGRAMMING

Utilizing the arts portion of the Hotel Occupancy Tax, the Economic Development Department contracts for services to over 200 local nonprofit arts organizations individual artists. In this current fiscal year (October 1, 2014-September 30, 2015), the Cultural Funding Program is managing 240 nonprofit contractors. Of these, 28, or 16.05%, self-identified as minority. The total allocation to all contractors was \$7,944,327. Of that amount, \$1,275,098 was allocated to the 28 self-identified minority contractors. Listed here are some of the minority contractors:

- **Mexic-Arte Museum** - The official Mexican-American Museum of the State of Texas. Amongst numerous exhibitions and activities, they also present the Viva la Vida Fest on the Dia de los Muertos holiday.
- **Cine las Americas** - Produce an annual international Latino film Festival.
- **Austin Latino Music Association** - Showcase Latino musicians from different genres and present the Idolos del Barrio awards.
- **Johnny Degollado** - Conjunto musician who also produces a conjunto festival.
- **Ballet East** - Showcase the work of Latino choreographers.
- **Puerto Rican Folkloric Dance Company** - The only such dance company in the Southwest, showcasing the dance and culture of Puerto Rico.
- **Teatro Vivo** - Present Latino plays and the Austin Latino New Play Festival.

MUSIC PROGRAMMING

ATX Music Industry Census & Needs Assessment Survey is a comprehensive economic development study of Austin's music industry and its workers.

Dub Academy offers 500 deserving teens from the greater Austin area free music classes.

HOPE FM Live! First Sundays encompasses a broad range of live music programming at Plaza Saltillo.

ListentoAIR launched as an online music streaming service to benefit Austin independent artists and listeners worldwide. ListentoAir.com generates distribution channels for independent artists to sell their digital and recorded music. The mobile app spawned from the success of the ListentoAIR web site, which currently has launched over 750,000 streams in over 45 countries.

Austin Music Memorial Annual Induction - The Music Memorial builds a living legacy that threads the past to the present in Austin's musical heritage, and serves as an annual event that unites Austin's citizens in a celebration of our unique culture and the people who have created it. The Economic Development Department facilitates the musician selection and produces the annual induction ceremony that honors deceased local music legends that had a unique and significant impact on Austin's music community.

WORKFORCE DEVELOPMENT

In the realm of workforce development, the Economic Development Department invests \$1,480,650 annually into Capital Idea and another \$437,833 annually into Skillpoint Alliance. Both organizations focus on providing the skills and education to move the Austin workforce from low-paying jobs to higher paying jobs. Investments in both organizations provide the local talent needed by existing and incoming companies so that external recruitment of talent becomes a second choice.

Other workforce development investments by the Economic Development Department include the following:

Take it to the Next Level Program - Ongoing initiative of workshops, speaker series, and webinars to provide capacity building and professional development to the creative sector.

Urban Artist Development - partnership with Capitol View Arts to offer vocational training, seminars, and networking opportunities specifically targeted to the needs of urban artists to help them monetize their careers and reduce underemployment.

Artist Inc. - Up to 25 local artists, chosen by a selection panel, participated in an eight-week training program that will enhance their business and entrepreneurial skills.

ECONOMIC DEVELOPMENT'S INVESTMENT PORTFOLIO IS AS DIVERSE AS THE CITY WE SERVE:

Allocates **\$7,944,327 TO 240 NONPROFIT CONTRACTORS** through Cultural Funding Program

Launched **750,000 STREAMS** with Austin independent artists through Music Programming partnership with ListentoAIR to **LISTENERS IN 45 COUNTRIES WORLDWIDE.**

Invests **\$1,918,483 IN CAREER AND OCCUPATIONAL TRAINING** services annually, providing the skills and education to move the Austin workforce from low-paying jobs to higher paying jobs.

Invests **\$308,750 ANNUALLY FOR FUNDING BIO/HEALTH SCIENCES AND WIRELESS INCUBATORS** that are critical for developing industry clusters in each of these areas.

Invests **\$679,750 ANNUALLY INTO MINORITY CHAMBERS OF COMMERCE** that help to develop local businesses by providing them access to skills and business opportunities for growing and expanding.

Invests **\$350,000 ANNUALLY INTO OPPORTUNITY AUSTIN, THE REGIONAL ECONOMIC DEVELOPMENT PROGRAM** that is aimed at fostering job-creating investment in the Austin region.

SMALL BUSINESS & COMMUNITY ECONOMIC OPPORTUNITY

The Economic Development Department invests \$617,500 annually into three of the four Austin Technology Incubators (ATI), a program of The University of Texas at Austin (UT) IC² Institute. Funding for the Clean Energy, Bio/Health Sciences, and IT/Wireless incubators is critical for developing industry clusters in each of these areas. ATI provides strategic counsel, operational guidance, and infrastructure support to its member companies to help them transition into successful, high growth technology businesses. A March 2014 report by UT's Bureau of Business Research concluded that between 2003 and 2012, ATI graduate companies created more than 6,520 direct and indirect jobs, and produced more than \$20 million in local revenue.¹²

The Economic Development Department invests \$679,750 annually into the Greater Austin Asian Chamber of Commerce, the Greater Austin Black Chamber of Commerce, the Greater Austin Hispanic Chamber of Commerce, and the Austin Gay and Lesbian Chamber of Commerce. The chambers of commerce help to develop local businesses by providing them access to skills and business opportunities for growing and expanding.

The Economic Development Department invests \$350,000 annually into the Opportunity Austin program. This regional economic development program is aimed at fostering job-creating investment in the Austin region. Opportunity Austin markets Austin as a desired business location and provides access to data, site information, and talent information for companies interested in locating or expanding in Austin.

Other small business investments and community investments include the following:

Business Education - Classroom training for local, small businesses on a variety of business topics through a partnership with UT. Classes are taught by UT Adjunct Professors.

