

City Council Special Called Meeting Transcript – 2/20/2014

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>> Our quorum is present. So I'm going to call this special called meeting of the austin city council to order on thursday, february 20, 2014. We're meeting in council chambers 301 west second street. Austin, texas. We have two items on the agenda that are related. We have already been briefed on both of these items and the public hearings have been combined, so if you're signed up to speak on one, you're also signed up to speak to the other. And if there are no questions we'll go directly to our public hearing. We will vote on the items separately but conduct the public hearing concurrently. Gus pena. >> Good afternoon. Mayor, city attorney. Mayor, city council members, gus pena, proud marine corps veteran. I hope I don't embarrass spelman, but back in 1997 you and I were opponents. I will say this, this is jermaine to the issue. It's a newspaper article that says austin jobless rate falls to 4.5%. But here's the kicker. The article says, the national unemployment rate fell to 6.7, the lowest in five years, but the decline occurred because mostly people stopped looking for work. The government only counts people actively searching for jobs. I want to thank susan moffet. I met with the members of the new companies that are asking for funding from the city of austin and i, in my opinion, I'm

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about economic development. I'm about also hiring people. We have a lot of homeless people that need jobs. We have a lot of people who need jobs period. And the job that I'm looking at, entry level, for example, for the companies styled -- let me see if I can find it. I haven't done my work. The company from san diego. It says 184 positions, \$45,000 wages. That's pretty good. Eleven dollars an hour. That's pretty good. We're working forward. Our group, we have about 1200 veterans and we don't have a name yet. We're supporting these two companies to relocate, but just remember, we need affordable housing in order to be able to house the people coming in. You have to come in and our own locals that are homeless. I want to let you know that I also ask the company to come in, if it's approved, mentors and tutors for kids, outreach in the community. Housing is a big issue. Work force training so they can be able to apply for these jobs and be able to be employed. We need jobs and need economic development. Mayor and council members, thank you very much. Our 1200 group. We don't have a name. They're veterans, is very big. We just want to make sure we get the best bang for the buck. And the citizens of austin are the product of the best product we can bring here. But we do fully support this.

Thank you very much. >> Bob matlin. >> Mayor, mayor pro tem, council members. I am bob, leader with austin interfaith and member of the capital idea board. It is great to have the

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opportunity to speak with you in the afternoon. While the two agreements before you today are grandfathered, I'm glad, at least in this case, we are not grandfathered the late night contentious debates over how or if the city of austin's values extend to construction workers. I would like to speak to the officials from both dropbox and websense. Thank you for agreeing to adhere to the provisions of the new policy in regard to construction workers. Austin interfaith has long advocated for worker safety, worker's compensation, insurance and wage protections. Austin interfaith has also been a strong proponent of work force development. We hope if you come to austin that you will help us with this. Austin interfaith founded capital idea 15 years ago. It is a fabulous program geared towards helping low income adults out of poverty into living wage careers. We believe it is in our mutual self-interest to support work force development. When you evaluate how best to comply, please consider the apprenticeship provisions. Basically the rules provide an economical way for contractors to support the development of our future work force by creating teams that include experienced workers and approved apprentices. You may find the wage structure for apprentices an attractive way to comply, support austin's work force and contain costs. Thanks again for agreeing to these important provisions. Thanks also to council member martinez and his policy aid laura williamson, and thanks to rodney gonzales for his help and patience. Thank you. >> Mayor leffingwell: Next speaker is larry graham.

