

Item 26



Travis County Commissioners Court Agenda Request

Meeting Date: July 30, 2013
Prepared By/Phone Number: David Salazar, 854-9555
Elected/Appointed Official/Dept. Head: Samuel T. Biscoe
Travis County Judge
Commissioners Court Sponsor: Judge Biscoe

AGENDA LANGUAGE:

CONSIDER AND TAKE APPROPRIATE ACTION ON REPORTS FROM ECONOMIC DEVELOPMENT AND PROCUREMENT POLICIES TASK FORCE.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

Please see attached document.

STAFF RECOMMENDATIONS:

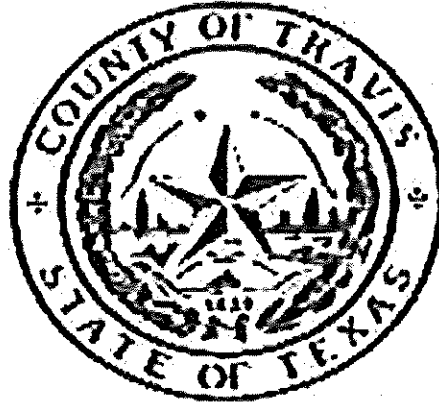
ISSUES AND OPPORTUNITIES:

FISCAL IMPACT AND SOURCE OF FUNDING:

REQUIRED AUTHORIZATIONS:

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials should be submitted as a pdf to the County Judge's office, agenda@co.travis.tx.us by Tuesdays at 5:00 p.m. for the next week's meeting.

TCEDTF



**Travis County
Economic
Development Task
Force**

(created April 2013)

Mission:

To identify ways in which Travis County's economic development and procurement policies can improve working conditions and wages for the construction work force.

External Task Force Members (Rev. 4-18-13)

- **Floyd Akers (Comm. Davis)**
203 West Main, Ste. E
Pflugerville, TX 78660
(512)990-3725
fakers@pflugervilletx.gov
- **Bob Batlan (Comm. Biscoe)**
9306 Creeks Edge Circle
Austin, TX 78733
(512)796-1533
bobbatlan@hotmail.com
- **Gregorio Casar (Comm. Eckhardt)**
5504 Exeter DR.
Austin, TX 78723
(832)654-7908
greg@workersdefense.org
- **Aaron Chappell (Comm. Eckhardt)**
624 Canon Street
Austin, TX 78752
(213)631-6106
chappello@gmail.com
- **Judy P. Cortez (Comm. Gomez)**
8413 Seminary Rideg
Austin, TX 78745
(512)854-4112
Judy.cortez@co.travis.tx.us
- **Phillip Lawhon (Comm. Gomez)**
196 Margies Way
Bastrop, TX 78602
organizing_dept@ibew520.org
- **Dave Porter, CEcD (Comm. Daugherty)**
15 Lovegrass Lane
Austin, TX 78745
(512)322-5650 Cell (512)636-0661
dporter@austinchamber.com
- **Wilmer Roberts (Comm. Davis)**
13804 Tercel Trace

Manor, TX 78653
(512)272-8999 Cell (512)791-6947
robertswiljan@sbcglobal.net

- **Paul Saldana (Comm. Biscoe)**
323 Congress Avenue, Ste. 250
Austin, TX 78702
(512)394-6193
psaldana@brisacommunications.com
- **Taylor Terkel (Comm. Daugherty)**
1601 Rio Grande, Ste. 333
Austin, TX 78701
(512)590-7739 Cell (512) 568-1313
Taylor.terkel@fourtrealty.com

Alternates

- **Jeremy Hendricks, Director SWLDC Lecet**
2831N. Oklahoma Avenue
Oklahoma City, OK 73105
(405)557-0227 Cell (405)833-6462
Jeremy@swldc.org

Internal Task Force Members

- **Cyd V. Grimes, C.P.M., CPPO, Purchasing Agent, Purchasing Office –**
(512)854-9700
cyd.grimes@co.travis.tx.us
- **Leslie Browder, County Executive, Planning Budget Office –**
(512)854-8679
leslie.browder@co.travis.tx.us
- **John Hille, County/District Attorney Division Director – (512)854-9513**
john.hille@co.travis.tx.us

