

Economic Development Policy Update Council Work Session Briefing, December 5, 2017

Presenters:

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**These notes were prepared as a high-level summary of comments, feedback and questions made from Council Members in response to the Economic Development Policy Update presentation made during the Council Work Session on December 5, 2017. These notes are not intended to be direct quotes from the conversation, but instead aims to capture the spirit of the intended feedback for staff to take into consideration when returning to council with policy and program recommendations in the coming months. For full audio and visual recording of the presentation, please see link: [Work Session of the Austin City Council December 5, 2017](#).*

Briefing Notes

Council Member Leslie Pool:

- You referred to some things we can't do – can you be more specific about which ones and why? Are you saying that all current resolutions are all seen as obstacles? That may be from the community's perspective, but to this Council, we believe those are important policy decisions and we may not be open to removing them.
- Did you talk with residents of Austin that perceive 380s to be a subsidy that they pay for but do not receive a direct benefit from?

Council Member Ann Kitchen:

- Thank you for this excellent work. Resolution referring to the fact that incentives are not available for mixed use or retail, are you suggesting that was not aligned with our resolution? Are you suggesting that the resolution prevents mixed-use work in contradiction to the current resolution to revise 380 to include location-based work?
- "Location-based" work is a broader directive than it appears what is referenced in the 2009 mixed-use resolution, so I wanted to be sure we weren't moving forward under the assumption that we can't look at working towards development in our corridors and our Imagine Austin areas. Specifically if there is language in the 2009 ordinance that impedes that, I'd like to see that.
- "Location-based", specifically referencing the point that reads "responding to specific issues in targeted areas", what tools could we look at to incent the kind of development we've identified in some of our neighborhood plans, in activity centers outlined in Imagine Austin, for example? How can we be more targeted in terms of where those projects occur? What's possible with incentives? So, we can look at it from the traditional approach in interacting with companies outside for recruitment, but also go broadly and look at actions the city might take, and put dollars into the fund or hold property to help small businesses with lower rents, for example. We are not limited to just the model that we offer incentives to some outside, private entity.

Council Member Leslie Pool:

- I had some criticism of some previous 380 agreements, it was difficult to track outcomes back to agreement terms. That's something that needs to be considered. If we are providing a benefit to an entity how then does that follow along when there is a sale of the property?

- I really like the refocus you are talking about here in the overall policy. Criticisms previously were that we were helping entities that weren't struggling, I really like that the new focus is creating a tool that recognizes that smaller entities have fewer options and city may want to have a role to help expand or remain in place. That's the kind of goal that this council wants to focus on.
- Is there a way, if an entity sells to another owner, can we include a review or reiteration of a policy to continue over a certain number of years (for example to account for a 2-year lag time in payment for review.) As we learn from the past, could we craft a more accommodating and nimble policy to account for this re-evaluation period? I'm uncomfortable with the fact that entities can still go and challenge property tax appraisals, for example. Is that something you all would be looking at in this revision?
- This makes me think about cultural contracts and grants, and legacy groups that get certain amounts every year, but there are new groups that deserve a chance at receiving those monies. Good news with cultural contracts, is that they are reviewed every year. These 380 contracts are longer term and are not reviewed annually; consider looking at shorter term agreements with these entities. Shorter term agreements would allow us to be more nimble, to account for fluctuations in the larger economy, but also more specifically for the City to hold the entity we are partnering with accountable.

Council Member Alison Alter:

- I am excited about this direction. This is going to set us up to be more proactive and not just responding to companies thinking about coming here. This will put us in a position to negotiate due to a larger toolbox EDD will have access to, particularly, the expansion of the toolbox to support small business.
- The 380 legislation is broad – meaning, the state is not holding us back, but city ordinances as they currently stand may not be the right legal framework for us to achieve these community values, is that correct?
- Compile, in a packet, a list of ordinances that govern economic development so that we can get a sense of what's out there in terms of existing legislation.
- What about funding for these programs? Where does that come from? If that's constraining, can you speak to the funding side of this and how that shapes what we are able to create in the new toolbox?
- I need to better understand the funding model, given EDD's departmental funding, tax revenue from projects, etc. But, how do you fund these tools? When you come back to us, talk about the funding mechanism and tradeoffs that are involved. What appeals to me here is the opportunity to accomplish multiple goals with the same money. For example, if we train a nurse, kids are fed, they go to school, reduce healthcare costs.
- What are some of the organizational impediments within the City? We are so siloed. If EDD is done right, it would require cooperation across departments. How is that working or not working now? Is EDD called in on a regular basis (for example, was EDD involved in the soccer stadium discussions?) The timing of EDD's involvement can be quick enough to impact the market's movement. Do we need an Ombudsman through this process?
- Multiple goal achievement through this revision process. As a City, we have our own workforce goals and I'm not sure how that fits into the EDD and COA's hiring needs as well.
- How do we build more synergies in the construction industry? We have an industry that is having trouble hiring; so how do we fill the workforce gap? How do we make those opportunities across industries available?

Mayor Pro Tem Kathie Tovo:

- I'd like to point out an article in the Texas Municipal League about a city that is making it a conscious part of their employment practices to hire individuals with differing needs. That is an opportunity for Austin.

Council Member Jimmy Flannigan:

- Great work so far. So over 15 years, with 22 total agreements, does it mean that the 9 that self-terminated didn't want to follow the agreement? Meaning the tradeoff for them is that they no longer had to abide by the terms of the agreement, wage requirements, in exchange for their tax abatement? If we terminated the agreement, they would also no longer have to abide by the terms of the agreement? Financial markets are complicated instruments and they value agility, but they also value sticking to the agreements that you make, so that's important to remember. Longer term deals can have stronger benefits, so don't take longer term deals off the table. My fear is that Austin's resilience to the national economy is not certain. Austin is very susceptible to the whims and decisions made outside our control. To the extent that our EDD department can insulate us against those national trends is the piece I'm looking at. I still support all those other wage requirements and ensuring equity and fairness for workers in Austin, but if national trends go south, I want to make sure Austin isn't stuck holding the bag. That's the metric I'm looking at as we move forward.

Council Member Ora Houston:

- Great job. There's no one in the education system on this community engagement list, such as the 8 independent school districts. It would be beneficial to sit down and have a heart-to-heart with those entities.