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>> Good afternoon, mr. Mayor, members of council. My name is larry graham I'm the board chair of the downtown austin alliance. We are here to ask you to vote the authorize the negotiation and execution of an economic development agreement with dropbox. You have heard the details on the return on investment but I would like to tell you what this company could bring to downtown. Transforming congress avenue into an exceptional place is one OF THE DAAs STRATEGIC Priorities and has been for quite sometime. We welcome dropbox's 200 new employees to our neighborhood and we expect them to bring vitality and energy to congress avenue. Their employees will patronize nearby restaurants and retailers, many of these being businesses the da has helped recruit downtown. The owners have begun to renovate the old bank of america annex building but tenants have to make investments to finish the space. Dropbox plans to invest \$4 MILLION TO MAKE THIS 1960s Era a viable workplace for their employees. The da please this package under consideration is worthy of your support and we ask you to vote yes. Thank you. >> Mayor leffingwell: Thank you. Paul rommins. Clarity young is here, so you have six minutes. >> Good afternoon. I want you to imagine that a few hours from now, several hundred thousand people will be in 5:00 traffic on austin's most congested thoroughfares. 35, 360, mopac, and 290. Where traffic often crawls for several hours a day. The news story comes on the radio saying, today the austin

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city council awarded money to two companies that will create 640 jobs. There will be more than a few curses muttered as some drivers slam their radio off to keep from getting more upset. These people are thinking, great, I get to raise my taxes to add 640 more people to the road. Not all of these people will be driving to their home. Some might be on the way to their second job so they can afford the highest cost housing and rents in Texas. Or pay for tax and utility increases. Could you show the slide? This is a chart of the predicted tax and rate increases that will occur over the next five years. These are estimated, of course, but it is a 33% increase. Many of the financial problems Austinites are experiencing are related to uncontrolled growth that you are fueling even more with the incentives you are voting on today. Now, I want to go back to something I said at the last meeting when I protested these incentives. I said, the presentations you were given only discuss the winners in growth and not its many losers. Indeed, the chamber of commerce, in briefing, was devoid of balance. However, the city economic development office did take note that rising real estate costs were painful. Unfortunately, their alternative to this is a hair of a dog solution to the problem. Rather than slow down growth until we have had a chance to deal with it, they want to insert growth to get more people out of poverty. A goal that Austin has had in some form since the 19th century.

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And while nice in theory, between the word and the deed is a big trench. First, I can remember that Austin had such laudable ASPIRATIONS DURING THE 1980s. The Dewitt job center worked so poorly that the federal government considered asking Austin to repay the money it had spent to build it. Second, the firms that are being imported are in need of highly educated employees, which will overlook the hard to employ. Third, some of the city's proposal to affect people living in Austin are marginal. It proposes, for example, to give incentives if an employer hires people living here, but there are no effective residency requirements. It proposes to give incentives to businesses that hire the hard to employ. But the definitions of who is hard to employ are ridiculously loose. Fourth, and most importantly, the proposals to affect more people at the poverty level even if they work, can only help a relatively small number of people in a city that grows by 26,000 a year. We just simply cannot keep up. I repeat what I said at your last meeting. A rising tide does not lift all boats, in this case it sinks most of them, unless you happen to be on a yacht. >> Mayor Leffingwell: Jeremy Hendricks. You have three minutes. >> I want to thank Mr. Mayor, my dad, vice mayor and the city council for allowing us to speak here today.

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I also want to thank Dropbox and Websense for wanting to come to Austin in the first place. As a proud member of the AFL-CIO, the Building and Trades and the Chamber of Commerce, we have all stood on different sides of this issue. As a member of the Laborers International Union of North America, you know I have been before you before to fight for living wages. And I want to thank Councilman Martinez and all who voted for that. Though these deals are not subject to that and grandfathered in, I want to thank Dropbox and Websense for buying into our community values and being part of that change. For those

reasons, I want to encourage you to vote yes for these incentive deals, encourage better wages for construction workers and a better quality of life for austin. Thank you. >> Mayor leffingwell: You can cut the screen off, that's from the previous speaker. Katherine crago. >> Hello, I'm katherine crago, I serve on the board of the great austin chamber of commerce. I'm here to share a little bit about the chamber and our support for websense and dropbox. The asian american community in austin is almost 7% of the population, about twice the national average. Asian american businesses in texas and central are more profitable than any other fast growing cities and small businesses. Our members come from more than 30 countries of origin. Some are tenth generation texans, some are recent immigrants. Either from across the pacific or just I.A. And our asian