**Travis County Construction Wage and Economic Development
Task Force
Ad Hoc Committee
Executive Summary**

To: Judge Biscoe

From: Floyd M. Akers
Judy Cortez
Co-Chairs

Cc: Commissioner Davis
Commissioner Eckhardt
Commissioner Daugherty
Commissioner Gomez

Date: May 31, 2013

Subj: Executive Summary

The Travis County Construction Wage and Economic Task Force Ad Hoc Committee has concluded its deliberations and is pleased to present this executive summary of those discussions. The committee met regularly once a week over the last month and a half and was very collegial even through the most spirited debates. A majority of the committee makes the following recommendations to the Commissioner's Court:

1. Travis County should require all construction workers to have OSHA-10 safety training and an OSHA 30 certified safety inspector on construction jobs that receive any county funding or economic incentive.
2. Travis County should require all construction workers to be covered by Workers Compensation and the General Contractor should be responsible for compliance on construction jobs that receive any county funding or economic incentive.
3. Travis County should require that all construction workers should be paid at least Travis County's minimum wage (\$11 per hour), as amended, or the prevailing wage, whichever is higher on construction jobs that receive any county funding or economic incentive.
4. Travis County should provide for additional economic incentives above the base incentives to companies that hire at least 15% of their workforce that is economically disadvantaged and have graduated from a workforce training

- program in the Austin MSA. Further, Travis County should require some minimal percentage of construction workers to be from economically disadvantaged areas and have graduated from a workforce training program in the Austin MSA on all large scale construction projects that receive any county funding or economic incentives.
5. Travis County should provide for additional economic incentives above the base incentives to companies that hire at least 10% of their workforce that are veterans living in the Austin MSA. Further, Travis County should require some minimal percentage of construction workers to be veterans living in the Austin MSA on all large scale construction projects that receive any county funding or economic incentives.
 6. Travis County should require all construction projects follow the county's HUB guidelines if they receive any county funding or economic incentive.
 7. Travis County should require all General Contractors to disclose their safety record to the county on any projects in excess of \$1,000,000 if they receive any county funding or economic incentives.
 8. Travis County should be required to accept construction bids from qualified bidders who provide health care to their employees and whose bids are within 5% of the low bidder if the project receives county funding.
 9. Travis County should restrict economic incentive agreement to portions of the county that have been determined to be economically disadvantaged or underdeveloped by a Federal, State or Local governmental authority unless the company is already established in Travis County and currently employs at least 100 people.
 10. Travis County should require that all construction workers have the right to file a wage complaint with Travis County on any construction project that receives county funding or economic incentives. Travis County should require the right to audit payroll and general contractors for compliance and interview workers if necessary.
 11. Travis County should require monthly HUB reporting on all construction projects that receive county funding or economic incentives.
 12. The County should raise the maximum amount of real and personal tax abatement/rebate economic incentive available to a company to 85%.

The committee was very thoughtful and deliberative in arriving at the foregoing conclusions. The most contentious issues concerned requiring prevailing wage and workers compensation on economic incentive projects. At least 3 meetings were spent discussing those topics. There was unanimity on many of the other items.

Discussion

Final Report from Task Force to Improve Construction Working Conditions and Wages in Travis County

The task force studied recommendations for improving wages and working conditions for the construction workforce on projects managed by Travis County directly or in partnership with the Travis County, such as 381 Agreements or in Public Private Partnerships. The County has different policies and procedures for these scenarios. In several cases, the majority of the task force found that improvements to working conditions and wages could be made for the construction workforce by simply applying the better practice from either scenario to both.

The task force understands that Economic Development is a competitive process and that maintaining competitiveness while improving working conditions and wages for the construction workforce is a delicate balance. Where disagreements remain, they center on differing opinions on the impact on that balance relative to Economic Development. However, the majority of task force members believe that the steps recommended are prudent, will improve the overall quality of life, and ultimately improve the Economic Development climate in Travis County.

The task force unanimously supports policies to improve workplace safety, health care coverage, workforce development for the Economically Disadvantaged, hiring of veterans, and HUB participation.