Business Solutions Center - A technology center located on the 1st floor of One Texas Center that provides small business owners with access to online business research tools. The Business Solutions Center also provides "How To" and "Where To Go" information, and serves as a portal to City services for small businesses.

¹² March 15, 2014 news release by The University of Texas at Austin, "AustinTechnology Incubator Generates Thousands of Jobs and Millions in Economic Impact".

BizOpen - Helps small business owners navigate the City's complex development and permitting processes. BizOpen offers one-on-one assistance and an overview class on the City's development process.

Commercial Regeneration Program -

This new program is being rolled out to provide support and enhancement to Austin's commercial corridors in challenged areas to enhance the viability of commercial clusters, promote local job creation, and provide neighborhoods greater access to retail and services.

Global Business Matching Program -

Leading over 184 visiting international delegations during fiscal year 2014-15. The majority of these delegations sought business introductions and collaborative opportunities with local companies or educational/cultural organizations. A short list of the business delegations include:

young entrepreneurs from Argentina; photovoltaic delegation from Brazil; ICT from Chile; Power Market Management Systems Group from Colombia; oil and gas industry representatives from Mexico; and digital media industry representatives from Spain.

International Events Calendar - The growth of diversity in Austin's community drives the need for a comprehensive calendar, which provides a resource for individuals interested in exploring our numerous global, cultural, and educational and business offerings. As a result, a partnership with GlobalAustin was established to create Austin's International Events Calendar: www.internationalaustin.org.

LocallyAustin.org - This online map allows residents and visitors the tool to discover the many locally-owned, small businesses that give Austin its treasured and unique character. LocallyAustin.org gives locally-owned, small businesses a greater presence online, increasing their chances of attracting customers.

Technical Assistance - This service provides one-on-one coaching and technical assistance with starting a business, writing a business plan, developing a marketing plan, basic financial management and preparing to apply for a business loan.

BONUS - Austin / Mexico Creative Sector Development - The Economic Development Department is working with the organizers of BONUS Creative Week in Mexico, representatives of Mexico's regional and federal governments, and representatives of various educational and industry trade associations in Mexico to find ways to enhance creative sector business and cultural opportunities between Austin and Mexico.



FINANCING

Business Retention and Enhancement Program - Supports the re-establishment of Congress Avenue and East 6th Street as retail and urban entertainment destinations by providing low-interest loans to existing businesses displaced by growth or businesses wanting to locate into this area.

Creative Content Incentive Program - Increases Austin's competitive advantage for bringing in film, television and digital media eligible projects through the use of an incentive equal to 0.5%-0.75% of the wages paid to local workers.

Family Business Loan Program - A public-private partnership between the Economic Development Department, the U.S. Department of Housing and Urban Development, and local banks, this program requires borrowers to create one job for every \$35,000 borrowed, and 51% of individuals hired must be deemed low to moderate income as defined by federal levels.

Immigrant Investor Program - Opens the door to foreign capital in areas of the City with particular need for investment dollars and new jobs. High unemployment census tracts have been designated as Targeted Employment Areas with the US Citizenship and Immigration Services (USCIS). Foreign investors may become eligible for an EB-5 Visa if they invest at least \$500,000 in a workplace creating 10 jobs within a TEA. In addition to Asia, many investors come from South and Latin America.

Micro Loan Program - An alternative financing option for qualified borrowers, characterized by smaller dollar amounts in order to meet the relatively modest needs of business in the early stages of growth.

Music Venue Assistance Program - This program offers low interest micro loans to qualifying establishments for the purpose of enhancing the sound quality of indoor and outdoor venues, while reducing sound impact to neighboring uses.

Industrial Revenue Bonds - Through the Austin Industrial Development Corporation, this program is used to issue bonds to finance all or part of the cost of commercial, industrial, or manufacturing projects to promote and develop commercial, industrial, and manufacturing enterprises in support of employment.

The department now has a team focused on the economic diversity and well-being of the city from the vantage points that include:

- Traditional industries recruitment
- Redevelopment
- Small business development
- The creative industries sectors of cultural arts, music, film, and digital media

SPECIAL EVENTS & PROJECTS

Formula One Fun Fest (2012) and various stages (2013) - In 2012, the Economic Development Department worked with a group of minority music groups (some were education-based Cultural Funding Program recipients), and together produced a stage on Congress Avenue as part of the three-day Formula One Fan Fest. They were a culturally diverse group that featured musicians and entertainers showcasing Austin's cultural talent to an international audience. The goal was to highlight the cultural diversity of Austin through music & dance performances, visual art installations, and art-making activities.

Selected Performers were: Texas Folklife presents (Mariachi Corbetas, Conjunto Clemencia, Ponty Bone), The Cipher, Interfest Presents (Naga Valli, Omar Lopez with String Phoenix, Texas Bhangra), David Giribaldi, Roy Lozano's Ballet Folklórico, Austin Taiko, Capitol View Arts, Interfest presents (Eastside Blues Syndicate, Layalina, Tio Jacare and Austin Samba School), Puerto Rican Folklórico Dance, Inside Out Steelband, Lannaya West African Drum and Dance Ensemble, Austin Jazz Workshop, Academy of Tango and Estampas del Sur, Spunshine/Sangre del Sol, Interfest presents (John Arthur Martinez, Joel Guzman, Sarah Fox, Patricia Vonne, Pilar Andujar, St. Edward's University Ballet Folklórico), and various street performers and activities.

International Welcome Program - A program to welcome newcomers to help them to quickly feel at home in Austin. The program helps individuals navigate through Austin's systems and is designed to help immigrant families feel more comfortable with local schools, law enforcement, public transportation, finances, housing, etc. There are also sessions on how to start a small business and how to access City resources such as public libraries. This program matches newcomers to local volunteer ambassadors through community groups that have signed on as International Welcome Ambassador Organizations.