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chamber members include high SCHOOL GRADUATES AND Ph.D.ES. Some are in entry level positions and some are the heads of major corporations. The chamber has a variety of products to support the work force and we would welcome and work with dropbox and websense to make sure that those firms are connected with the asian-american work force. >> Mayor leffingwell: Thank you. Mike rollins. Donating time is dave corder. So you have up to six minutes. >> Mr. Mayor, mayor pro tem, members of city council, my name is mike rollins president of the austin chamber of commerce. I'm here to encourage your support by voting for these economic development agreements. As I mentioned in previous hearings, the intention I believe that city council when they pass the economic development policy first in 2004 and later amended, was to continue to diversify the economy of austin. So that we don't have the same setbacks we had back in the EARLY 2000s WHEN WE WERE Probably arguably the committee most impacted by the tech bust, or at least a percentage of our economy. How these two firms play into this diversification. One is the headquarters. First of all, headquarters are important to the fabric of your community. They employ people not just in technology, but in other areas of operating a business for marketing and sales and other types of jobs. This is a headquarters that would be something that most communities would desire and wish for. It would be what we would consider as a mid cap headquarters company with revenues in at least \$350 million or greater. And those are very difficult to grow in your community at any period of time, much less to welcome a company wanting to

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locate their headquarters. Dropbox. Dropbox is part of one of the most recognized hot technology companies now in the united states and globally. It is in an area that we are trying to create critical mass in its cloud computing. I think that is a growing end of technology that austin can benefit from. So I would encourage you to support the economic development agreements for both of these companies. I believe it fits the criteria laid out by city council and in december amended by a vote of city council. These companies have voluntarily agreed to meet those new standards. I urge your support. I would be happy to answer any questions. >> Mayor leffingwell: Council member spelman. >> I understand cloud computing being separate than a lot of the tech stuff going on and the need to create the critical mass. Help me with the websense issue. I understand we don't have a lot of headquarters in town, and that's different than most of the outpostfactories and the outlets we have. Is websense in part of the tech

business that is going to behave differently than the business cycle of most of the tech business. >> Thank you calling attention to that. I failed to mention that cyber security clearly is a growing interest, not only of companies, in which websense will typically work for, but all individuals in the protection of stolen identity and other valuable financial information. Cyber security is an area in which the austin economy can stand in more growth in. >> Cyber security we can reasonably expect growth in security even if there is a drop

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in computers. People have to maintain the data they have. It shouldn't go up and down with the business cycle the rest of the tech world. What kind of presence do we currently have in cyber security in austin. >> We do have some companies in cyber security now here. I cannot site the number of employees. Many of them are fairly young companies. Still growing their companies here. And I think a recognized name like websense that's recognized globally will have an impact that will be helpful to those companies by creating a more critical mass of employees. >> Give them more people to talk to. >> Absolutely. >> Do you have globally recognized companies that are in the cyber security business? >> Again, as relatively to who is paying attention to the growth of those companies, I would say yes there are other companies here that have established a name in it, but not to the degree that websense has. And maybe in a different sense of the business too. Some companies work more with personal i.D. Theft and then others. Some work with just corporate are companies in protecting their critical data from hackers. >> Thank you very much. Appreciate it. >> Thank you. >> Mayor leffingwell: Josh bear. You have three minutes. >> Mr. Mayor, mayor pro tem and council, thank you for having me. I'm josh bear from capital factory. We have 50,000 square feet of start ups here in austin and technology companies. I agree with many of the statements today so I don't want to waste time repeating them but to reiterate our support for these companies coming here. I deal a lot with the up and coming technologies and they express many of the same concerns. Many of them complain about traffic and want to see smart growth and more jobs here. In my limited experience, the thing I have seen is we can try

