

TRAVIS COUNTY ECONOMIC DEVELOPMENT POLICY

ITEM 2

Commissioners
Court
Work Session
October 11, 2012

TODAY'S PRESENTATION

- **Policy Development Process**
 - **Background**
- **Status of Current Draft Policy**
- **Key Policy Areas for Further Court Discussion/Feedback**
- **Next Steps**

POLICY DEVELOPMENT PROCESS

- **2009-2010** Economic Development Subcommittee worked with staff to complete comprehensive update of existing policy
 - **Spring 2011** Subcommittee directed Planning and Budget Office to develop proposed revisions for better clarity
 - **Dec. 2011** Updated draft policy presented to Subcommittee
 - **Jan. 2012** Updated draft presented to Commissioners Court
 - Feedback from Court, Chamber of Commerce, City of Austin
 - **April 2012** Subcommittee reviewed latest draft policy and provided feedback before Commissioners Court
 - **May 2012** Court reviewed/discussed draft policy
 - **June 2012** Public hearing held to receive feedback
 - **August 2012** Updated draft policy circulated to Court that reflected feedback from public hearing
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- **October 11, 2012** Discuss remaining issues at Court work session

REQUIREMENTS FOR INCENTIVE

1. Minimum new investment of \$25 Million
2. Does not simply transfer employment from one part of the County to another
3. Increase employment by a minimum of 50 employees
4. Be competitively-sited
5. Have a meaningful human resources benefit policy
 - Emphasize affordability for employees
 - Applies to same sex/domestic partners
6. Fill 50% of new jobs with Travis County Residents
7. Living wage at least equal to County's minimum wage
8. Provide Equal Employment Opportunity Policy
9. Cash-positive WebLOCI fiscal impact analysis

TARGETED INDUSTRIES/PROJECTS

- Referred to as “Authorized Facilities” in draft policy
 - Preferred Industries
 - Convergence Technology
 - Creative Media
 - Green Industries
 - Corporate/Professional Headquarters
 - Healthcare and Life Sciences
 - Regional Live Entertainment or Fine Arts
 - Research and Development
 - Business providing substantial opportunities for economically disadvantaged individuals
 - Business located in a Reinvestment Zone
 - ***New in Current Draft:*** Other businesses approved by Commissioners Court that provide substantial opportunities to enhance or diversify economy
- Retail allowable, but not preferred
- ***Under current draft,*** an incentive granted on leasehold improvements represents a policy exception, or waiver.

COMPONENTS OF INCENTIVES

1. Investment
2. Jobs
3. LEED Certification
4. Location
5. Economically Disadvantaged Hiring/Training

Total incentive not to exceed 80% of taxes on new eligible property value

BASE INCENTIVE ON INVESTMENT

Investment Amount	Incentive Level
\$25 million – \$100 million	25%
\$101 million – \$200 million	33.5%
Greater than \$200 million	45%

ADDITIONAL INCENTIVE ABOVE BASE

Number of New Jobs	Additional Incentive
51- 100	6%
101-200	10%
Greater than 200	15%

LEED Certification Level	Additional Incentive
Basic	2%
Silver	3%
Gold	4%
Platinum	5%

ADDITIONAL INCENTIVE ABOVE BASE

LOCATION

- Additional 5% incentive is granted if the Company is located in:
 - Activity Center identified in future County comprehensive/master plan
 - Development conforming to County's Conservation Development Order
 - City of Austin Desired Development Zone
 - *NEW in current draft* Other targeted area identified by County for economic development preference

ECONOMICALLY DISADVANTAGED

HIRING & TRAINING

- Additional 10% incentive if the Company:
 - Offer needs-based scholarships covering 50% of tuition cost for a degree or certificate, or
 - Provide employment to participants of any scholarship or workforce training program approved by the County, or
 - Provide a specified monetary donation to workforce training program or workforce training fund approved by the County.

SUGGESTED DISCUSSION AREAS

- Addition of proposed purpose/goals statement
 - Based on public feedback
 - Purpose statement included in draft policy:
 - To encourage economic stimulation and prosperity by attracting new business to County
 - To enhance tax base by attracting new business that will make significant investments in new construction
 - To assist with workforce development by attracting companies that offer significant new jobs and training to current residents who are unemployed or under-employed
 - To encourage diversity of the economy by attracting businesses that will broaden the scope industry
 - To attract new businesses that will, in turn, promote the growth of other supporting businesses, particularly smaller companies.
- Does Court wish to modify these proposed policy goals?

SUGGESTED DISCUSSION AREAS

- Requirement of property ownership and exclusion of leasehold improvements as eligible property
 - Long-term ground leases with significant improvements made by lessee are not unusual in current business environment.
 - Ownership not currently required by City of Austin
 - If allowed in final policy, lease needs to be structured to require direct payment of ad valorem taxes by company.
- Requirement of “supermajority” of Court votes
 - Should a supermajority be required to waive any element of policy?
 - If required, how should a supermajority be defined?
 - Supermajority required to amend policy
 - Applies if tax abatements included in policy
 - Not required to adopt policy itself
 - Current draft requires supermajority to waive elements of policy.

SUGGESTED DISCUSSION AREAS

- **Minimum capital investment and jobs requirement**
 - Does Court wish to maintain \$25 million minimum for investment, or return to a higher requirement?
 - Likewise, regarding minimum creation of 50 new jobs?
- **Health benefits**
 - Draft policy requires companies to offer group coverage or employer contribution to health benefits that provides “meaningful” opportunity for workers to purchase coverage
 - Access to affordable healthcare
 - Flexibility to ascertain reasonableness “case by case”
 - Part-time and contract employees
- **Living wage provisions**
- **Not-to-exceed ten-year agreement term**

SUGGESTED DISCUSSION AREAS

- **50% Travis County residency requirement**
 - Currently included as requirement to achieve base incentive
 - City and County both researching relevant issues
 - Should policy require achievement for base incentive or offer as “add-on”?
 - Qualifications to be considered a County resident, compliance and reporting
 - Affirmative action/recruiting and hiring practices
- **Workforce training for economically disadvantaged individuals**
 - County’s health and human services group could develop program/tools to offer to applicants interested in receiving additional incentives.
 - 10% add-on incentive in current draft policy
 - Potential partnership opportunities with City of Austin
 - Both entities could tailor common program(s) to achieve desired goals
 - Incentive applicants would have advantage of opting for participation in program established by health and human services professionals.
 - Reserve for workforce development as future budget policy
- **Prevailing wage for construction workers**
 - Work with City of Austin to assess practicality
 - Consistent, thoughtful approach needed
 - Can be adopted as an amendment at a future date

SUGGESTED DISCUSSION AREAS

- LEED certification and desired location
 - Part of base requirement or added incentive?
- Modify recapture provisions to allow judgment in assessing when appropriate (may be required under tax abatements)
 - Projects that are implemented quickly may not require significant recapture clauses
- Working with CAPCOG to draft agreement for WebLOCI analysis
 - \$5,000 annual set-up fee
 - \$1,000 fee for analysis of each application (passed on to applicants)
 - Agreement targeted for Court consideration in November

Next Steps

- Coordinate through the County's Judge's office to place the draft policy on a future Court agenda for consideration
 - Target = November meeting

QUESTIONS/ DISCUSSION