



TO: Mayor and Council

FROM: Kevin Johns, Director
Economic Development Department

DATE: February 19, 2014

SUBJECT: Relationship of Dropbox and Websense Applications to the Bonus Criteria in the Firm-Based Incentive Matrix Adopted October 24, 2013

As we have indicated, both Dropbox and Websense are grandfathered, in accordance with the Council's decision not to apply new economic incentive criteria to companies that completed an application for economic incentives prior to October 24, 2013. For grandfathered companies, the Economic Development Department utilized the Business Information Form (BIF) and Firm-Based Matrix that were in place prior to October 24th. Grandfathered companies are not asked to complete the new BIF and the Economic Development Department does not use the new Firm-Based Matrix to score grandfathered companies.

Recently, Council Member Morrison asked the Economic Development Department to prepare an additional document regarding the proposed agreements with Dropbox and Websense as compared to new bonus criteria adopted on October 24th. The attached table lists each of the new bonus criteria in the Firm-Based Incentive Matrix and provides available information regarding Dropbox and Websense related to each criteria.

We look forward to the public hearing on February 20th and will be prepared to answer any further questions you may have regarding both proposals.

Attachment

xc: Marc A. Ott, City Manager
Sue Edwards, Assistant City Manager

Bonus Criteria	Websense	Dropbox
<p>1. 10% of the new full-time jobs created by the project will be filled by economically disadvantaged workers. An economically disadvantaged worker is defined as a person who meets one of the following descriptions:</p> <ul style="list-style-type: none"> • Is unemployed for at least three months before obtaining employment with the company; • Has a household income of less than 80% of the area median income; • Resides in a census tract with a rate of unemployment in excess of 150% of the Austin-MSA unemployment rate; or • Faces or has overcome at least one of the following barriers to employment: <ul style="list-style-type: none"> o Being homeless o Being a custodial single parent o Receiving public assistance o Lacking a GED or high school diploma o Participation in a vocational English as a second language program o Having a criminal record or other involvement in the criminal justice system o Has a physical or mental disability 	<p>No question on the BIF used prior to 10/24/13 provides this information.</p>	<p>No question on the BIF used prior to 10/24/13 provides this information.</p>
<p>2. The firm will develop and implement a program for recruiting ex-offenders and provide employed ex-offenders with continuing education services (either toward the attainment of a high school diploma or GED or toward the attainment of an Associate's or Bachelor's degree) or ongoing mentoring services.</p>	<p>From the company's BIF: "Given the nature of the company's core business in the security software arena, it would be problematic to be associated with ex-offenders for a number of reasons. Customers may be reluctant to trust the good name of the company; the competition could use it as a marketing play against the company, etc. Therefore we respectfully ask for your understanding in that we would not be able to participate in this program."</p>	<p>The company is willing to develop a program for recruiting ex-offenders. No question on the BIF used prior to 10/24/13 provides information about providing employed ex-offenders with continuing education services (either toward the attainment of a high school diploma or GED or toward the attainment of an Associate's or Bachelor's degree) or ongoing mentoring services.</p>

Bonus Criteria	Websense	Dropbox
3. The firm will fill at least 75% of new, full-time jobs with City of Austin residents. For purposes of this requirement, residents are defined as having a permanent address within the City of Austin and not having worked for the company prior to the effective date of the agreement	Websense anticipates filling 80% of the new, full-time jobs locally.	Dropbox anticipates filling up to 100% of the new, full-time jobs locally.
<p>4a. The Firm will locate in a high frequency transit corridor, TOD, 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.(If met, firm eligible for up to 7% additional incentive.)</p> <p>4b. The firm 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.(If met, firm eligible for up to 3% additional incentive.)</p>	If selected, Websense plans to locate at 10900 Stonelake Blvd which is near the 3, 392, and 383 bus routes and is within ½ mile walk of a bike lane. The firm provides its employees a stipend of \$125 a month to commute via public transportation.	If selected, Dropbox plans to locate in Downtown Austin, and they are considering a location at 501 Congress Ave, which has access to significant rail, bus, bicycle and pedestrian infrastructure. Dropbox subsidizes the cost of a bus pass “through a program that allows employees to enjoy this benefit tax-free.”
5. The firm will commit to obtaining LEED certification silver or above for the project.	The space the company would locate if it chooses Austin is a LEED Gold building.	Although the company has not yet determined its location, it is the company’s intent to locate in a facility that is compliant with one or both of these programs.
6. The project has a WebLOCI-estimated net benefit of \$5 million or more.	The WebLOCI-estimated net benefit for this project is less than \$5 million.	The WebLOCI-estimated net benefit for this project is less than \$5 million.

Bonus Criteria	Websense	Dropbox
7. The firm will ensure that employees and/or construction workers are provided workforce development services through nonprofits that contract with the City of Austin or apprenticeship/training programs registered with the Department of Labor, or will make a monetary donation (the amount to be included in the Agreement) to a workforce training program approved by the City of Austin.	No question on the BIF used prior to 10/24/13 provides this information.	No question on the BIF used prior to 10/24/13 provides this information.
8. The firm will provide an on-site day care facility for employees that may be open to the public, and/or provide subsidized daycare for employees.	No question on the BIF used prior to 10/24/13 provides this information.	No question on the BIF used prior to 10/24/13 provides this information.
9. The firm meets two or more of the thresholds in Section 3, Subsection A.	Yes, the firm meets three of the thresholds.	Yes, the firm meets three of the thresholds.
10. New value of eligible property shows a minimum investment of more than \$200 million.	The new value of eligible property for this project is less than \$200 million.	The new value of eligible property for this project is less than \$200 million.