Sister, Friendship, and Science Cities Programs - These international partnerships foster friendly relations and economic development initiatives between citizens of Austin and our thirteen sister, four friendship, and ten science cities around the world.

Special Project - Imagine Austin Creative Economy Priority Program - This priority program is managed and led by the Economic Development Department. Cross department and division City teams work on implementation of Imagine Austin through strategies to "grow and invest in Austin's creative economy" for all of Austin.

Special Project - Cross-Cultural Artistic Exchange between the U.S. and China - A one-time cultural exchange celebrating friendship between communities and cultures between Austin, Texas and Yunnan Folk Song & Dance Ensemble of the People's Republic of China.

Local and National Recognition for a Distinctive Economic Development Program

Locally, Austin's approach to defining economic development has earned the department numerous local awards. The accolades represent the community's embracement of using Austin's existing strengths to catapult economic development.

2011: *Liveable City Award for Economy* for the Economic Development Department's Small Business Program.

2012: *Envision Central Texas Heritage Society Award* for the Economic Development Department's efforts in Downtown Austin.

2013: *Austin Chapter of the Urban Land Institute "Development of Distinction" Public Impact Award* for Mueller Lake Park, which is part of the Mueller Redevelopment project being led by the Economic Development Department.

2014: *YMCA Community Partner of the Year Award* for the Economic Development Department's Art in Public Places Program.

And, Austin's distinctive approach toward economic development has garnered numerous awards from the *International Economic Development Council (IEDC)*, including:

2011: *Gold Award for Public-Private Partnerships* for the Economic Development Department's 2nd Street District project which catalyzed development in the southwest quadrant of Downtown Austin.

2012: *Gold Award for Entrepreneurship* for the Economic Development Department's Small Business Program, which is the largest division of the department and wholly focused on supporting local, small businesses.

2013: *Gold Award for Advertising Campaign* for the Economic Development Department's LocallyAustin.org program for supporting local, small businesses.

2013: *Gold Award for Excellence in Responding to Globalization* for the Economic Development Department's Global Commerce Strategy.

Additionally, Austin's local economic development efforts are supported at the national level through grants that support the continued focus on local assets.

2014: Awarded a \$1 million Economic Development Administration grant in partnership with Austin Resource Recovery for the creation of Austin's first eco-industrial park, which will be a manufacturing hub for processing Austin's recyclable waste.

2014: Awarded \$656,500 through two grants from ArtPlace America in partnership with Fusebox and thinkEAST to create a 24-acre art village on a former brownfield site and to map and identify Austin's cultural assets.



Targeting Traditional Industry Sectors and Growing New Industry Sectors

Through Council Resolution No. 030612-15, the Economic Development Department is directed to work with chambers of commerce to identify diverse industries and to coordinate the recruitment of those industries for the purpose of job creation. A target industry or company is one that has been evaluated in the context of national performance over both the short term and the next ten years; has been reviewed in the scope of the regional economy and related clusters; has been evaluated against the region's competitors and comparative advantages; and, is consistent with Austin's values and vision for its economy as determined by community and stakeholder sentiment.

The Greater Austin Chamber of Commerce (GACC) has been commissioned by the City of Austin and other regional governments and economic development entities to promote the Austin area to these targeted industries and companies since 2004, through a campaign known as "Opportunity Austin." The Economic Development Department has been the largest financial contributor to Opportunity Austin since its inception. Opportunity Austin, now in its third iteration, has identified five key industries for future economic development - based off of the progression of industry and resources available for immediate growth and development in our region.

Focusing on multiple industry sectors promotes economic growth and sustainability and stability during fluxes in the national and international economies. Diversifying Austin's portfolio of traditional employment sectors is a strategy to safeguard against job layoffs. Whether large industry sectors begin to slow down and eliminate jobs or an individual large employer makes employment adjustments, Austin's economy is adaptable and resilient through a diversification strategy.

And, through a diversification of traditional industry sectors, new opportunities are created for hard-to-employ individuals as well as families that are in poverty and those looking to advance into or up from the middle-class. The Economic Development Department has identified seven other industries and niche areas that will bring these new opportunities and that compliment Opportunity Austin target markets. In an effort to strategically position Austin for growth in these sectors, the Economic Development Department will look to prioritize projects and means of securing investments for development in these targeted sectors.



OPPORTUNITY AUSTIN TARGETED INDUSTRY SECTORS



ADVANCED MANUFACTURING

Consists of research and development/engineering centers, high tech manufacturing (esp. semiconductor, computer & electronics), and general manufacturing facilities.

SAMPLE JOBS AND WAGES

Electrical engineering technician

Entry: \$64,463 Median: \$93,368

Electromechanical equipment assembler:

Entry: \$20,426 Median: \$25,351

Electric and Electric equipment assembler:

Entry: \$20,429 Median: \$25,351

Semiconductor processor:

Entry: \$23,035 Median: \$36,526

Machinists

Entry: \$29,111 Median: \$44,136



CLEAN ENERGY & POWER TECHNOLOGY

Consists of clean/renewable energy technologies, storages/efficiency & management technologies, green industries, and traditional energy.

SAMPLE JOBS AND WAGES

Hydrologist:

Entry: \$52,823 Median: \$72,141

Environmental Science and Protection Technician

Entry: \$30,150 Median: \$47,523

Civil Engineer

Entry: \$64,465 Median: \$88,605

Experience: \$109,386

Natural Science Manager

Entry: \$91,440 Median: \$116,572

Materials Scientist

Entry: \$57,862 Median: \$79,707



CREATIVE & DIGITAL MEDIA

Consists of eCommerce and (mobile) payment technology, education technology, game and mobile app development, hardware/enabling technology, music and film technology, social media and digital content, software/information technology, and visual effects/common gateway interface (CGI)/animation

SAMPLE JOBS AND WAGES

Web Developers

Entry: \$40,639 Median: \$62,265

Software Developer, Systems Software

Entry: \$64,803 Median: \$101,266

Computer Programmer

Entry: \$56,116 Median: \$79,210

Sound Engineering Technician

Entry: \$27,686 Median: \$51,255

Software Developer, Applications

Entry: \$65,220 Median: \$95,239

OPPORTUNITY AUSTIN TARGETED INDUSTRY SECTORS



CORPORATE HEADQUARTERS & REGIONAL OFFICES

Targets industry-wide corporate headquarters and regional offices.



