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CITY OF AUSTIN

ECONOMIC DEVELOPMENT

**Business Expansion
Program Guidelines**

A Chapter 380 Program

City of Austin Economic Development Department

2018 – 2023

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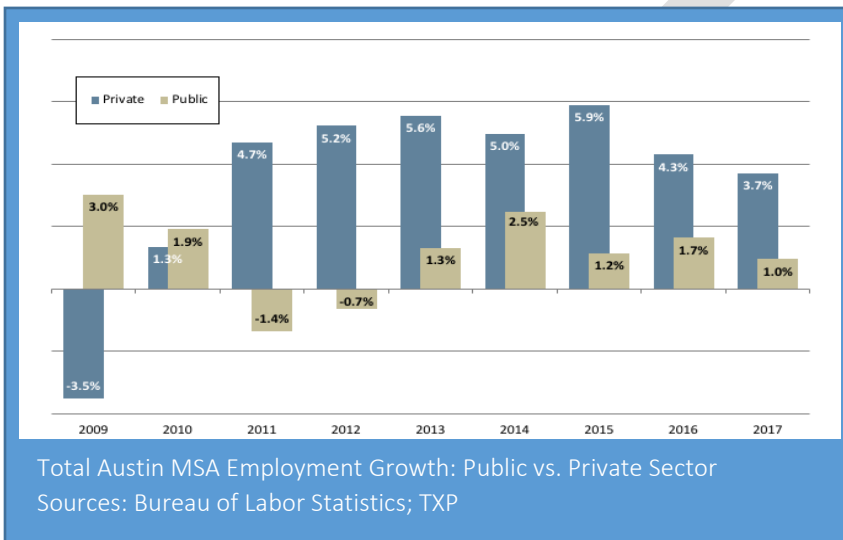
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Context to City Program Development

Recent Economic Trends:

In both absolute and percentage terms, the rate of growth in the Austin metro area (MSA) fell slightly during 2017, but the pace and level remain among the most expansive among major metro areas in the county. Job growth (as measured by the employer survey) was slightly slower last year; with 32,300 net new jobs added, the growth rate of 3.2% was off from 3.8% during 2016.

Most of this growth remains in the commercial sectors of the economy, reflecting continued population increases, while consumer spending has stabilized in recent quarters. Meanwhile, patent activity in the Austin MSA rose slightly from 2016 to 2017 (4,179 patents issued last year, up from 4,036), while venture capital in the region moved past \$1 billion in 2017. Tourism remains a growing element of the local economy, as annual hotel revenue in the city has doubled over the past ten years. Housing markets remain tight, and prices continue to rise.



While overall economic growth remains positive, wages have not kept pace with job growth, particularly on the lower end of the pay scale. According to the Texas Workforce Commission (TWC), average weekly wages in Travis County climbed from \$1,040 in 2011 to \$1,190 last year, a gain of slightly less than 15%.

As wages have fallen behind, costs have risen rapidly, especially for housing. The American Community Survey indicates that median monthly housing costs in the City increased almost 24% from 2011-

2016, well beyond wage growth. In that same vein, Texas A&M's Real Estate Research Center, using Austin Board of Realtors data, reports that the median price of a local home sold rose from \$215,000 in 2011 to \$323,000 last year, a gain of over 50%. Given the above, it's not surprising that A&M ranks Travis County as the least affordable housing market among Texas' major urban areas.

Slowing job growth puts focus on continued job creation, especially at a time when competition is intense. City economic development policy should be broad enough to foster the expansion of existing local business, support local entrepreneurs, and accommodate incentivizing selected relocations. However, the character of the jobs created and those who have access to them matters, as recent job growth without commensurate wage increases means that many in Austin are under-employed, which makes rapidly rising costs even more burdensome. Partially as a result, poverty remains largely intractable in Austin. For example, during 2010, those who were at 100% of the poverty rate accounted for 18.4% of Austin's population; after five years of strong overall economic growth, that figure had only improved to 18.0%. At the same time, there a significant number who remain "hard-to-employ". Of those adults age 16-64 listed at 100% of the poverty level, 68.7% reported having worked at some point during 2015, an implied unemployment rate of more than 30%. In addition, there are more than 75,000

people in the City who report having a disability, as well as many who are in recovery from substance abuse or who have had a recent experience with the criminal justice system. It is these populations, those who are under-employed, chronically unemployed, and outside the labor force, who are in most need of economic development assistance.

Under the authority granted by the State of Texas’s Chapter 380 statute, the City of Austin seeks to develop programs that address the issues outlined above, while also strengthening the local economy, sustaining economic activity and building resilience against national economic downturns. The following program guidelines have been developed relating to incentives to employers for both existing firms in the area and possible relocations. Please see the associated Economic Development Guiding Principles document for more information on how program criteria and process were developed.

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Business Expansion Program Portfolio Structure

Program Values & Priority Goals:

The Business Expansion Program Portfolio seeks to address the following general priorities as identified by community need, Austin City Council objectives, community strategic direction and current market conditions:

- High priority consideration given for jobs that provide compensation for middle-skill workers;
- Heightened efforts are made to maximize meaningful labor force participation for hard-to-employ populations and those facing socio-economic hardships that act as barriers for accessing local employment opportunities;
- Area of focus is on connecting the City's values for accessibility to employment and quality working environments to small and local business with expansion opportunities;
- Business expansion projects that yield benefits to the community beyond local tax base contribution;
- The City regulatory environment as it relates to business growth and development could be offset.

