

Late Backup



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MEMORANDUM

**TO:** Mayor and Council  
**FROM:** Kevin Johns, Director  
Economic Growth and Redevelopment Services Office  
**DATE:** April 26, 2012  
**SUBJECT:** Minority Contractors issues and EGRSO response for Council

**Issue 1:** The Minority Contractors Association is requesting funding from the contract with the University of Texas Continuing and Innovative Education.

**Response:** EGRSO's Small Business Development Division is a citywide program that provides business growth, economic development and expansion efforts. The performance based University of Texas contract provides 57 business courses to 1,000 Austin entrepreneurs in the areas of social media marketing, technology, finance and traditional business curricula. (See attachments). Since UT began delivering small business training on the City's behalf in late 2009, class attendance has risen 63% and customer satisfaction has increased from 86% to 94%. The classes are designed by UT in partnership with SBDP based on 2009 Small Business Needs Assessment Study. Based upon the given statistics, I recommend the contract stay with UT.

**Issue 2:** The Minority Contractors Association asks if there is duplication of services between EGRSO and Department of Small and Minority Business Resources (DSMBR).

**Response:** There is no duplication of services. The purpose of EGRSO Small Business Development is performance based economic development citywide resulting from a business generated 2009 survey asking Austin firms to identify education services needed. The DSMBR mission is MBE/WBE government certification, construction and contracting. DSMBR minority contractors associations' contracts are for outreach and recruitment activities on behalf of the City's MBE/WBE procurement programs. Both Departments coordinate to avoid duplication of effort.

**Issue 3:** The Minority Contractors Association requests funding equal to those of the Chambers of Commerce contracts. The Minority Contractors Association asserts the Chambers of Commerce and UT contracts have doubled or more in value.

**Response:** The Chambers of Commerce contracts are performance based with economic development benchmarks, and align with the Greater Austin Chamber and Opportunity Austin performance criteria. The contract amounts have declined not increased as indicated in the chart below:

Contracting Organization	FY11	FY12
Greater Austin Chamber of Commerce	\$350,000	\$332,500
Greater Austin Hispanic Chamber of Commerce	\$223,900	\$212,705
Capital City African American Chamber of Commerce	\$180,000	\$171,000
Austin Asian American Chamber of Commerce	\$120,000	\$114,000
Austin Gay and Lesbian Chamber of Commerce	\$25,000	\$23,750
University of Texas Professional Development Center	\$165,000	\$156,750

xc: Marc A. Ott, City Manager  
Sue Edwards, Assistant City Manager  
Vicky Valdez, Small Business Development Program Manager

## Attachment 1

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<b>Projected Results for New Small Business Training Agreement</b>
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Topics	Classes Annually	Annual Attendance
Copyright and Intellectual Property Law	1	30
Create a Referral Machine and Enhance Customer Loyalty Using Online Technology	1	15
Exceptional Customer Service: Keep Your Best Customers	1	30
Financing Options for Your Business	1	15
Google: Make Sure Your Customers Can Find You!	3	35
High-Impact Marketing: 10 Low-Cost Strategies for Big Sales Returns	3	40
Hire the Right Person the First Time	1	25
How to Get Investors for Your Business	1	25
iPad for Business	2	20
Keep Your Eye on the Ball: Make Your Cash Flow Work for You	1	15
QuickBooks – Intermediate	3	60
QuickBooks – Introduction	10	200
Recordkeeping: the Foundation for Managing Your Taxes	1	20
Roadmap to Success: How to Write a Business Plan	9	180
Selling to Uncle Sam: Your Need-to-Know	1	20
Small Business Accounting	3	35
Supervisory Excellence: Be the Boss You Always Wanted	1	10
The 7 Most Important Secrets of Small Business Success	3	50
The Tax Man Cometh: Business Tax Obligations	2	45
Using Social Media to Promote Your Business	3	60
What is a Marketing Plan and Why Your Business Needs One	3	60
Topics to be Determined	3	60
<b>Totals</b>	<b>57</b>	<b>1,050</b>



CONTINUING AND INNOVATIVE EDUCATION  
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Mr. Edward Lowenberg  
MBE/WBE Advisory Committee  
4201 Ed Bluestein Blvd.  
Austin, TX 78721

April 18, 2012

Dear Chairman Lowenberg,

Thank you for taking the time to meet with us today. I represent the Professional Development Center within the University of Texas at Austin's Division of Continuing and Innovative Education, which has the distinction of serving thousands of individual learners annually in our great city. One of the functions of our division is to provide training to small businesses in partnership with the City of Austin's economic development efforts. Toward accomplishing this goal we have an annual contract with the City that is currently up for renewal. In the course of renewing this contract, Mr. Paul Saldana, a political consultant who owns a local public relations firm, inaccurately portrayed the amount of funding PDC receives to provide this training versus the amount of money his clients' organizations receive. We'd like to take this opportunity to correct and clarify the discrepancies in his remarks made at the City Council meeting on April 5, 2012 regarding this contract renewal.