LIFE SCIENCES

Consists of pharmaceutical & biotech development, medical device, and healthcare information technology

SAMPLE JOBS AND WAGES

Biomedical Engineers

Entry: \$66,536 Median: \$97,914

Biochemist and Biophysicist

Entry: \$55,461 Median: \$72,009

Life, Physical, And Social Science Occupations

Entry: \$35,811 Median: \$57,520

Medical and Clinical Laboratory Technologist

Entry: \$26,348 Median: \$49,316

Biological Technician

Entry: \$31,255 Median: \$44,039



SPACE TECHNOLOGY AND EXPLORATION

Consists of companies in the field of satellites, launch providers, spacecraft components, in-space services, software and robotics.

SAMPLE JOBS AND WAGES

Mechanical Engineers

Entry: \$59,748 Median: \$82,563

Electrical Engineer

Entry: \$65,471 Median: \$93,295

Aerospace Engineer

Entry: \$65,450 Median: \$103,720

Aerospace Engineering and Operations Technician

Entry: \$49,760 Median: \$62,680

COA ECONOMIC DEVELOPMENT DEPARTMENT ADDITIONAL TARGETED INDUSTRY SECTORS



ADVANCED MANUFACTURING, DISTRIBUTION & LOGISTICS

Consists of organizations that are engaged across all arrangements in the intermodal supply chain.

SAMPLE JOBS AND WAGES

Transportation, Storage & Distribution Managers

Entry: \$60,424 Median: \$88,413

Wholesale and Retail Buyers

Entry: \$31,992 Median: \$50,276

Transportation and Material Moving Occupations

Entry: \$18,240 Median: \$27,052

Logistician

Entry: \$55,833 Median: \$78,433

Shipping, Receiving, Traffic Clerks

Entry: \$19,360 Median: \$26,773



CREATIVE SECTOR

The Creative Sector is defined by six broad categories of activity: music, film and visual media, gaming and digital media, not-for profit arts groups, visual arts, and culture-related tourism

SAMPLE JOBS AND WAGES

Audio and Video Equipment Technician

Entry: \$16,127 Median: \$34,352

Camera Operators, Television, Video & Motion Picture

Entry: \$20,709 Median: \$36,610

Sound Engineering Technician

Entry: \$27,686 Median: \$51,255

Graphic Designer

Entry: \$31,969 Median: \$43,595

Computer Programmer

Entry: \$56,116 Median: \$79,210



FASHION

Engages all aspects of the fashion supply chain: design, manufacturing, and distribution.

SAMPLE JOBS AND WAGES

Sewing Machine Operators

Entry: \$17,361 Median: \$22,667

Pressers, Textile, Garment, and Related Materials

Entry: \$17,001 Median: \$19,536

Tailors, Dressmakers, and Custom Sewers

Entry: \$16,975 Median: \$23,801

Textile, Apparel, & Furnishings Workers

Entry: \$16,822 Median: \$18,769

Wholesale and Retail Buyers

Entry: \$31,992 Median: \$50,276

COA ECONOMIC DEVELOPMENT DEPARTMENT ADDITIONAL TARGETED INDUSTRY SECTORS



FOOD SECTOR

Includes agriculture, food-related manufacturing & distribution, food consumed at home, eating & drinking places, and food waste.

SAMPLE JOBS AND WAGES

Bakers

Entry: \$18,918 Median: \$23,622

Food Batchmakers

Entry: \$18,004 Median: \$22,808

Food Preparation & Serving Related Workers

Entry: \$16,732 Median: \$17,999

Food-Line Supervisor/Managers of Food Preparation

Entry: \$20,982 Median: \$29,191

Food Service Managers

Entry: \$35,363 Median: \$50,687



LIFE SCIENCES AND TECHNOLOGY INTEGRATION

Life Sciences consist of pharmaceutical & biotech development, medical device, and healthcare information technology

SAMPLE JOBS AND WAGES

Biomedical Engineers

Entry: \$66,536 Median: \$97,914

Biochemist and Biophysicist

Entry: \$55,461 Median: \$72,009

Life, Physical, And Social Science Occupations

Entry: \$35,811 Median: \$57,520

Medical and Clinical Laboratory Technologist

Entry: \$26,348 Median: \$49,316

Biological Technician

Entry: \$31,255 Median: \$44,039



MOBILITY INNOVATIONS: AUTOMOTIVE & AEROSPACE

Leverages existing assets and anchor firms in the automotive and aerospace sectors to increase Austin's presence in developing advanced technologies and manufacturing within the industry. Consists of companies in the field of satellites, launch providers, spacecraft components, in-space services, software, robotics, electrical power systems, renewable fuels, and engine control systems.

SAMPLE JOBS AND WAGES

Mechanical Engineers

Entry: \$59,748 Median: \$82,563

Electrical Engineer

Entry: \$65,471 Median: \$93,295

Aerospace Engineer

Entry: \$65,450 Median: \$103,720

Aerospace Engineering and Operations Technician

Entry: \$49,760 Median: \$62,680

Engine and Other Machine Assembler

Entry: \$24,947 Median: \$37,718

COA ECONOMIC DEVELOPMENT DEPARTMENT ADDITIONAL TARGETED INDUSTRY SECTORS



ZERO WASTE

Comprises all efforts around recycling, remanufacturing, and reducing dependence on raw materials. The Department intends to focus efforts on industry that utilize recyclables as raw materials in the production of new products.