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to control a lot of things, but there's only so much we can control. As much as we can keep things growing and moving and the right companies coming here, I think is very important. The particular thing is that dropbox is one of the hottest, most interesting companies for people in the tech community. You maybe heard more of apple or google or ones that may be in a larger market cap, but dropbox is one of the hottest up and coming start up, high growth companies in the technology community. And websense adds a lot to it as well. Security is really important technology. Privacy is becoming more and more important and there are more and more threats to users on the internet. I think that is going to continue to be something strong. And the thing that's most exciting me about them coming in is that they are moving their headquarters here. As much as we get excited when we hear apple is coming here, I have to explain to the tech people that they are not hiring most of them. Some of the most high value jobs that we might actually get more excited about from our community. That's exciting about them moving their headquarters here. I think that is significant and sends a signal out to the companies

as well. >> Mayor leffingwell: Thank you. A.J. Bingham. >> Mayor, council, good afternoon. My name is a.J. Bingham and I'm the cochair of the government affairs committee for the austin black chamber of commerce. I'm here to express our support for the expansion of dropbox and websense. The greater auction black chamber is commerce, we

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understand the critical role that technology has. As the founding chamber of the black technology council under our president and c.E.O., The jobs are highly sought after. Further, we understand that technology empowers our growing small business community and close proximity can create competitive advantages. We express our support for the expansion of websense and dropbox. And we also highly encourage both companies and the city of austin to ensure that employment and business procurement opportunities that come as a result of this support is provided and inclusive of the economic and educational diversity of the city. Thank you. >> Mayor leffingwell: Thank you. That's all the speakers we have signed up wishing to speak. So we'll take these items up separately beginning with item number one. Is there a motion on item number one? >> Mayor? >> First I want to thank websense agreeing to comply with your existing economic agreements as they have been modified, and for the particular negotiations that you had with council members and some of the nonprofits in the city. And I know that there is concern as we bring businesses to austin with our ability to still address our issues, such as transportation and affordability. I want to say that we hope you are there with us as we have committee meetings and think about these issues and send them to our boards and commissions. And I do not believe that the number of employees that you plan on bringing at this time is going to significantly impair any of our other values. So with that, mayor, I make a motion to approve.

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>> Mayor leffingwell: Council member cole moves to close the public hearing and approve item number one on all three readings. Second by council member martinez. >> Thank you, mayor. I wanted to follow up on some comments I had a chance to make earlier and that was my concern and staff has helped by providing charts. If you could put this chart up here. I think as we think about investing money and investing city money and ensuring that people have economic opportunity, that's why we do economic incentive issues and programs. For me, I was concerned because when there aren't a lot of jobs -- when there are a lot of people unemployed and not a lot of jobs, it makes sort of direct sense to be doing economic incentive deals like we are today. And what staff -- would you put the other one up, please. What staff provided was this chart. And that is over the years the orange bars are the number of economic incentive deals that we approved and have gone forward with, I think. You can see the blue line is the unemployment rate for the year. Each of those years. And it makes a certain amount of sense. You can see when unemployment in the hard times in 2009 through 2011, we did a lot of deals. We did five of them. Now we're in a position where our economy is doing great. Of course forbes named us as having the most economic momentum of any city in the country, so for me, we need to talk about the issue of why do we still do that? And I appreciate the input that people have made. I have heard that we need to

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still be -- even though we're at the top of our game, we need to still be making sure that businesses know we're a business-friendly city so they won't stay away. I have heard we still need to make sure that we have a diversified economy. And I have also heard that we need to keep the momentum going even when we're at the forefront of it. Now, those are all issues that are probably important, but it's time we look at whether or not they are important enough for us to still be doing all these deals. Now if you could put the next slide up. What I did do was add to 2014, we're considering on top of the one that we have already done, we are considering two today, which takes us to three. And then, I heard the number seven. I guess I also heard the number ten, that there might be actually that many that were sort of in the pipeline that will be coming to us this year. So I think that I especially disagree that now is the time that we multiply the number of deals and do more than ever. To me, it's important. And I have to ask this council and this community what's going to happen next month or the following month when staff brings to us number four, number five, number six, number seven. Are we going to continue to be doing all these deals now? And I just want to finish by commenting that I think now is the time when we are not in a triage mode with a very high unemployment rate, that we start thinking about our investments more strategically that might be more long term. From my perspective, one of the best investments we could do now that we weren't in triage mode is invest in early childhood education so that when those young children go to school,