Opening Comments from a majority of Task Force Members:

As the Commissioners Court knows, Travis County is growing like never before, with dozens of new developments being built every year. This is a great opportunity to create good, safe jobs that will uplift construction families out of poverty.

Unfortunately, our workers and their families are not fully benefiting from the County's growth. According to government data, the number of construction working families in poverty has risen by 61%. Half of the County's construction workforce isn't covered by workers' compensation insurance, and 76% don't have health insurance. Worst of all, Texas is the deadliest state in the country for these workers.¹

The Commissioners Court can ensure that investment in new construction, whether in private or public works, uplifts our communities while constructing high-quality new buildings. We believe that the task force's recommendations will broaden the positive impact of tax dollars being invested in economic development and public works.

Lastly, we believe that the composition of the task force was prudent, and created room for fair discussion and lively debate. The task force was well-rounded: two community non-profits, two industry associations, two development experts, two citizen-consumer representatives, and two unions. We appreciated the hard work of all the task force members and look forward to upcoming discussion and action.

¹ University of Texas & Workers Defense Project. *Build a Better Texas*, January 2013.

Opening Comments from a minority of Task Force Members:

The construction industry in the Austin metro has experienced significant growth over the last year. According to the Texas Workforce Commission there are 43,200 workers in the construction industry which is 3,300 more than the year before, a nearly 8% increase in new job growth. The Minority Task Force position is the growth has occurred as a result of Austin / Travis County leading the nation in overall job growth which simply hasn't happened without an sustained and proactive effort to recruit and retain good paying jobs to the metro area. According to the Bureau of Labor Statistics, 40% of all U.S. States are still experiencing negative construction job growth which reflects well for the Texas / Austin economy. It is our opinion that while worker training and good wages should be the goal of all jobs in the region the issues presented by the Commissioners Court to be addressed by this Task Force are issues that should be and could be better addressed by a larger representation of those actually involved in the construction industry. The appointments to the Travis County Task Force did not create an equitable representation of construction industry experts and/or representatives of general, subcontractor and minority/women-owned contractors to offer and/or quantify a balanced perspective and/or opinion. Therefore, the disposition and outcome of the Task Force Report was already predetermined by the appointment process.

According to the Office of Labor Management Standards, U.S. Department of Labor, of the 43,200 construction jobs in the Austin metro there are 5,880 construction union members (14%). The primary goals set by the Commissioners Court for the Task Force to address is: Community recommendations for improving Travis County procurement policies and economic development incentive development policies - Discuss and Action on Good, Safe Careers in Construction for Travis County. We the Minority opinion are extremely concerned with the cost to Travis County taxpayers to implement the views of the Majority opinion. We believe an extensive cost analysis be a priority before going further with any implementation of any recommendations which should include the staff cost for compliance of any changes to either procurement or economic development policies. We also strongly believe a more diverse group of construction experts needs to be included. Finally we also feel adding additional layers of requirements to an already onerous economic development policy will only make Travis County less competitive for the jobs the community actually needs the most.

Prioritize Safety

1. *Unanimous Recommendation for Safety Training:* Require that all construction workers on all County Projects and County subsidized projects, including P3 projects and 381 Agreements, have at least the basic OSHA-10 safety training certification and that an OSHA-30 certified safety supervisor be on-site while work is ongoing. This recommendation mirrors current policy at City of Austin.

The task force determined that there would be no additional cost to the County if this recommendation were implemented. Howard Lazarus, Director of Public Works at City of Austin, confirms this in a letter to the public. Safety on jobsites is improved with safety training.

2. *Majority Recommendation (7-3) for Workers' Compensation Insurance:* Require that all workers on construction projects receiving economic incentives be covered by workers' compensation insurance, and that the Owner & Prime Contractor be responsible for ensuring

that workers are insured—that is, have the Travis County workers’ compensation policy apply to incentive projects and P3s.