SAMPLE JOBS AND WAGES

Hydrologist:

Entry: \$52,823 Median: \$72,141

Environmental Science and Protection Technician

Entry: \$30,150 Median: \$47,523

Conveyor Operators and Tenders

Entry: \$26,313 Median: \$29,571

Extruding, Forming, Pressing & Compacting Machine Setters, Operators, & Tenders

Entry: \$20,664 Median: \$28,032

Industrial Truck and Tractor Operators

Entry: \$20,466 Median: \$27,631

Chapter 380

Investing in the Future of Austin

In the realm of economic development, there are many tools and programs that can be used for creating jobs within communities. To say that monetary incentives for business recruitment is the only means for creating jobs is akin to using only one type of bait for catching fish. Austin's approach is to use a multitude of tools to support the local economy, including investment in small business programs, infrastructure, quality of life, arts, music, workforce development, catalyst regeneration projects, technology incubators, and minority chambers of commerce.

AUSTIN'S COMPETITIVE ADVANTAGE

Austin has many advantages above other locations in the country and the globe. To begin with, Austin is recognized as having a talented workforce. Businesses are attracted to Austin because 44% of the population possesses an undergraduate degree, and there are 181,191 students in 29 colleges and universities within a 60-mile radius of Austin. These factories of talent produce a steady stream of future employees.

Austin is known as having a great quality of life and has a great geographic location within the state and the country. Our quality of life embodies amenities such as the hike-and-bike trails, the Highland Lakes, parks such as Arboretum and Zilker, year-round festivals and activities, local restaurants, and much more.



With regard to geographic location, our centralized location and central time zone offers businesses an opportunity to access both ends of the coast in short timeframes to conduct more business in a workday. Austin's proximity to Mexico and location along the NAFTA corridor offer a prime location for companies that trade regularly with Mexico.

And, Austin is in a state known for a low business cost environment. Companies look at Austin

and Texas because there is no statewide personal income tax and Texas is a right-to-work state. Businesses in high cost environments are looking for areas to expand their operations where costs are reasonable.

Many companies choose to locate in Austin because of inducements such as superior quality of life, access to talent, and low business cost environment.

USING CHAPTER 380 UNDER THE RIGHT CIRCUMSTANCES

The 2003 Taskforce Report noted the City of Austin should be willing, under the right circumstances, to create a shared investment with firms that are either relocating or expanding to Austin. The Taskforce identified Texas Local Government Code Chapter 380 as the preferred vehicle, due to its simplicity and flexibility. This portion of Local Government Code became effective in 1987 when Texas voters approved a constitutional amendment that “provided grants of monies for economic development to serve a public purpose.”

Chapter 380 provides legislative authority for Texas municipalities to establish and provide financial programs that promote state and local goals for economic development. Such measures for the use of this program include the creation of jobs and the expansion of the tax base. The City’s use of Chapter 380 was authorized as part of the creation of the City’s Economic Development Policy and Program via Council Resolution No. 030612-15.

The utilization of incentives for business recruitment and expansion is a norm across the country and across the world. In order to compete in this global environment of incentives, Austin uses its Chapter 380 performance-based contracts program¹³ to bring about targeted business expansions and recruitments that return benefits to the Austin community. In November 2014, Site Selection magazine published a chart of financial assistance programs offered by each state. Every state provides some form of financial assistance programs, some provide more than others. In January 2015, the IEDC released a report, “Seeding Growth: Maximizing the Return on Incentives,” which included an estimate of over 1,800 state incentive programs in 2013.

Chapter 380 is used as the most powerful tool for anchoring competitive projects that can catalyze positive change in the Austin region. In the past, this meant using Chapter 380 as a means for diversifying our economy rather than relying on one or two industry sectors. Today, as Austin is ranked first in overall economic performance and holds an official unemployment rate of 3.8%, the vision for utilizing this tool is shifting to focus on creating opportunities for those hard-to-employ individuals, as well as families that are in poverty and for those looking to advance into or up from the middle-class. And, there are areas of Austin where the unemployment rate remain unacceptably high not just for adults, but also for youth.

The Economic Development Department’s vision is to create opportunities for hard-to-employ individuals as well as families that are in poverty and those looking to advance into or up from the middle-class.

As we embrace this vision, the City of Austin looks to eight key target markets that will continue to diversify and strengthen our industry ecosystems, cultivate a new generation of entrepreneurs, and bring innovative employment opportunities for all Austinites. While Chapter 380 is a fluid tool that is intended for strategic and competitive use, it also ensures that Austin's community values are represented in each project. As this program continues into the future, leadership and residents alike can be assured that the investments made toward a sustainable economy are inclusive of public input, transparent, and only provided to promote a higher-value for the City of Austin.

SECURING COMMUNITY VALUES THROUGH STRATEGIC INVESTMENTS

Austin's economic development policy is structured in such a way that we measure the merits of the project and determine whether they meet or exceed the goals to be achieved through using a Chapter 380 performance-based contract. Should the public benefit goals be met or exceeded, Austin will propose a competitive offer that provides a financial benefit to the company and to the City and obligates the company to achieve the desired public benefits. Chapter 380 performance-based contracts are used as a means to secure quality jobs to Austin, seed and grow desired industry sectors, create contracting opportunities for local businesses, increase the City's revenue streams, and diversify Austin's economic base.

Austin's competitive advantage is providing a business friendly location that also has an identity defined by our quality of life standards.

The impact of a well-run Chapter 380 performance-based contracts program, such as Austin's, provides current and long-lasting economic benefits. With regard to Chapter 380 performance-based contracts for business recruitment and expansion, Austin is very clear on its guiding principles for utilizing this tool. Specifically, the provision of Chapter 380 performance-based contracts must be done under the right circumstances and carefully designed to maximize benefits to Austin while minimizing costs. Local benefits such as the creation of higher paying and higher quality jobs, growing local industry sectors, increasing annual revenue to the City, diversifying the economy, and developing contracting opportunities for local businesses must be achieved when engaging in Chapter 380 performance-based contracts.