Minimum Requirements for Business Expansion Program Portfolio Qualification:

Outlined below are the Minimum Requirements for proposal consideration within any of the Business Expansion Program Portfolio Categories, unless affected by the General Eligibility and/or Exceptions/Waiver sections of each:

- Project relocation or expansion within Austin's Desired Development Zone;
- Project complies with current water quality regulations, and incentive recipients agree to comply with City of Austin water quality regulations on all future developments in the planning jurisdiction during the term of the agreement;
- Project complies with the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program, unless this requirement is waived through the exception process (see Program Guidelines "Exceptions/Waivers" section);
- Company provides health insurance benefits for all new full-time employees, unless this requirement is waived through the exception process (see Program Guidelines "Exceptions/Waivers" section);
- Company extends benefits to domestic partners of employees and their dependents. The company's policy should reflect the definition of a domestic partner as an individual who lives in the same household and shares the common resources of life in a close, personal, intimate relationship with an employee if under Texas law the individual would not be prevented from marrying the employee on account of age, consanguinity or prior undissolved marriage to another. A domestic partner may be of the same, or opposite, gender as the employee. Unless this requirement is waived through the exception process (see Program Guidelines "Exceptions/Waivers" section);
- If applicable to a project with capital expenditures in the form of construction:
 - All construction workers hired for construction of the project will be provided Workers Compensation Insurance and OSHA 10 Training;
 - All construction work on the project must comply with the City's established prevailing wage program that is used on City of Austin public works projects. Unless living wage is exempted

through the exception process (see Program Guidelines “Exceptions/Waivers” section), the City of Austin’s living wage will apply to any prevailing wage classification that falls below the living wage;

- The project will ensure all workers are paid at least the City of Austin’s living wage, including full-time employees, contract employees, and if applicable to a project with capital expenditures in the form of construction, construction workers hired for construction work will be paid at least the City of Austin’s living wage (unless living wage is exempted through the exception process, see Program Guidelines “Exceptions/Waivers” section);
- Company may protest property tax valuation, however in the event the tax valuation of the property has been lowered as a result of a successful protest, the City will evaluate the impact of the new valuation on the net fiscal position of the City and may reduce the incentive amount to reflect the lowered property value;
- Company provides documentation in agreement to support anti-harassment and anti-discrimination practices for business operations and work environment in Austin, TX.

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Incentives to Employers Categories

To achieve the Business Expansion Program Portfolio Values and Priority Goals, the following program guidelines are organized into three broad categories:

Category 1: Existing Local Expansions

Category 2: Opportunity for Employment

Category 3: External Relocations

Category 1: Existing Local Expansions

Category Values & Priority Goals:

The Existing Local Expansions category of the Business Expansion Program Portfolio seeks to connect employment and quality working environments to small and local business with expansion opportunities, address rising costs and access to capital/financing for businesses, facilitate filling market gaps in the provision of certain goods and services in Targeted Areas, provide relief from the City's regulatory environment as it relates to business growth and development, and in turn provide benefits to the community beyond local tax base contribution. Potential users of this program will span a wide range, from small/local firms, to mom-and-pop shops, to growing start-ups, to large corporations looking to grow locally.

General Eligibility:

The company will comply with Minimum Requirements as stated in the Business Expansion Program Portfolio Qualifications* with the option of including the following additional eligibility, as stated below, to achieve City goals of participation in the program:

- The company has a registered and operational location within the City of Austin;
- The company pays full-time positions (defined as working at least 1,500 hours annually) a minimum least the higher of \$15/hour or the City's then-current living wage*
- Tier 1 Projects: 5-24 Jobs Created. The company will create at least five full-time up to twenty-four jobs that employ City of Austin residents (defined as any individual having a permanent address within the City of Austin before starting date of employment); -OR-
- Tier 2 Projects: 25-74 Jobs Created. Projects creating twenty-five to seventy-four full-time jobs, plus satisfy Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program by participating in annual meetings with the Small Minority Business Resources Department to obtain an updated availability list and provide a report of interactions with MBE/WBE firms at the end of year compliance period; -OR-
- Tier 3 Projects: 75 and Above Jobs Created: Projects creating more than seventy-five full-time jobs, plus comply with the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program for construction related expenses and participate in annual meetings with the Small Minority Business Resources Department to obtain an updated availability list for commodity purchases and provide a report of interactions with MBE/WBE firms at the end of year compliance period, unless this requirement is waived through the exception process (see Program Guidelines "Exceptions/Waivers" section);

- In addition, applicable projects creating more than 75 full-time jobs with capital expenditures in the form of construction must comply with construction worker requirements stated in Minimum Requirements.

*See “Exceptions/Waivers” Section

Exceptions/Waivers:

Eligible Exceptions and Waivers in Category 1 Projects: Existing Local Expansions may be applied to certain Minimum Requirements or General Eligibility criteria.

Under certain circumstances, Category 1 Projects: Existing Local Expansion program applicants can request an Exception or Waiver to certain Minimum Requirements. For Tier 3 Projects (75 and above jobs created) only, to receive consideration for a waiver of a Minimum Requirement or General Eligibility, the Project Score must reach the minimum threshold of 80 or above. No more than one Exception or Waiver can be applied to Minimum Requirements.

Under certain circumstances, the company may request and the City may grant an Exception or Waiver to the following Minimum Requirements and General Eligibility:

- Wage Requirement Waiver: This waiver would allow for a modification of the wage requirement, potentially affecting both the Prevailing Wage Minimum Requirement and the Living Wage Minimum Requirement.
- Health Insurance Benefits: This waiver would exempt private entities who do not have the resources to provide of health insurance benefits to full-time employees.
- Domestic Partner Benefits: This waiver would exempt private entities who do not have the resources to extend benefits to domestic partners or employees and their dependents.
- City of Austin’s MBE/WBE Ordinance: This waiver exempts private entities from participating in the Minority-Owned and Women-Owned Business Enterprise Procurement Program
- Other Exceptions and Waivers for Minimum Criteria and General Eligibility can be requested and will be considered on a case-by-case basis.

Cost-Benefit Analysis:

A cost-benefit analysis will be included in the consideration of the project and will be factored in to the resulting Project Score (see “Project Score/General Eligibility”) as one factor that informs the level of incentive available to the project. For some projects, depending on the complexity and anticipated impact, the City may determine that an outside or third-party cost-benefit analysis is necessary. Measures for the Cost-Benefit Analysis could include, but are not limited to, construction and development costs, net new jobs additions, hiring timeline, wages, facility costs that impact water and electricity infrastructure and other project-related financial information. A net fiscal position for the City will be determined from this analysis to help inform the level of appropriate investment, coupled with other program criteria measures and Score Card (see “Project Score”). The cost-benefit tool and resulting value is not the sole determinant of the value of the total potential incentive offer.