Majority Opinion: Subsidizing projects where workers in dangerous jobs are not covered by workers’ compensation is not sound policy. Workers’ compensation insurance protects the County from large uncompensated care costs that result from injuries in a dangerous industry. This insurance improves the overall financial health of the County. Furthermore, workers’ compensation creates incentives for employers to ensure worksite safety because policyholders receive discounts when they invest in safety training programs and experience fewer worksite accidents. While other types of occupational risk plans may exist, the majority holds that workers’ compensation is the most clear and consistent standard that provides adequate coverage of medical care and income benefits for injured workers. By requiring workers’ compensation coverage on projects receiving county tax incentives, the county establishes parity with its own construction sites and avoids the cost of evaluating other types of occupational risk plans that may or may not meet state standards for workers’ compensation. Workers’ compensation ensures that workers are able to cover medical costs and pay for their basic needs as soon as they are injured, and avoids costly lawsuits.

Minority Opinion:

The workers compensation system inadequately insures injury victims for severe and debilitating injuries. Contractors should be given the opportunity to secure private insurance with greater benefits for severe injury.

Allow workers to receive fair pay

3. Majority Recommendation (7-3) for living wage on publicly funded works: Require that no construction worker be paid less than the County’s minimum or “living” wage (currently \$11.00/hour) on County works where applicable as well as P3 projects or other County delivery methods. (where prevailing wage applies, workers must be paid at least the prevailing wage, unless that wage is less than \$11/hour, in which case the County minimum wage applies).

Majority Opinion: The County has already established that an \$11.00/hour wage is the minimum it should pay its own employees. When the \$11.00/hour rate was established, it was viewed as a “living wage” that allowed County employees to live above the poverty line. However, construction workers on County projects are not currently subject to that standard, and many workers may earn less than \$11/hour under current Travis County prevailing wage rates. Paying poverty wages to workers on County sponsored projects is contrary to its values. Additionally, two independent investigations show that the cost of implementing a living wage on capital construction projects is negligible, finding that the \$11 minimum results in a *maximum* of 0.5% budget impact on construction costs per project, while reducing the need of workers to rely on the public safety net. Other comprehensive studies have shown that requiring livable wages on County construction projects results in a skilled, productive workforce that ultimately brings cost-savings to the public. The Majority also recommends that the County review the current minimum wage standard as it has not been updated in years while the cost to live in Travis County has risen substantially.

Minority Opinion:

4. Majority Recommendation (6-3) for prevailing wage on incentivized works: Require that construction workers be paid the prevailing wage as determined by the Department of Labor for Travis County on projects receiving incentives, including P3 projects.

Majority Opinion: Applicants for incentives should contract with construction companies that pay local market rates, and do not undercut local workers' wages. Attempts to undercut the local market could lead to hiring of less skilled workers, high worker turnover, reduce the quality of the project, and likely result in less safe workplaces. Protecting the local market ensures that businesses are incentivized to build a skilled, quality, stable and safe workforce in Travis County. There would be no additional cost to the County for implementing prevailing wages on incentive projects. A major University of Missouri study (attached) indicates that there is no statistical difference in costs where prevailing wages were honored versus those that did not pay prevailing wages. The floor wage of \$11/hour should stay in place, and any prevailing wage rate above \$11/hour should prevail on these construction projects.

Minority Opinion:

There is insufficient data to justify paying prevailing wages. There was consensus among the group that adding a prevailing wage requirement would add about 4% to the labor cost of a project.

Create good jobs for Travis County residents

5. Unanimous Recommendation for job training of economically disadvantaged individuals: Incentive applicants should qualify for additional incentives above the base incentive if Applicant ensures and proves that 15% of the construction worker hours completed on the project related to the incentive be completed by Economically Disadvantaged individuals (as defined in Travis County Incentives Policy) who have graduated from a workforce training program in the Austin MSA. And furthermore, that the Commissioners Court require that a portion of construction worker hours on County Projects of scale (that is, P3s, Public Works, etc. with a large budget) be completed by Economically Disadvantaged individuals (as defined in Travis County Incentives Policy) who have graduated from a workforce training program in the Austin MSA.