The City's Chapter 380 program seeks to maximize the opportunity for a local impact. This is done by creating relationships with our small and minority businesses and also creating relationships with our community groups. Recently, the Economic Development Department has utilized the Chapter 380 performance-based contracts program to secure additional local benefits. In the U.S. Farathane Chapter 380 performance-based contract, the company agreed to develop a hiring program with the Austin/Travis County Reentry Roundtable organization, whose work involves reintegrating formerly incarcerated persons into the workforce. Successful reentry lowers recidivism rates and decreases public costs for courts, incarceration facilities, and other publicly subsidized programs.

¹³ State Incentive Programs, Chart 1: Financial Assistance for Industry, Site Selection Magazine, November 2014.

Within the National Instruments Chapter 380 performance-based contract, the company agreed to continue its local Science, Technology, Engineering, and Math (STEM) outreach program efforts, including connecting at least 1,000 students to its STEM programs each year. STEM programs, such as those supported by National Instruments, develop a local pipeline of talent by investing in the future workforce of Austin. The introduction of young minorities and girls to STEM programs is intended to increase their desire to pursue degreed programs in STEM fields and, ultimately, their entry into high-paying STEM careers.

Through Council Resolution No. 20131024-056, a company can be considered for additional bonus contact amounts for the following:

- Placing economically disadvantaged workers in at least 10% of the new, full-time jobs.
- Developing and implementing a program for recruiting ex-offenders and providing employed ex-offenders with continuing education services.
- Placing City of Austin residents in at least 75% of the new, full-time jobs.
- Developing a program to encourage employees to use alternative transportation modes through Transportation Demand Management strategies such as carpooling, flextime work schedules, and subsidizing transit costs for employees.
- Committing to obtaining LEED certification silver or above for the project.
- Ensuring that employees and/or construction workers are provided workforce development services through nonprofits that contract with the City of Austin or apprenticeship/training programs registered with the Department of Labor, or making a monetary donation to a workforce training program approved by the City of Austin.
- Providing an on-site day care facility for employees that may be open to the public, and/or providing subsidized daycare for employees.



A Process Built on Safeguarding Austin's Resources

The consideration of a Chapter 380 performance-based contract is a process that does not take place “behind closed doors” at the City of Austin. The following tools and process depict the information, assessment, and time required for considering a Chapter 380 performance-based contract.

THE BUSINESS INFORMATION FORM

The purpose of the Business Information Form (BIF) is to collect all the pertinent company and project information that enables staff to research a potential project; to inform the Firm-Based Matrix scoring process; and to use as inputs into the WebLOCI fiscal impact analysis. Examples of information collected through the BIF include whether other non-Austin locations for the project are being considered, a description of the project, jobs to be retained and created, local hiring levels, wages paid, capital investment to be made, utility usage, employee benefits and opportunities, hiring practices, procurement practices, and community outreach programs and charitable volunteer/giving programs.

WEBLOCI FISCAL IMPACT ANALYSIS TOOL

On October 1, 2009, City Council, through Ordinance No. 20091001-011, directed the Economic Development Department to implement a formal cost-benefit analysis in conjunction with the City's review and evaluation process of a Chapter 380 economic development proposal. At the recommendation of several stakeholders, staff implemented WebLOCI, which is a fiscal impact analysis tool developed used by over 300 chambers of commerce and economic development agencies. Over 300 economic development agencies use this fiscal impact analysis tool, which was developed by Georgia Tech.

Staff uses data captured from the BIF as inputs into WebLOCI in order to estimate city revenues derived from and expenses to be incurred as a result of the project. Examples of revenues include property tax, sales tax, electric and water utility charges, and other general revenues of the city. Examples of expenses include parks and recreation, library, public safety, electric and water utility operations, and other general expenses of the city. The analysis assists staff with determining the financial proposal to be offered by the city. Since the implementation of WebLOCI in 2010, the seven (7) agreements approved by Council that remain active have an estimated total Return-on-Investment of 225%. The City stands to profit \$29.5 million from these seven (7) agreements after factoring the cost of the contracts and the incremental operating cost to the City.

THE FIRM-BASED PROJECT SCORING MATRIX

As part of Resolution No. 030612-15, the City Council adopted a Firm-Based Project Scoring Matrix (“Matrix”) to assess economic, financial, and qualitative factors stemming from the project and company. City Council recently amended the Matrix through Resolution No. 20131024-056. The recent amendments

included adding additional minimum criteria and bonus scoring criteria. Projects must meet all minimum criteria and score at least 60 points in order to be considered for a Chapter 380 performance-based contract. Businesses requesting an exception from certain minimum criteria must complete an exception application. Exceptions to minimum criteria require approval by a two-third majority vote of the Council.

The Economic Development Department analyzes potential projects to assess the project by scoring various criteria, including the following:

- Overall economic and fiscal impact: Measuring the size of net profit to the City and the level of desirable public benefits.
- Linkages to the local economy: Assessing whether the project is a targeted industry, making use of underutilized labor force or office space, creating significant contracting opportunities for local firms including small and disadvantaged businesses, filling a hole in the Austin economic base, seeding new industry clusters, or competing for resources with existing firms.
- Infrastructure impact: Determining whether the project will make a disproportionate demand on Austin's infrastructure.
- Character of jobs/labor force practices: Analyzing the share of local hires, average wages paid as compared to local and industry averages. Assessing the distribution of job categories and wages within the overall structure, job training and education funding provided, opportunities for employee advancement, and the company's policies toward diversity in hiring and promotion.
- Quality of life/cultural vitality: Assessing the company's cultural outreach program and company's policy toward employee volunteer/charitable efforts.