Return on Investment (ROI) Including Community Benefits:

It is anticipated that not all qualifying projects that engage with this Existing Local Expansions will produce a net positive fiscal impact for the City of Austin. This program is intended to support economic development value

outside a revenue-positive fiscal impact for the City, focusing on providing additional resources for existing, local firms in the Austin market who seek to hire local residents. Given the rising cost of doing business and increased financial pressure on existing, local businesses, this program does not contain a requirement for projects to provide the City with a revenue-positive fiscal position to make a financial incentive offer.

Return on Investment that includes Community Benefits seek to assign a “value” to elements of a project outside the financial profile. These Community Benefits are another factor in determining the level of appropriate investment for the City to realize those community benefits, outside of revenue. Below is a list of Community Benefits that are considered “valuable” in the overall analysis of the proposed project in this Category:

- **Talent:** Demonstrate accessibility and delivery of employment opportunities to the economically disadvantaged and the hard-to-employ segment of the population. Demonstrate the advancement of employee skills by offering a career ladder, internships, educational opportunities, and other training such as apprenticeships, paid internships, coop learning, work-study, etc. Other community benefit programs could include tuition reimbursement, parental leave/childcare programs, coordination with colleges and community colleges, scalable entrepreneurship training, and workshop training.
- **Hiring:** Demonstrate recruitment and hiring practices that produce equity measures to provide pathways for underrepresented minorities and racial/gender disparities.
- **Diversity, Inclusion & Equity:** Demonstrate diversity, inclusion and equity practices and/or policies at the executive level, in the leadership profile, across the workforce and illustrate the presence of affinity groups, promotional efforts and equitable support of those groups to actively engage the workforce.
- **Neighborhood Connection:** Employer growth that affects the neighborhood or community the business services by creating jobs proximate to workers, delivering goods or services to the surrounding community, offering training opportunities for neighborhood residents, delivers or integrates affordable housing developments for the workforce and includes other community solidification elements, such as communal green space and parks, local volunteer opportunities for employees, participating in local arts and culture organizations and involvement in other initiatives that amplify Austin’s neighborhood culture.
- **Sustainable Business Practices:** Engaging in zero waste and resource recovery initiatives such as recycling and/or reuse programs, mitigation of existing impact such as operations that move the community closer to net zero greenhouse gas emissions goal, and operations that are in line with the reductions mandated in the climate plan (25% reduction every ten years), and, getting to zero by 2050. Actively engaging in environmentally friendly and sustainability-focused business operations including lowering vulnerability to drought and flood risks. Participation in the City of Austin’s Mobility Plan, and encouraging employees of the company to participate in sustainability measures. Additional measures could include a Disaster or Emergency Preparation plan.

Return on Investment Including Community Benefits is not a requirement for participation in the program. Instead, the Community Benefits are additional measurements the City of Austin uses to determine valuable impact on the community beyond tax revenue generated from the project’s construction and job creation.

Bonus Qualifiers:

Bonus Qualifiers are a factor of the overall Project Score and could include but are not limited to:

- The company is in a targeted industry, as identified by the City of Austin;
- The company is involved in leading edge technology;

- The company will generate 100 jobs or more;
- The company will locate in a high frequency transit corridor, Transit Oriented Development, or Regional Center, Town Center, or Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan and/or locate within ½ mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes;
- The company will develop 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;
- The company will (or already has) participated in the Human Rights Campaign Corporate Quality Index and receive a favorable score above 80% and is actively taking measures to achieve a score of 100% before the term of the incentive agreement is complete.
- The company will offer a Housing support or stipend program to help alleviate the rising cost of living burden on employees, especially those below the median salary;
- The company will commit to obtaining LEED certification silver or above for construction development of the project, if applicable;
- The company's development, if applicable, scores above a 9 out of 12 on the City of Austin's Carbon Impact Statement;
- The company will source procurement of art and installations from the local creative economy, such as local artists;
- The company will create a program that engages members of the local music and arts community to enrich the working environment for its employees, such as workplace concerts, performances, purchases, promotion programs, etc.;
- The company will provide an on-site day care facility for employees that may be open to the public, and/or provide subsidized daycare for employees.

Project Score:

A Total Project Score will be determined based off the following criteria:

- Minimum Requirements
- General Eligibility
- Exceptions/Waivers (see "Exceptions/Waivers")
- Cost-Benefit Analysis
- Return on Investment Including Community Benefits
- Bonus Qualifiers

Project Score Thresholds:

- Project Score 0 – 50: No City incentive participation. A minimum Project Score of 50 is required for City investment.
- Project Score 51 – 79: City incentive participation negotiable up to a maximum of 35% for property tax reimbursements and up to 2% of wages (see "Incentives Provided"). Other/Operational Support in the form of city resources and services can be considered in this score range (see "Process: Step 4: City Resources").
- Project Score 80 – 100: City incentive participation negotiable up to 50% for property tax reimbursements and up to 3% of wages (see "Incentives Provided"). Other/Operational Support in the form of city resources and services can be considered in this score range (see "Process: Step 4: City Resources").

Incentives Provided:

A firm may receive either a “per job” payment or a portion of incremental property tax liability associated with the expansion.

Per Job Incentive Allowance: Annually, the City will return a share of the gross income paid to workers in the newly created positions based on the Per-Job Allocation Schedule outlined below. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is termed complete.

Project Score	Max % of Annual Wages Per Job Incentive Allowance	Per Job Cap (Annual)
0-50	None	N/A
51-79	1% - 2%	\$1,800
80-100	2.01% - 3%	

Notes on Per-Job Allocation Schedule:

- Assumes an annual work rate of 1,500 hours
- Maximum number of years allowed for per job incentive allowance: 5 years
- Per job incentives are only available to current local residents of the City of Austin
- Other/Operational Support in the form of city resources and services can be considered in the Project Score range of 51-100 (see “Process: Step 4: City Resources”)

Property Tax Reimbursement: Annually, the City will return a share of the property tax liability (not to exceed, in the aggregate, 50% of the net present value of the total estimated tax liability over 5 years.) Property tax reimbursements will be made based on the below Property Tax Reimbursement Allocation Schedule. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is termed complete. As stated above, if the business successfully protests and lowers its property tax valuation, the reimbursement from the City may be reduced accordingly.