6. Unanimous Recommendation for hiring of veterans. Incentive applicants should qualify for additional incentives above the base incentive if Applicant ensures and proves that 10% of the construction worker hours completed on the project related to the incentive be completed by Veterans living in the Austin MSA. And furthermore, that the Commissioners Court require that a portion of construction worker hours on County Projects of scale (that is, P3s, Public Works, etc. with a large budget) be completed by Veterans living in the Austin MSA.

7. Unanimous Recommendation for HUB/MBE/WBE program: Incentive applicants should be required to follow the guidelines of the County's HUB program. This will ensure that local businesses that are owned and operated by local individuals that have suffered from historic exclusion have a chance to participate on publicly subsidized construction projects.

Protect the County

8. Unanimous Recommendation for Safety Record Disclosure: Current Travis County policy requires that Prime Contractors disclose their safety record. The task force unanimously recommends that on County projects or P3 projects with a total budget of over \$1 million, all construction subcontractors must also disclose their safety record to the County.

9. Unanimous Recommendation for Health Care preference: Construction companies that provide reasonable health care coverage to their workers and that use subcontractors that provide reasonable health care insurance to their workers currently are at a competitive disadvantage when bidding for County work. The task force unanimously recommends that on all County projects (including P3's), the County accept the best bid from companies that provide reasonable health care coverage for their workers and that use a subcontractor or subcontractors that provide reasonable health care insurance, as long as that bid is not over five percent higher than the lowest and best bid from a contractor who does not provide such insurance. Construction costs cannot increase more than 5% with this policy, but the fiscal benefits of an insured construction workforce should mitigate if not eliminate any increased cost to the County. Currently, an astonishing 76% of Austin area construction workers are not covered by health insurance.

Give low-income neighborhoods a chance

10. Majority Recommendation (6-1) Restrict incentive project location to "Economically Disadvantaged" or underdeveloped areas while allowing for local expansion. Any local, state, or federal authority may define "Economically Disadvantaged" or underdeveloped areas. Incentive projects may be exempted from this provision if they involve a local expansion of an enterprise that currently employs at least 100 individuals at a workplace in Travis County.

Majority Opinion: Encouraging economic development in disadvantaged areas will give workers easier access to construction sites, will avoid construction in most environmentally sensitive areas of the County, and will stimulate economically depressed areas.

Minority Opinion:

Establish consistent enforcement

11. Unanimous Recommendation for wage enforcement: All construction workers must have the right to take any wage complaints to the County on incentivized projects and P3 projects. The County retains the right to audit payroll & construction contracts and interview workers, as the County deems necessary, on these projects. County staff has noted that this will not require additional staff or have a budget impact in the foreseeable future.

12. Unanimous Recommendation for HUB reporting: If a HUB program is implemented on incentivized projects, as recommended in 7. above, the incentive applicant should be required to submit monthly reports showing good faith efforts toward HUB participation and providing metrics detailing HUB participation status. County staff has noted that this will not require additional staff or have a budget impact in the foreseeable future.

13. Majority Recommendation (6-3) for increasing the maximum total tax incentive by 5%: Considering the fact that the taskforce's proposals impose construction related requirements on incentive applicants, the task force recommends that the County raise the maximum total tax abatement to 85%. This would partially mitigate effects on incentive applicants and keep the County as an attractive and competitive location.

Majority Opinion: Travis County's current economic success, when compared to other areas of the country is due, in part, to the fact that the County did not impose constraints on construction aspects of economic development projects. The recently added requirement that contract construction workers be paid the County's minimum wage erodes its competitive advantage. Additional requirements proposed by this task force would further erode that advantage. Some in the majority believe that new incentives, proposed by this task force, could help mitigate the impact. However, an outstanding candidate that already qualifies for the current maximum incentive would not benefit from the new incentives, unless the maximum bonus is increased.

Minority Opinion: This task force has only recommended the most basic protections for the construction workforce, and that a 5% increase of the maximum total incentive amount unduly benefits corporate incentive applicants more than it benefits low-wage construction workers or the average Travis County resident. The task force has made recommendations to prevent mistreatment and underpayment of construction workers; no additional incentive is necessary to ensure basic standards. Additional incentives were already recommended unanimously on the task force when the Applicant goes above and beyond to hire veterans or Economically Disadvantaged graduates of training programs.