THE CHAPTER 380 PERFORMANCE-BASED CONTRACT PROPOSAL

As described above, only projects that meet the Matrix minimum criteria and score at least 60 points are considered. And, as a matter of practice, only projects that are cash positive are considered, meaning that the City earns a profit after factoring additional incremental City operating costs related to the project and the financial offer itself. Upon completion of the research (informed through the BIF), project qualification (utilizing the Matrix), and fiscal impact (utilizing WebLOCI), staff develops a Chapter 380 performance-based contract proposal, which is put in the format of a letter from the City Manager to the company. The City develops a Chapter 380 proposal from the net profit that is calculated from the project. The City currently has two options for financing the Chapter 380 proposal: (1) refunding a portion of property taxes paid by the company on a significant capital investment, or (2) developing a "per job" payment structure for projects that are not capital intensive. Per Council Resolution No. 20141211-221, the City will not offer a Chapter 380 proposal based on a property tax refund for projects locating in a tax increment finance district on City-owned property. The City Manager's letter includes the City's Chapter 380 performance-based contract proposal and stipulates conditions upon which the company must agree in order for the Chapter 380 proposal to be presented to Council for consideration.

If a company accepts the city's Chapter 380 performance-based contract proposal, an agreement is drafted that outlines the annual obligations the company must meet in order to receive each year's contract

payment. Obligations of the company include the minimum criteria as set forth in the Matrix as well as other obligations Council has requested through previous Council resolutions and ordinances. The draft contract is submitted to City Council as a Chapter 380 performance-based contract proposal.

PRESENTATION OF CHAPTER 380 PROPOSAL TO THE PUBLIC AND TO CITY COUNCIL

The City of Austin's public engagement process for Chapter 380 performance-based contract proposals was enhanced through Ordinance No. 20091001-011. In effect, the Chapter 380 proposals require two City Council meetings. The enhanced process includes the following:

- The Chapter 380 proposal is placed on the Council agenda as a time-certain agenda item with a staff presentation on the proposal. The public is allowed to comment on the Chapter 380 proposal at this Council meeting.
- The Chapter 380 proposal, Matrix, BIF, WebLOCi analysis, and proposed contract are announced in a press release and made available to the public no later than the sixth day before the Council agenda item with the staff presentation. All of this information is posted to the Economic Development Department website.
- An online comment portal is setup to collect public comments. All comments received are forwarded to the City Council prior to the second Council meeting.
- The second City Council meeting includes a public hearing and City Council action.

AGREEMENTS ARE PERFORMANCE-BASED AND COMPLIANCE IS REVIEWED ANNUALLY

As part of Resolution No. 030612-15, Council requires all Chapter 380 agreements to be performance-based, meaning the company must demonstrate its compliance annually in order to receive that year's contract payment. No upfront incentives are allowed. Every year, the Economic Development Department reviews the company's compliance with the contractual requirements, and an independent, third-party reviews the department's annual review. City Council added the requirement of an independent, third-party review through Ordinance No. 20090312-005. If both annual reviews confirm compliance, then the company is deemed to have fulfilled its annual obligations, and the contract payment is made for that year. All contract payment information can be found on the Economic Development Department website. Because the City utilizes a performance-based contract system and no upfront incentives are allowed, there is no need for clawbacks. Clawbacks are contained in agreements when a company is paid incentives upfront before meeting any obligations.

MONITORING THE FISCAL IMPACT

In December 2014, Council approved Resolution No. 20141211-221, which provides for adjusting the Chapter 380 performance-based contract amount if the agreement is no longer revenue positive for the

City due to a successful property tax valuation protest by the company. In connection with the annual review of each Chapter 380 performance-based contract, the Economic Development Department is directed to determine whether the company's property tax valuation has been lowered as a result of a successful protest. To the extent an agreement is no longer revenue positive for the City, due to the successful protest, a recommendation shall be presented to the City Council to adjust the Chapter 380 performance-based contract amount commensurate with the reduction in property tax valuation. Therefore, the Economic Development Department will work alongside the Travis Central Appraisal District to monitor whether a company receiving a Chapter 380 performance-based contract has successfully appealed its property tax valuation, and the department will perform an analysis to determine whether the agreement is no longer revenue-positive for the City.

The Best Practices for Transparency are in Austin, Texas

DISCLOSURE OF INFORMATION SO THE PUBLIC IS WELL INFORMED

The Economic Development Department understands its responsibility of transparency to the citizens of Austin, and integrity of the Chapter 380 performance-based contract program is of the utmost concern. As described in the previous section, a robust public engagement process is used for considering a Chapter 380 performance-based contract. And, the department actively updates and provides information to the public on existing Chapter 380 performance-based contracts. The department was pleased to receive a perfect score for Transparency of Economic Agreements by Good Jobs First, a non-profit watchdog group from Washington, DC.

“[Austin’s] type of comprehensive monitoring and disclosure is critical to ensure that business subsidies are applied efficiently and equitably, and they enable Austin’s taxpayers to draw their own well-informed conclusions about such expenditures,” Good Jobs First, 2013 “Show Us the Local Subsidies” report.¹⁴

Since the 2013 report, the department has made further improvements to its online reporting platform to incorporate more information on its agreements, payments and compliance reports in a more organized and user-friendly format.

ADMINISTERING AND EVALUATING THE CHAPTER 380 PROGRAM

The Economic Development Department recognizes the criticism of using incentives and is aware of the stories of failed incentives. To that end, the department has implemented the City’s policy of using Chapter 380 performance-based contracts rather than using upfront incentives. This performance-based approach coupled with a robust effort for managing and assessing the use of the Chapter 380 performance-based contracts program is a best practice for economic development. Examples of best practices include the following:

- The Economic Development Department strategic plan incorporates the use of many other non-financial tools that far outnumber the use of Chapter 380 performance-based contracts program.
- As discussed early in this policy, the department engages in programs that support local, small businesses, cultural arts, music, film, workforce development, business incubators, and targeted regeneration efforts.