Project Score	Max Property Tax Reimbursement (% of net present value of the total estimated tax liability over 5 years)
0-50	0%
51-79	10% - 35%
80-100	36% - 50%

Category 2: Opportunity for Employment

Category Values & Priority Goals:

The Opportunity for Employment category of the Business Expansion Program Portfolio seeks to provide pathways for business expansions that focus on delivering compensation for middle-skill job creation, maximize meaningful labor force participation for hard-to-employ populations and those facing socio-economic hardships that act as barriers for accessing local employment opportunities, and in turn provide benefits to the community beyond local tax base contribution. Potential users of this program will span a wide range, from small/local firms, to mom-and-pop shops, to growing start-ups, to large corporations looking to grow locally.

General Eligibility:

The firm will comply with Minimum Requirements as stated in the Business Expansion Program Portfolio Qualifications* with the option of including the following additional eligibility, as stated below, to achieve City goals with intended audience participation:

- The company has a registered and operational business location within the City of Austin;
- The company creates one or more full-time jobs, hiring and retaining the same individual for each job from the local population facing economic and socio-economic barriers to employment. This following list serves only as an example of populations and barriers and does not limit other populations and barriers:

Hard-to-employ population:

- those who reside in a Targeted Area as defined by the City;
- those at or below 200% of the poverty level;
- individuals without a high-school diploma or GED or transitioning from GED/high-school equivalent programs;
- individuals experiencing homelessness, transitioning from homelessness or residents of Permanent Supportive Housing (PSH) and other housing programs funded by the City of Austin Health and Human Services Department;
- individuals who graduate from a job training program that receives City funding;
- And individuals served by other local or federal social services contracts.

Socio-economic barriers:

- individuals with a past criminal justice system experience;
- individuals transitioning from drug, alcohol or other treatment programs;
- those currently undergoing, recently underwent or identify with the process transitioning of genders;
- veterans;
- individuals over the age of 55;
- individuals with a disability;
- And individuals with other special needs.

In addition, other individuals that are considered “hard-to-employ” or to have socio-economic barriers not listed above may be included in the hiring population upon City receipt of justification for inclusion;

- Positions must be either “full-time” (defined as at least 30 hours/week), “apprenticeships” (position that is a combination of on-the-job training and related instruction from a supervisor in anticipation and

preparation for a permanent job in the applicable company), or “internships” (positions of no more than two years that typically are made available to students).

- The hiring firm meets the following wage requirements* for these positions:
 - Full-time employees and apprentices: starting wages must be no less than the then-current City of Austin living wage, with a clearly defined path to making an additional 50% more within five years. These levels reflect the growing movement, both locally and nationally, at putting a floor under the effort to create good jobs at good wages, and are specifically mindful of both the City’s definition of a living wage (\$13.84/hour in February 2018.)*
 - Interns: wages must be at least \$12/hour.
- The company will encourage and support the use alternative transportation modes;
- The company provides health insurance benefits for all new full-time employees. The partner is not required to extend benefits to individuals not employed by the partner (such as domestic partners, dependents, etc.)
- Projects are exempt from the City of Austin’s MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program, unless 75 or more jobs created.

*See “Exceptions/Waivers” Section

Exceptions/Waivers:

Eligible Exceptions and Waivers in Category 2: Opportunity for Employment in the Business Expansion Program Portfolio may be applied to certain Minimum Requirements or General Eligibility criteria. For projects that create 75 jobs and above, to receive consideration for a waiver of a Minimum Requirement or General Eligibility, the Project Score must reach the minimum threshold of 80 or above. No more than one Exception or Waiver can be applied to Minimum Requirements. Under certain circumstances, the company may request and/or the City may grant an Exception or Waiver to the following Minimum Requirements and General Eligibility:

- Wage Requirement Waiver: This waiver would allow for a modification of the wage requirement to reflect specific worker characteristics and business case for supporting the intended audience at a minimum of \$12.75/hr. This may affect both the Prevailing Wage Minimum Requirement and the Living Wage Minimum Requirement.
- Other Exceptions and Waivers for Minimum Criteria and General Eligibility can be requested and will be considered on a case-by-case basis.

Cost-Benefit Analysis:

A cost-benefit analysis will be included in the consideration of the project and will be factored in to the resulting Project Score (see “Project Score/General Eligibility”) as one factor that informs the level of incentive available to the project. For some projects, depending on the complexity and anticipated impact, the City may determine that an outside or third-party cost-benefit analysis is necessary. Measures for the Cost-Benefit Analysis could include, but are not limited to construction and development costs, net new jobs additions, hiring timeline, wages, facility costs that impact water and electricity infrastructure and other project-related financial information. A net fiscal position for the City will be determined from this analysis to help inform the level of appropriate investment, coupled with other program criteria measures and Score Card (see “Project Score”). The cost-benefit tool and resulting value is not the sole determinant of the value of the total potential incentive offer.

Return on Investment (ROI) Including Community Benefits:

It is anticipated that many projects that qualify for the Category 2: Opportunity for Employment program criteria will not produce a revenue-positive fiscal position for the City. This program is intended to support economic development value outside a revenue-positive fiscal impact for the City, focusing on providing new opportunities for the intended segments of the Austin workforce. As an example, the combination of new revenue and avoided social services costs suggests that the City could realize as much as \$3,000 in net gain per job created for those who are considered hard-to-employ. Therefore, this program does not contain a requirement for projects to provide the City with a revenue-positive fiscal position to make a financial incentive offer.