Further Discussion

The construction industry in the Austin metro has experienced significant growth over the last year. According to the Texas Workforce Commission there are 43,200 workers in the construction industry which is 3,300 more than the year before, a nearly 8% increase in new job growth. The Minority Task Force position is the growth has occurred as a result of Austin / Travis County leading the nation in overall job growth which simply hasn't happened without an sustained and proactive effort to recruit and retain good paying jobs to the metro area. According to the Bureau of Labor Statistics, 40% of all U.S. States are still experiencing negative construction job growth which reflects well for the Texas / Austin economy. It is our opinion that while worker training and good wages should be the goal of all jobs in the region the issues presented by the Commissioners Court to be addressed by this Task Force are issues that should be and could be better addressed by a larger representation of those actually involved in the construction industry. The appointments to the Travis County Task Force did not create an equitable representation of construction industry experts and/or representatives of general, subcontractor and minority/women-owned contractors to offer and/or quantify a balanced perspective and/or opinion. Therefore, the disposition and outcome of the Task Force Report was already predetermined by the appointment process.

According to the Office of Labor Management Standards, U.S. Department of Labor, of the 43,200 construction jobs in the Austin metro there are 5,880 construction union members (14%). The primary goals set by the Commissioners Court for the Task Force to address is: Community recommendations for improving Travis County procurement policies and economic development incentive development policies - Discuss and Action on Good, Safe Careers in Construction for Travis County. We the Minority opinion are extremely concerned with the cost to Travis County taxpayers to implement the views of the Majority opinion. We believe an extensive cost analysis be a priority before going further with any implementation of any recommendations which should include the staff cost for compliance of any changes to either procurement or economic development policies. We also strongly believe a more diverse group of construction experts needs to be included. Finally we also feel adding additional layers of requirements to an already onerous economic development policy will only make Travis County less competitive for the jobs the community actually needs the most.

Prioritize Safety

1. *Unanimous Recommendation for Safety Training:* Require that all construction workers on all County Projects and County subsidized projects, including P3 projects and 381 Agreements, have at least the basic OSHA-10 safety training certification and that an OSHA-30 certified safety supervisor be on-site while work is ongoing. This recommendation mirrors current policy at City of Austin.

The task force determined that there would be no additional cost to the County if this recommendation were implemented. Howard Lazarus, Director of Public Works at City of Austin, confirms this in a letter to the public. Safety on jobsites is improved with safety training.

2. *Majority Recommendation (7-3) for Workers' Compensation Insurance:* Require that all workers on construction projects receiving economic incentives be covered by workers'

compensation insurance, and that the Owner & Prime Contractor be responsible for ensuring that workers are insured—that is, have the Travis County workers' compensation policy apply to incentive projects and P3s.

Majority Opinion: Subsidizing projects where workers in dangerous jobs are not covered by workers' compensation is unsound policy. Workers' compensation insurance protects the County from large uncompensated care costs of injury in a dangerous industry. This provides a net positive financial picture for the County. Furthermore, workers' compensation creates incentives for employers to ensure worksite safety because policy holders receive discounts when they invest in safety training programs and experience fewer worksite accidents. While other types of occupational risk plans may exist, the majority holds that workers' compensation is the most clear and consistent standard that provides adequate coverage of medical care and income benefits for injured workers. By requiring workers' compensation coverage on projects receiving county tax incentives, the county establishes parity with its own construction sites and avoids the cost of evaluating other types of occupational risk plans that may or may not meet state standards for workers' compensation. Workers' compensation ensures that workers are able to cover medical costs and pay for their basic needs as soon as they are injured, and avoids costly lawsuits.

Minority Opinion:

The workers compensation system inadequately insures injury victims for severe and debilitating injuries. Contractors should be given the opportunity to secure private insurance with greater benefits for severe injury.

Workers compensation insurance is expensive for companies to carry and will add to the cost of construction projects; however, the task force was unable to quantify the costs associated with this recommendation and felt that analysis should be completed to better understand the implications of this recommendation.