¹⁴ “Show Us the Local Subsidies” by Good Jobs First, published May 2013.

- The department is the largest financial contributor to the Opportunity Austin regional economic development plan and is the largest financial contributor to the minority and gay and lesbian regional chambers of commerce. Regional economic development cooperation is identified as a proven long-term strategy and more successful than competing against other cities within the same region.
- The department has designed a method for tracking and monitoring a company's compliance with the Chapter 380 performance-based contract. There are mechanisms used for data collection, evaluation, monitoring, and review.
- An independent, third-party is used to verify the department's annual compliance reviews.
- The Chapter 380 Performance-Based Contracts Policy clearly identifies the target industrial sectors whose attraction will benefit Austin's economy.
- The criteria used to qualify for Chapter 380 performance-based contracts is clear, and a minimum score must be achieved to qualify.
- Minimum criteria are used to establish a floor for achieving community goals and values, and bonus criteria are used to reward extraordinary efforts.

Chapter 380 is used as the most powerful tool for anchoring competitive projects that can catalyze positive change in the Austin region. In the past, this meant using Chapter 380 as a means for diversifying our economy and to promote growth and sustainability. Today, the vision for utilizing this tool is shifting to focus on creating opportunities for those hard-to-employ individuals, as well as families that are in poverty and for those looking to advance into or up from the middle-class.

- The Chapter 380 Performance-Based Contracts Policy clearly states the financial structures that can be used.
- All financial Chapter 380 contracts are performance-based, and there are no upfront financial incentives allowed. The department does not use a tax abatement program. Paying for performance eliminates the need for clawbacks.
- Chapter 380 performance-based contracts are executed to legally bind a company to its commitments. The criteria used to evaluate a project are incorporated into the agreement. And,

¹⁴ "Show Us the Local Subsidies" by Good Jobs First, published May 2013.

the agreement requires the company to submit information that demonstrates performance of its commitments.

- The Economic Development Department maintains a comprehensive portal of information pertaining to Chapter 380 performance-based contracts, including the agreement, all annual compliance reviews, independent third-party reviews, and payments. On an annual basis, the department presents a report to the City Council on the Chapter 380 performance-based contracts program.
- Chapter 380 performance-based contracts are only used when Austin is competing with a non-Austin area location, when the project creates additional local economic growth, and when the financial offer is decisive in the company's location search.

Leveraging Austin's Economic Success to Solve Long-Standing and Growing Economic Challenges

According to the U.S. Conference of Mayors, Austin is poised to be the fastest growing large U.S. metro economy through 2020. As the country's 11th largest city, economic data suggests Austin is positioned to leverage its strong educational base and talented workforce for further growth. As we take pause to reflect on these accolades and measurements of success, we must be mindful of the areas of Austin that have lagged in benefiting from this economic prosperity. As the City of Austin greets this economic success, the Economic Development Department is stepping forward with a new strategic plan that has a strong focus on creating opportunities for those hard-to-employ individuals, as well as families that are in poverty and for those looking to advance into or out of the middle-class.

Challenges in the Austin economy include an uneven landscape of population growth and decline, profound racial and ethnic diversification, significant suburbanization of African-American households, deepening poverty differentials, stubborn socio-economic separations¹⁵, higher prices for housing, suburbanization of those who can no longer afford to live in the city, and a hard-to-employ population that desires to work.

Opportunities to address these challenges include room for increased minority and female workforce participation in science and technology based industries, utilizing anticipated new job growth to train and place local talent, opportunities to stabilize and preserve commercial corridors, new industry clusters for growth including aerospace, fashion, food, high tech manufacturing, logistics, distribution, and health/life sciences through the new UT Medical School and teaching hospital, and potential to expand exports and trade from our local, small businesses.

Economic Development has a unique focus on business recruitment that includes a strong sensitivity for maintaining Austin's cultural identity. Chapter 380 is a fluid tool that is intended for strategic and competitive use, it also ensures that that Austin's community values are represented in each project.

¹⁵ "Top Ten Demographic Trends in Austin," October 24, 2014, a presentation by Ryan Robinson, City of Austin Demographer.

Value to the Austin Community

Since 2003, the Economic Development Department has brought forward 22 Chapter 380 agreements, resulting in an improved tax base, career opportunities, economic diversity, business exports, and new money injected into the local economy. Since utilizing the WebLOCI fiscal impact analysis tool in 2010, the City's forecasted return on investment of seven (7) agreements approved since 2010 that remain active is 225%. The City's forecasted profit from these seven (7) agreements, after factoring the cost of the contract and incremental operating cost to the City, is \$29.5 million.

ECONOMIC RESILIENCY AS A MEASURE OF SUCCESS

The resiliency of Austin's economy was again tested in the most recent downturn, known as the Great Recession. But for the Taskforce's efforts to refocus on economic development and industry diversification, the Austin region remained relatively unscathed. Today, the Austin metro is ranked first in overall economic performance across the 100 largest U.S. metro areas. The Austin metro has held this ranking from Brookings Institution's Metro Monitor between the third quarter of 2008 and the second quarter of 2014. As of October 2014, the Austin region holds an official unemployment rate of 3.8%, well below the national unemployment rate of 5.8%. Austin's future is bright, and it is at this point of pinnacle of success where we have to wherewithal to address long-standing economic challenges.

CONCLUSION

In conclusion, the Economic Development Department is committed to an interdisciplinary economy. Austin's economy must be agile and strongly arranged to address specific growth needs to support local business expansions and that forcefully targets sectors. A diversified and growing economy will help us eliminate poverty and create futuristic jobs for our youth.

The department has identified eight target markets to strategically position Austin for growth in local jobs and investment, as well as economic sustainability and diversity:

Automotive

Creative

Fashion

Food

Life Sciences

**Manufacturing, Distribution
and Logistics**

**Space Technology and
Exploration**

Zero Waste