Return on Investment that includes Community Benefits seek to assign a “value” to elements of a project outside the financial profile. These Community Benefits are another factor in determining the level of appropriate investment for the city to realize those community benefits, outside of revenue. Below is a list of Community Benefits that are considered “valuable” in the overall analysis of the project in this Category:

- **Talent:** Delivery of employment opportunities to the hard-to-employ segment of the workforce. Employers that demonstrate the advancement of employee skills by offering a career ladder, internships, educational opportunities, and other training such as apprenticeships, paid internships, coop learning, work-study, etc. Other community benefit programs could include tuition reimbursement, parental leave/childcare, coordination with colleges and community colleges, scalable entrepreneurship training, and workshop training.
- **Hiring:** Demonstrating recruitment and hiring practices that produce equity measures to provide pathways for underrepresented minorities and racial/gender disparities.
- **Diversity, Inclusion & Equity:** Demonstrate diversity, inclusion and equity practices and/or policies at the executive level, in the leadership profile, across the workforce and illustrate the presence of affinity groups, promotional efforts and equitable support of those groups to actively engage the workforce.
- **Neighborhood Connection:** Employer growth that affects the neighborhood or community the business services by creating jobs proximate to workers, delivers goods or services to the surrounding community, training opportunities for neighborhood residents, delivers or integrates affordable housing developments for the workforce and includes other community solidification elements, such as communal green space and parks, and work or impact that amplifies Austin’s neighborhood culture.

Return on Investment Including Community Benefits are not requirements for participation in the program. Instead, they are additional measurements the City of Austin uses to determine valuable impact on the community beyond tax revenue generated from the project’s construction and job creation.

Project Score:

A Project creating accessible opportunity for the intended audience will be deemed “acceptable” and staff will move forward with transaction development when the partner is able to agree to the terms provided and provide information that supports delivery of intended outcomes:

- Minimum Requirements
- General Eligibility
- Exceptions/Waivers (see “Exceptions/Waivers”)
- Cost-Benefit Analysis
- Return on Investment Including Community Benefits

Projects that are not able to agree or provide information that properly addresses the criteria above will be deemed “not acceptable” and will not continue in the process. There are no “Bonus Qualifiers” extended to this program.

Incentives Provided:

A company that meets required criteria may receive a cash allocation from the City, on a reimbursement basis, under the following schedule for each position.

Allocation Schedule (per position, annually):

	If Engage 3 rd Party	If Engage 3 rd Party + Housing Stipend	If Company Alone	If Company Alone + Housing Stipend
Year 1	\$2,000	\$3,000	\$1,000	\$2,000
Year 2	\$1,900	\$2,900	\$950	\$1,950
Year 3	\$1,800	\$2,800	\$900	\$1,900
Year 4	\$1,700	\$2,700	\$850	\$1,850
Year 5	\$1,600	\$2,600	\$800	\$1,800

Engaging with Qualified Third Parties: In 2016, the City received an average of \$2,215 in taxes and fees per job in Austin (\$1,440 when taxes alone are considered). Moreover, the City administers a range of means-tested social services programs that in some way address poverty. A total of 35 programs with FY 2015-16 annual budgets totaling \$16.5 million in client service spending were identified, serving just over 19,350 clients for an average of approximately \$855/client. The activities of these programs were broadly related to workforce development, transitional housing, victim services/violence prevention, childcare, and financial literacy. However, the process of finding, training, placing, and supporting these individuals after employment is not easy, and may be challenging for firms that are not accustomed to dealing with these populations and/or are not organizationally prepared to implement an effort of this type. As a result, private entities are encouraged to engage qualified third-parties (defined as those organizations connected to the City’s economic development department or social service programs) to facilitate the successful placement and retention of employment candidates.

Additional Housing Stipend Allocation: In an effort to alleviate the rising cost of living burden for employees, private entities are encouraged to provide a “Housing Stipend” to employees within the City of Austin, especially those beneath the median salary. This amount assumes the average cost of a one-bedroom or efficiency unit within the City of Austin is currently at an estimated \$1,000 per month. This additional allocation is equivalent of a stipend equal to one-month’s rent per employee per year for up to five years. Should the company offer such a stipend to their employees, especially those beneath the median salary, they would be eligible for consideration for an additional incentive allocation equivalent to \$1,000 per employee, per year up to five years, above their baseline incentive allocation amount.

Category 3: External Relocations

Category Values & Priority Goals:

The External Relocations category of the Business Expansion Program Portfolio seeks to provide strategic interventions and investments that attract outside employers relocating and expanding within the local market to grow and hire in Austin by providing needed capital/financing and support, potentially offsetting costs associated with the City regulatory environment as it relates to business growth. This program could help provide new employment opportunities for local residents, solidify neighborhood employment centers and activity corridors, and yield numerous community benefits beyond traditional increases to the tax base for the City. The potential users of this program could include established businesses with operations currently outside the City, newcomers with proven track records and growth trajectories in target industries and those that offer alignment with Austin's strategic direction.

General Eligibility:

The firm will comply with Minimum Requirements as stated in the Business Expansion Program Portfolio Qualifications* with the option of including the following additional eligibility, as stated below, to achieve City goals with target audience participation:

- The company does not currently have a *significant presence within the City of Austin or if there is already a significant presence, the project delivers a new division or operation into Austin. (*Significant presence is defined as having no more than 5 full-time jobs that are currently based and operational within the City of Austin);
- The company will create at least 75 new full-time jobs (defined as working at least 1,500 hours annually) and must pay the City's then-current living wage;
- Projects comply with the City of Austin's MBE/WBE Ordinance through the Minority-Owned and Women-Owned Business Enterprise Procurement Program for construction related expenses and participate in annual meetings with the Small Minority Business Resources Department to obtain an updated availability list for commodity purchases to report interaction with MBE/WBE firms at the end of year compliance period, unless this requirement is waived through the exception process (see Program Guidelines "Exceptions/Waivers" section);
- The company and the industry within which they operate demonstrate business growth and stability

*See "Exceptions/Waivers" Section

Exceptions/Waivers:

Eligible Exceptions and Waivers in Category 3 Projects: External Relocations Program may be applied to certain Minimum Requirements or General Eligibility criteria. Under certain circumstances, Category 3: External Relocations Program applicants can request an Exception or Waiver and/or the City may grant an Exception or Waiver to Minimum Requirements and General Eligibility and will be considered on a case-by-case basis. To receive consideration for a waiver of a Minimum Requirement, the Project Score must reach the minimum threshold of 80 or above. No more than one Exception or Waiver can be applied to Minimum Requirements.