Allow workers to receive fair pay

3. Majority Recommendation (7-3) for living wage on publicly funded works: Require that construction workers be paid at least the County's minimum or "living" wage (currently \$11.00/hour) on County works where applicable as well as P3 projects, or the prevailing wage, whichever is higher.

Majority Opinion: The County has already established that an \$11.00/hour wage is the minimum it should pay its own employees. When the \$11.00/hour rate was established, it was viewed as a "living wage" that allowed County employees to live above the poverty line. However, construction workers on County projects are not currently subject to that standard, and many workers may earn less than \$11/hour under current Travis County prevailing wage rates. Paying poverty wages to workers on County sponsored projects is contrary to its values. Additionally, two independent investigations show that the cost of implementing a living wage on capital construction projects is negligible, finding that the \$11 minimum results in a *maximum* of 0.5% budget impact on construction costs per project, while reducing the need of workers to rely on the public safety net. Other comprehensive studies have shown that requiring livable wages on County construction projects results in a skilled, productive workforce that ultimately brings cost-savings to the public. The Majority also

recommends that the County review the current minimum wage rate as it has not been updated in years while the cost to live in Travis County has risen substantially.

Minority Opinion:

There is insufficient data to justify paying prevailing wages in addition to a living wage. There was consensus among the group that adding a prevailing wage requirement would add about 4% to the labor cost of a project. Furthermore, if the higher of prevailing wage or a living wage was enacted, the costs would likely be much more than 4.0% as some prevailing wages are actually less than \$11.00 per hour.

4. Majority Recommendation (7-3) for prevailing wage on incentivized works: Require that construction workers be paid the prevailing wage as determined by the Department of Labor for Travis County on projects receiving incentives, including P3 projects.

Majority Opinion: Applicants for incentives should contract with construction companies that pay local market rates, and do not undercut local workers' wages. Attempts to undercut the local market could lead to hiring of less skilled workers, high worker turnover, and likely result in less safe workplaces. Protecting the local market ensures that businesses are incentivized to build a skilled, quality, stable and safe workforce in Travis County. There would be no additional cost to the County for implementing prevailing wages on incentive projects. A major University of Missouri study (attached as Appendix A) indicates that there is no statistical difference in costs where prevailing wages were honored versus those that did not pay prevailing wages. The floor wage of \$11/hour should stay in place, and any prevailing wage rate above \$11/hour should prevail on these construction projects.

Minority Opinion:

There is insufficient data to justify paying prevailing wages. There was consensus among the group that adding a prevailing wage requirement would add about 4% to the labor cost of a project. A 4.0% increase in costs to a major construction project could eliminate the entire dollar value of an incentive. For example, an incentive of \$1,000,000 would be eliminated if the construction project was \$25,000,000 or greater. For example, any construction project in excess of \$25 MM, would require an incentive greater than \$1 MM from the County to justify the additional cost of implementing prevailing wages. The economic impact to the County through increased taxes both from the company who is relocating or expanding and the other business the company will generate should be factored into the analysis regarding the costs of prevailing wages. In other words, that potential lost revenue, if added to the costs of implementing prevailing wages, would significantly increase the actual costs of prevailing wages.

Create good jobs for Travis County residents

5. Unanimous Recommendation for job training of economically disadvantaged individuals: Incentive applicants should qualify for additional incentives above the base incentive if Applicant ensures and proves that 15% of the construction worker hours completed on the project related to the incentive be completed by Economically Disadvantaged individuals (as defined in Travis County Incentives Policy) who have

graduated from a workforce training program in the Austin MSA. And furthermore, that the Commissioners Court require that a portion of construction worker hours on County Projects of scale (that is, P3s, Public Works, etc. with a large budget) be completed by Economically Disadvantaged individuals (as defined in Travis County Incentives Policy) who have graduated from a workforce training program in the Austin MSA.

6. *Unanimous Recommendation for hiring of veterans.* Incentive applicants should qualify for additional incentives above the base incentive if Applicant ensures and proves that 10% of the construction worker hours completed on the project related to the incentive be completed by Veterans living in the Austin MSA. And furthermore, that the Commissioners Court require that a portion of construction worker hours on County Projects of scale (that is, P3s, Public Works, etc. with a large budget) be completed by Veterans living in the Austin MSA.

