

## Council Special Committee on Economic Incentives

### Meeting Q & A

1. **Question:** CM Tovo: “Is it possible to request a specified number of documented local hires?”

**Answer:** With respect to local hiring requirements, we follow best practices by emphasizing companies work with local organizations to recruit local talent. We have considered, in the past, mandating a specific percentage of local hires. However, we’ve not pursued this requirement for a number of reasons. We can enumerate these reasons in the next Council Subcommittee briefing.

2. **Question:** CM Tovo: “Suggested looking at some of the Business Information Forms (BIF) to see how well some of the companies attempted to fulfill expectations (not requirements).”

**Answer:** The Economic Growth and Redevelopment Services Office (EGRSO), along with an independent third-party reviewer, as mandated by Council, monitor all of the contractual obligations that are part of the Chapter 380 Agreements, many of which come directly from the BIF. EGRSO and an independent third-party monitor:

- Investment in leasehold improvements, machinery and equipment and/or furniture, fixtures and equipment in accordance with and up to the level required in the agreement;
- The number of New Full-time jobs created, and if applicable, the number of existing jobs retained;
- The average annualized salary, excluding health insurance and retirement benefits but including bonuses, allowances and overtime, for all New Full-time jobs in order to determine whether or not it meets the required average;
- The addresses of all employees hired, to determine whether or not they are in the Austin Round Rock MSA;
- Efforts to recruit diverse candidates including through local non-profit organizations and/or Texas Department of Assistive and Rehabilitative Services;

- Annual operational expenditures with local and/or certified minority-owned or women-owned businesses in accordance with the requirement in the agreement and;
- Compliance with Chapter 2264 of the Texas Government Code regarding undocumented workers.

Other City of Austin departments monitor:

- Department of Small Minority Business Resource (DSMBR) monitors compliance with the City's MBE/WBE program requirements during construction and;
- Watershed Protection Department monitors compliance with water quality regulations.

3. **Question:** CM Martinez: "Can you provide us with information (out of the 16 agreements) which ones were here with shovel in the ground before they came to the City for incentives?"

**Answer:** None.

4. **Question:** CM Morrison: "Could we include a minimum wage requirement when defining "public purpose" in an agreement; is there anything that would bar the City from doing this?"

**Answer:** There is no state statute that would prohibit the City from implementing a minimum wage requirement. However, requiring such could negatively impact EGRSO's ability to recruit firms which plan to create entry level positions as part of their expansion plans. These positions are important in helping to create a career path for those who are difficult to employ due to a lack of education, experience, criminal background, etc.

5. **Question:** CM Morrison: "Is there a prohibition on local hires that holds language about not being hired because of not living in the right area?"

**Answer:** There is no general prohibition against requiring local hires. It is challenging to define the word "resident" for the purposes of these agreements due to certain factors, many of which are addressed in the answer to Question #1. Travis County's agreement with Apple includes an additional 5% incentive if Apple certifies that 50% of the individuals in the new jobs are residents of Travis County. The County agreement does not include a definition of resident.

6. **Question:** CM Morrison: “The Webloci entry criteria include a size limitation or number of jobs being created. Are we looking at relatively large businesses?”

**Answer:** City policy does not exclusively focus on large businesses as our Economic Development Policy does not have a minimum requirement in terms of capital investment or job creation. Incentives are provided either as a rebate of a set percentage of real and personal property City taxes paid by the respective business, or through a cash grant paid on a per job basis for projects that do not generate enough if an incremental increase in city property taxes. The use of the job based incentive enables the City to provide an incentive to smaller businesses / projects which create a net financial benefit to the City.

7. **Question:** CM Morrison: “Target industries are also entered into the evaluation matrix. Where do those come from, how often do they change, and is Council ever involved in that discussion?”

**Answer:** The targeted industries list was developed as part of the Opportunity Austin strategic plan and was also part of the 2003 Economic Development Policy that was created and adopted by Council. The City of Austin contracts with the Greater Austin Chamber of Commerce to act as the lead organization in the City’s business recruitment efforts. The Chamber has and continues to work with Market Street Services, a national economic, community and workforce development consulting firm, in assessing the strengths of the Austin economy and establish the list of targeted industries.

8. **Question:** CM Tovo: “Can we get a briefing from the County to get up to date on what they are doing?”

**Answer:** EGRSO has requested that Travis County provide an update at the August 17<sup>th</sup> Council Special Committee on Economic Incentives meeting.