Cost-Benefit Analysis:

A cost-benefit analysis will be included in the consideration of the project and will be factored in to the resulting Project Score (see “Project Score/General Eligibility”) as one factor that informs the level of incentive available to the project. For some projects, depending on the complexity and anticipated impact, the City may determine that an outside or third-party cost-benefit analysis is necessary. Measures for the Cost-Benefit Analysis could include, but are not limited to, construction and development costs, net new jobs additions, hiring timeline, wages, facility costs that impact water and electricity infrastructure and other project-related financial information. A net fiscal position for the City will be determined from this analysis to help inform the level of appropriate investment, coupled with other program criteria measures and Score Card (see “Project Score”). The cost-benefit tool and resulting value is not the sole determinant of the value of the total potential incentive offer.

Return on Investment (ROI) Including Community Benefits:

The External Relocation Category allows for the City of Austin to receive a net positive fiscal impact to support economic development values in the community. Given the nature of qualifying projects within this Category being required to provide a new job increase of a minimum of 100 new jobs in Austin, this Category contains a requirement for a revenue-positive fiscal position for the City to make a financial incentive offer.

However, a net positive fiscal return for projects in this Category is not the only way a project can demonstrate its value on the community. Return on investment includes Community Benefits that seeks to assign a “value” to those elements of a project outside the financial profile. These Community Benefits are another factor in determining the level of appropriate investment for the city to realize those community benefits, outside of revenue. Below is a list of Community Benefits that are considered “valuable” in the overall analysis of the project in this Category:

- 1) Mobility Solutions: Participation in solutions that offset traditional transportation impacts of the project, such as roadway congestion, neighborhood parking, transit needs and pedestrian/bike developments.
- 2) Gaps in Needed Services/Goods: Provide goods/services to under-served communities within Austin;
- 3) Industry Diversification: Seed new investment in a new industry to potentially create a new cluster or bring additional types of industries to Austin;
- 4) Hiring: Demonstrating recruitment and hiring practices that produce equity measures to provide pathways for underrepresented minorities and racial/gender disparities.
- 5) Diversity, Inclusion & Equity: Demonstrate diversity, inclusion and equity practices and/or policies at the executive level, in the leadership profile, across the workforce and illustrate the presence of affinity groups, promotional efforts and equitable support of those groups to actively engage the workforce.
- 6) Local Partnerships: Partner and/or engage with local groups, non-profits, schools and small businesses to align with local values and needs. These partnerships could demonstrate any of the following:
 - a. Enhance relationships with local organizations and support local culture;
 - b. Develop and participate in neighborhood groups;
 - c. Promote industry diversity, encourage entrepreneurship and support small businesses through collaboration and partnership;
 - d. Collaborate with local schools for talent pipeline development through programs that include recruitment, internships, apprenticeships, and education of opportunities in the industry;

- 7) Community Connection: Create jobs proximate to workers, offering training opportunities for neighborhood residents and includes other community solidification elements, such as communal green space and parks, local volunteer opportunities for employees, participating in local arts and culture organizations, produce public locational enhancements such as public access to parks and greenspaces, mitigation of downtown pan-handling and other impacts of the homeless population on businesses, maintain connections with the school districts and involvement in other initiatives that amplify Austin's neighborhood culture;
- 8) Employment Opportunity: Promote equity and decrease barriers for the hard-to-employ by participating in the Category 2: Employing the Economically Disadvantaged (see "Process: Bundling Programs" section.) Include in the hiring plan new employment opportunities for the hard-to-employ segment of the population. This produces a more balanced economy, reduces poverty, and equalizes income across demographics and other economic segregations;
- 9) Quality of Life Enhancements: Demonstrating willingness to create benefits for the workforce and proximate residents, such as focusing hiring on local workers, enveloping and/or subsidizing wrap-around services such as parental leave/childcare/etc., and other quality of life enhancements;
- 10) Sustainable Business Practices: Engaging in sustainable building practices such as green building or LEED certification for facility development. Engaging in zero waste, resource recovery and recycling re-processing initiatives such as recycling and/or reuse programs, mitigation of existing impact such as operations that move the community closer to net zero greenhouse gas emissions goal, and operations that are in line with the reductions mandated in the climate plan (25% reduction every ten years), and, getting to zero by 2050. Actively engaging in environmentally friendly and sustainability-focused business operations including lowering vulnerability to drought and flood risks as well as mitigating impact of the project on water, wastewater, and electric infrastructure. Participation in the City of Austin's Mobility Plan, and encouraging employees of the company to participate in sustainability measures. Additional measures could include a Disaster or Emergency Preparation plan.

Return on Investment Including Community Benefits are not requirements for participation in the program. Instead, they are additional measurements the City of Austin uses to determine valuable impact on the community beyond tax revenue generated from the project's construction and/or job creation.

Bonus Qualifiers:

Bonus Qualifiers are a factor of the overall Project Score and could include but are not limited to:

- The company is in a targeted industry, as determined by the City of Austin;
- The project is relocating a headquarters operation or it represents the "headquarters" of a new product line or service for the company;
- The company is involved in leading edge technology;
- State economic development funds are available for the firm;
- The company will generate 500 jobs or more;
- The company will fill at least a cumulative 75% new, full-time jobs with City of Austin residents (defined as having a permanent address within the City of Austin for one year and not having worked for the company prior to the effective date of the agreement);
- The company will locate in a high frequency transit corridor, Transit Oriented Development, or Regional Center, Town Center, or Neighborhood Center identified in the Growth Concept Map in the Imagine Austin Plan and/or locate within ½ mile of a rail or bus stop that is accessible by safe pedestrian and bicycle routes;

And the company will develop 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;

- The company will offer a Housing support or stipend program to help alleviate the rising cost of living burden on employees, especially those below the median salary;
- The company will (or already has) participated in the Human Rights Campaign Corporate Quality Index and receive a favorable score above 80% and actively taking measures to achieve a score of 100% before the term of the incentive agreement is complete.
- The company will commit to obtaining LEED certification silver or above for construction development of the project, if applicable;
- The company's development, if applicable, scores above an 9 out of 12 on the City of Austin's Carbon Impact Statement;
- The company will source procurement of art and installations from the local creative economy, such as local artists;
- The company will create a program that engages members of the local music and arts community to enrich the working environment for its employees, such as workplace concerts, performances, purchases, promotion programs, etc.;
- The company will deliver or integrate workforce housing into the project;
- The company will provide an on-site day care facility for employees that may be open to the public, and/or provide subsidized daycare for employees.