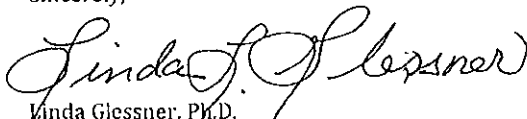
During this meeting, the contract amount between The University of Texas at Austin Professional Development Center (PDC) and the City of Austin Economic Growth and Redevelopment Services was misquoted. Mr. Paul Saldana stated that the contract amount of the groups he represents "is \$45,000 and the (PDC) one is proposed to be at almost \$800,000." This was noted at minute 5:40 on the online video archive of the April 5<sup>th</sup> meeting. The correct amount under consideration for renewal is \$156,750 per year, which represents a 5% decrease from the previous years' amount for PDC.

This letter along with the attached spreadsheet factually illustrates all financial amounts for all contracts between PDC and the City of Austin for fiscal years 2007 through 2012 as well as our pending contracts for fiscal years 2012 through 2017. Unfortunately, the meeting on April 5 did not highlight the benefits of PDC's Small Business Certificate Program to the economic growth of minority owned businesses in the city of Austin, nor did it show the wide scope of industries from government to technology to non-profits and manufacturing that we train in improving their business practices and economic impact.

We are committed to diversity in our daily work as we strive to improve the economic conditions of the varied spectrum of citizenry that makes up Austin. We have served over 2,000 professionals, managers and workers from every aspect of the economic spectrum, resulting in an economic impact that could be estimated in the millions, (based on a recent study of a similar UT system school). Our triple increase in enrollments over a 3 year period is a testament to our programs' effectiveness. Although we do not track ethnicity, a recent 3<sup>rd</sup> party study showed our client base is approximately 70% female, and our clients gave us an 89% approval rating. Because of this assessment, as well as our demonstrated scope of experience and quality feedback on our program, we feel the "duplication of effort" argument made by Mr. Saldana is incorrect, as Austin businesses and workers are free to explore the marketplace to determine which training resources will best meet their individual needs.

Should you have any questions or concerns prior to the Advisory Committee meeting, please let us know.

Sincerely,

  
Linda Glessner, Ph.D.  
Executive Director

CC: Austin City Council  
Liliya Spinazzola, Director, Professional Development Center  
Kimberly Carella, Manager of Corporate and Government Learning Solutions,  
Professional Development Center

Enclosure

### Professional Development Center – City of Austin Contracts

Contract Number	City of Austin Department	Term	Amount	Renewable?	Renewable Amount	Total Contract not to Exceed	Received
3149	Communication and Tech Management	2007-2008	\$37,500	12-month for 2008-2009	\$37,500	\$75,000	\$31,799
4532	Communication and Tech Management	2008-2009	\$37,500	Amendment 1 for 2008-2009	\$32,600	\$107,600	\$31,512
4569	Economic Growth and Redevelopment	June 1, 2009 - May 31, 2010	\$165,000			\$165,000	\$165,000
6584	Economic Growth and Redevelopment Amendment 1	June 1, 2010 - May 31, 2011		Amendment 1	\$165,000	\$330,000	\$165,000
8756	Economic Growth and Redevelopment Amendment 2	*June 1, 2011 - May 31, 2012		Amendment 2	*\$165,000	\$495,000	**\$104,500
6247	Budget Office	Feb-10	\$600				\$600.00
8807	Solid Waste Services	March 18, 2011 - July 12, 2011	\$6,600				\$6,600
10314	Austin Police Department	January 2011 - August 31, 2014		Option to renew for 2, 1yr terms		\$36,000	\$3,600
10656	Economic Growth and Redevelopment	June 1, 2012- May 31, 2013	Pending		\$156,750		
		June 1, 2013 - May 31, 2014	Pending		\$156,750		
		June 1, 2014 - May 31, 2015	Pending		\$156,750		
		June 1, 2015 - May 31, 2016	Pending		\$156,750		
		June 1, 2016 - May 31, 2017	Pending		\$156,750		

\*NOTE: Current fiscal year contract does not exceed \$165, 000.

\*\*NOTE: Funds received to date (April 16, 2012)

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