7. *Unanimous Recommendation for HUB/MBE/WBE program:* Incentive applicants should be required to follow the guidelines of the County's HUB program. This will ensure that local businesses that are owned and operated by local individuals that have suffered from historic exclusion have a chance to participate on publicly-subsidized construction projects. *Please elaborate here, Paul, if you'd like.*

Protect the County

8. *Unanimous Recommendation for Safety Record Disclosure:* Current Travis County policy requires that Prime Contractors disclose their safety record. The task force unanimously recommends that on County projects or P3 projects with a total budget of over \$1 million, all construction subcontractors must also disclose their safety record to the County.

9. *Unanimous Recommendation for Health Care preference:* Construction companies that provide reasonable health care coverage to their workers and that use subcontractors that provide reasonable health care insurance to their workers currently are at a competitive disadvantage when bidding for County work. The task force unanimously recommends that on all County projects (including P3's), the County accept the best bid from companies that provide reasonable health care coverage for their workers and that use a subcontractor or subcontractors that provide reasonable health care insurance, as long as that bid is not over five percent higher than the lowest and best bid from a contractor who does not provide such insurance. Construction costs cannot increase more than 5% with this policy, but the fiscal benefits of an insured construction workforce should mitigate if not eliminate any increased cost to the County.

Give low-income neighborhoods a chance

10. *Majority Recommendation (6-1) Restrict incentive project location to "Economically Disadvantaged" areas while allowing for local expansion.* Any local, state, or federal authority may define "Economically Disadvantaged" areas. Incentive projects may be exempted from this provision if they involve a local expansion of an enterprise that currently employs at least 100 individuals at a workplace in Travis County.

Majority Opinion: Encouraging economic development in disadvantaged areas will give workers easier access to construction sites, will avoid construction in most environmentally sensitive areas of the County, and will stimulate economically depressed areas.

Minority Opinion: The Commissioners Court adopted a location requirement last November that all eligible incentives be located in the Desired Development Zone. Adding the Majority Opinion to only allow incentives east of I-35 will only add to Travis County not being competitive for good paying projects that are inside the Desired Development Zone. While not reflective of the final vote this was made clear following the vote and several in the minority indicated they would support an additional incentive for those projects that locate east of I-35 but not restrict it to only east of I-35.

Establish consistent enforcement

11. Unanimous Recommendation for wage enforcement: All construction workers must have the right to take any wage complaints to the County on incentivized projects and P3 projects. The County retains the right to audit payroll & construction contracts and interview workers as the County deems necessary on these projects. County staff has noted that this will not require additional staff or have a budget impact in the foreseeable future.

12. Unanimous Recommendation for HUB reporting: If a HUB program is implemented on incentivized projects, the incentive applicant should be required to submit monthly reports showing good faith efforts toward HUB participation and providing metrics detailing HUB participation status. County staff has noted that this will not require additional staff or have a budget impact in the foreseeable future.

13. Majority Recommendation (6-3) for increasing the maximum total tax incentive by 5%: Considering the fact that the taskforce's proposals impose construction related requirements on incentive applicants, the task force recommends that the County raise the maximum total tax abatement to 85%. This would partially mitigate effects on incentive applicants and keep the County as an attractive and competitive location.

Majority Opinion: Travis County's current economic success, when compared to other areas of the country is due, in part, to the fact that the County did not impose constraints on construction aspects of economic development projects. The recently added requirement that contract construction workers be paid the County's minimum wage erodes its competitive advantage. Additional requirements proposed by this task force would further erode that advantage.

Minority Opinion: This task force has only recommended the most basic protections for the construction workforce, and that a 5% increase of the maximum total incentive amount unduly benefits corporate incentive applicants more than it benefits low-wage construction workers or the average Travis County resident. The task force has made recommendations to prevent mistreatment and underpayment of construction workers; no additional incentive is necessary to ensure basic standards. Additional incentives were already recommended unanimously on the task force when the Applicant goes above and beyond to hire veterans or Economically Disadvantaged graduates of training programs.