Project Score:

A Total Project Score will be determined based off the following criteria:

- Minimum Requirements
- General Eligibility
- Cost-Benefit Analysis
- Return on Investment Including Community Benefits
- Bonus Qualifiers
- Exceptions/Waivers (see "Exceptions/Waivers")

Project Score Thresholds:

- Project Score 0 – 50: No City incentive participation. A minimum Project Score of 50 is required for City investment.
- Project Score 51 – 79: City incentive participation negotiable up to a maximum of 35% for property tax reimbursements and up to 2% for wages (see "Incentives Provided"). Other/Operational Support in the form of city resources and services can be considered in this score range (see "Process: Step 4: City Resources".)
- Project Score 80 – 100: City incentive participation negotiable up 50% for property tax reimbursements and up to 3% for wages (see "Incentives Provided"). Other/Operational Support in the form of city resources and services can be considered in this score range (see "Process: Step 4: City Resources".)

Incentives Provided:

A firm may receive either a "per job" payment or a portion of incremental property tax liability associated with the relocation.

Per Job Incentive Allowance: Annually, the City will return a share of the gross income paid to workers in the newly created positions based on the Per-Job Allocation Schedule outlined below. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is termed complete.

Project Score	Max % of Annual Wages Per Job Incentive Allowance	Per Job Cap (Annual)
0-50	None	N/A
51-79	1% - 2%	\$1,800
80-100	2.01% - 3%	

Notes on Per-Job Allocation Schedule:

- Assumes an annual work rate of 1,500 hours
- Per job incentives are only available to current local residents of the City of Austin
- Other/Operational Support in the form of city resources and services can be considered in the Project Score range of 51-100 (see “Process: Step 4: City Resources”)

Property Tax Reimbursement: Annually, the City will return a share of the property tax payment (not to exceed 50% of the net present value of the total estimated tax liability over 10 years.) Property tax reimbursements will be made based on the below Property Tax Reimbursement Allocation Schedule. The total incentive amount will be estimated at the time of the agreement execution and will be capped at that amount. If the cap is reached before the end of the agreement term, the agreement is termed complete. If the Project obtains a reduction in property tax valuation that results in a reduction in property taxes paid, the amount of the reimbursement will be reduced accordingly.

Project Score	Max Property Tax Reimbursement (% of net present value of the total estimated tax liability over 10 years)
0-50	0%
51-79	10% - 35%
80-100	36% - 50%

Process

Projects seeking partnership with the City of Austin through the Business Expansion Program Portfolio follow this general administrative process:

Step 1: Applicants Complete the Online Application

The Online Application is the first opportunity for a company to request consideration for a Chapter 380 incentive through the Economic Development Department with the City of Austin. It is imperative the Applicant self-select for appropriate Minimum Requirement and General Eligibility criteria, including anticipated requests for Exception or Waiver of requirements complete with supporting documentation. This Online Application is not the Final Business Expansion Program Category Application, but rather serves as the initial introduction of the project seeking alignment with the City of Austin's Business Expansion Program Category.

Step 2: Project Introduction & Application Review

In a timely manner, the Online Application will be reviewed by City of Austin staff. If City staff so determines, the Applicant may be invited to discuss the Online Application with Economic Development staff in person or via conference call. This meeting is an opportunity for both parties to discuss the project, review the initial application and make any needed adjustments to the application if the intention is to submit the application for formal consideration (see Step 3.) Economic Development staff will make inter-Departmental connections within the City of Austin to help facilitate the Application in the event other Departments or programs will be involved in the project.

Step 3: Submit Final Business Expansion Program Category Application

If adjustments are made to the original Online Application during Step 2, Applicants are requested to amend the documentation and re-submit as a "Final Business Expansion Program Category Application" for formal consideration by City staff. If the City does not request any adjustments, or the applicant chooses not to make any adjustments and formally advises the City of that decision through the online application portal, the City will treat the initial application as a final application.

Step 4: Project & Application Analysis

After the Final Business Expansion Application submission, the City will review the Final Application and determine whether Minimum Requirements and General Eligibility criteria are met and measure program qualifications, fiscal impact and determine a Project Score. It is at this time during the analysis that if an exception to minimum requirements has been requested, justification for the exception will be included in the evaluation, and if an Exception or Waiver is granted, the Project Score will be adjusted for a final result.

Bundling Programs: It is possible for projects to qualify for more than one program within the Chapter 380 Policy portfolio of programs. In those cases, potential agreement terms pursuant to the project details will be determined by City staff. If City staff has not done so already by this point, inter-Departmental connections within the City of Austin will be made to help facilitate the Application in the event other Departments or programs will be involved in the project. For a project that qualifies for more than one program, a blended Project Score may be created to

measure overall impact weighted against total costs. In this case, the blended score and methodology will be determined by City staff managing the programs involved.

City Resources: Other/Operational Support Grants to include, but not limited to, city resources such as expedited permitting, dedicated ombudsman services, development fee waivers, transportation and public works resources and other city services. These resources can be included in or in lieu of a financial or non-financial incentive package for projects that score above 51. It is at this time that City staff would engage with the Department that manages those services to determine feasibility of support delivery for this project and ensure it aligns with the project timeline.

Step 5: Project Status – Accepted or Declined

Applicants will be informed of the status of their application in a timely manner after the Final Business Expansion Application is submitted. If the project has been accepted and meets program criteria, City staff will communicate directly with the Applicant to inform them to expect the process going forward (see Step 6).

Step 6: Proposal Execution

The following processes will be followed for varying levels of incentive package proposal valuations:

Tier 1 Process: For total incentive package proposals that are valued below City Manager Spending Authority, and if the company accepts to move forward with the City’s proposal, Applicants will be informed to expect a formal letter of “Program Acceptance” from the Program’s Department including the City’s Chapter 380 Business Expansion Category agreement proposal and stipulated conditions upon which the company must agree. The agreement is executed by both parties and begins with the Compliance process.

Tier 2 Process: For incentive package proposals that are valued above City Manager spending authority but below a total \$5,000,000* net benefit value for the City or a \$200,000,000* project Capital Investment value, and if the company accepts to move forward with the City’s proposal, a Chapter 380 Business Expansion Program Category agreement is drafted by City staff and submitted for City Council approval on the next regular Council Meeting Agenda date. If Council approves of the proposal, the agreement is executed by both parties and begins with the Compliance process.

Tier 3 Process: For incentive package proposals that are valued above a total \$5,000,000* net benefit value for the City or a \$200,000,000* project Capital Investment value, and if the company accepts to move forward with the City’s proposal, the following process is followed:

- The Chapter 380 Business Expansion Program Category proposal is placed on the Council agenda as a time-certain agenda item with a staff presentation on the proposal. The public can comment on the Chapter 380 Business Expansion proposal at this Council meeting.
- The Chapter 380 Business Expansion Program Category proposal, application, evaluation documents, analysis, and proposal agreement are announced in a press release and made available to the public at the time of the Agenda posting. All of this information is posted to the Economic Development Department website.

- An online comment portal is setup to collect public comments for a minimum of five business days, unless special circumstances are required. 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.

Stewardship

City staff is committed to the following values in the administrative implementation and stewardship of the Chapter 380 Business Expansion Program Portfolio:

Efficient, Inviting and Responsive to Market Needs: The Chapter 380 Program is a visible, accessible opportunity for private entities to discover new ways to leverage City investment for the betterment of the Austin community and means to put progress toward their business endeavors. This process must be efficient and expeditious to match the rapid pace of the business environment and minimize delay. Every effort will be made to build in appropriate timelines, clearly communicate expectations on those timelines and carry out an efficient process of the Chapter 380 Business Expansion application steps. Needs for addressing improvements or adjustments to maintain such values will be provided during an annual report to council that also reviews program outcomes.

Transparency: The Chapter 380 Business Expansion Program Portfolio will comply with best practice transparency measures, including producing timely and accurate reporting on all Chapter 380 agreements, supporting documentation, compliance reports and ongoing payment information available on the City's website or other communication outlet. All final agreements and project information will be made available to the public via online portal immediately and openly after approval.

Compliance and Third Party Assessment: All Chapter 380 agreements are performance-based, meaning the company must demonstrate its compliance annually to receive that year's payment. No upfront incentives are allowed through the above mentioned programs.

Every year, the Economic Development Department reviews the company's compliance with the agreement requirements, and an independent, third-party reviews the department's annual review (unless an exception is made under the agreement terms of the project.) If both annual reviews confirm compliance, then the company is deemed to have fulfilled its annual obligations, and the payment is made for that year. All payment information will be available on the [Economic Development Department Open Portal website](#).

Reassessment

The Business Expansion Program Portfolio will follow a regular reassessment process to include the following elements:

Five-Year Program Reassessment: The Business Expansion Program Portfolio, will run with a standard five-year term to allow for changes in Austin’s economic environment, community needs and shifting policy directives. Program Values and Priority Goals identified in each of the Business Expansion Categories will be examined on a five-year term to ensure proper connection with the current Austin Strategic Direction priorities. At the end of the five-year term, the program will be reassessed by City staff to determine if adjustments need to be made to the program evaluation method, criteria, process, administration or whether the program’s current structure achieves the intended priority goals. If not, some programs may be allowed to “sunset”, phased-out or replaced with new programs. Reassessment will include an overview of performance measured against the program’s priority goals (annual and five-year) as well as City of Austin executive leadership input and community feedback. Community stakeholders will be consulted for feedback during this reassessment process, where suggestions and identification of new needs will be solicited on a five-year basis to recalibrate program priority goals to match community needs, Council objectives and changes in Strategic Direction.

Term of Agreements & Grandfathering: Agreements made within the Business Expansion Program Portfolio are not subject to the five-year maximum term. Typically 5-10 years, the term of those agreements is made to best reflect the project’s timeline, investment, and job creation schedule and the City will honor those agreements until the termination of the agreement. In the event a program is allowed to sunset or program criteria is changed to reflect shifting conditions, existing agreements will be grandfathered for the remainder of the term of the project agreement. The City Manager is able to propose a longer or shorter term for an agreement should the City have a competitive justification or business need for such action.

Market Conditions: Exceptions & Waivers / Non-Conforming Projects / “High-Impact” Projects:

High-impact projects, unique developments, and market competitive or other non-conforming projects will be considered on a case-by-case basis and within the context of the current market conditions at the time of project application. City staff will analyze those conditions and projects and determine if a recommendation for incentive proposal is achievable through current programs. If it is determined that the non-conforming project is attractive, justifiable and can provide significant community value AND does not fit within the structure of a current program outline, special consideration will be made to create a program to support such a project depending on feasibility and financial bandwidth.

Public Input: The Business Expansion Program Portfolio has been created with the intention to meet a specific community need and outline priority goals. If both the program and projects contained are not successful, underperforming and/or the community need is not being met, then a thoughtful reassessment of the program’s structure or existence should be evaluated in a timely manner to address delivery of outcomes. As a part of this reassessment, public input is of tremendous importance. Community stakeholders will be consulted for feedback during this process, where suggestions and identification of

new needs will be solicited on a five-year basis to recalibrate program priority goals to match community needs, Council objectives and changes in Strategic Direction.

Annual Update & Reporting: An annual assessment will be made for the “effectiveness” of the programs and projects in reaching the intended goals. Program Metrics and Project Metrics are tracked on an annual basis that will be shared publicly. Metrics focus on Austin’s Strategic Direction outcomes and general performance measurements could include but are not limited to:

Program Metrics:

- Number of Applications Received/Accepted
- Community Preservation
- Catalytic Event Affects
- Equity Measures
- Transportation Impact
- Affordability Measurements
- Workforce Impacts
- Other Strategic Direction Measurements

Project Metrics:

- Metrics by Program Criteria
- New Jobs Created
- Jobs Retained
- Job Types
- Revenue Impacts
- Community Benefits Achieved
- Capital Investment
- Other Strategic Direction Measurements

At the end of the five-year period of the program, those Annual Reports will be reviewed and used as supporting documentation to make the decision to sunset, phase-out or revise the program structure.

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