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aid will have a much easier time educating them. They will be absolutely the kids that might have a harder time without that extra help at the start. They will be much more apt to be able to access stem education. They will be much more apt to be able to filling the technology jobs. We will have a much stronger talent base here. And, for me, that's more of a trickle up as opposed to a trickle down approach. To making sure people have economic opportunity in this town. I think that's how we should be investing our money now, especially at this time. So I will be voting no. >> Mayor leffingwell: Any comments? Spelman. >> We used to do this badly. Before 2008 when we gave -- it was still a small trickle of incentive agreements, we were doing one or two a year. But I think, as I remarked in a similar case last week, flying blind. We didn't know what effect that incentive agreements we were ingauging in were going to have on our economy or on our general fund. We knew how much money we expected to bring in, but we hadn't thought through how much we had to pay out to provide services for the people who were going to be living here and take the jobs available. Since 2009, we have been using the web instrument which tells us that. We know how much money is coming in and how much money we expect to pay out. And more important, we know how much it is going to cost us to provide services to those people who are going to be moving to town. And as I understand it, we haven't seen an incentive deal brought before the city council which is a negative.

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As I understand it, you are not going to be bringing any incentive deals which are negative. If it is going to cost the city money, we are not going to see it. The only time we are going to see it if it saves the city money. I have taken a look at the websense and dropbox. To my count, the net benefit associated with websense is \$1.3 million. That's year one through ten. And if you discount it by 6%. It's just about a million dollars. It's a million dollars that the general fund would have it in net of having to pay out the incentive itself and having to pay additional costs associated with parks, libraries, public safety, all the services we would be providing to the people who are going to be living here who would not be living here if it were not for websense. So it seems to me that the great -- there are two big arguments in favor of any incentive deal. These are specifics. But I think there are examples of the more general issue. And that is if we're bringing to the city a company which is going to be bringing more money into our coffers, then we are going to have to pay out. This is a way of paying for early childhood education or day care or all the other things that we want to pay for. If this is bringing in a million dollars that we wouldn't otherwise have, that's going to be a whole bunch of stuff we could do that we wouldn't be able to do. That only works if the incentive is a necessity in order to bring the company here. If there's somebody here from websense to clear that up. There's been some discussion about this. I would like the opportunity to ask some questions. >> Mayor and council members, chief financial officer of websense.

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>> Thanks for coming. I appreciate it. The general proposition I laid out is if it makes financial sense from the city's point of view to bring a company to town or to assist in a company's willingness to relocate, if that will bring more money into the general fund in particular, then we would otherwise have that would allow us to pay for a lot of things which we would not otherwise have a chance to pay for. If you are coming to town any way, 438,000 dollars to bring you to town. You are coming to town anyway. That's a little more than the general fund would be able to use to spend on early childhood education and all the other things we want to do. As you also know, I'm almost certain we have had an anonymous complaint that you're already staffing up. That you have already identified where you are going to go. You have already hired several people who are going to be working here. And whether we give you the incentive payment, you're going to be coming to austin, texas. >> We believe that is an inaccurate statement and we don't comment on people's conclusions based on our due diligence and the work we have done around this relocation. We have maintained active discussions with other cities throughout this process. We are evaluating the possibility of bringing one of the premier cyber security companies in the world here with 470 high-paying jobs of which we believe will hire up to 90% locally. The economic incentives here, austin is not the most low-cost city. So these incentives are important in us making a final decision on what we do with our headquarters. >> I usually don't give credence to anonymous letters, but this is an example of what people have been talking about with respect to your company and the

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other companies coming to town. Holding aside somebody wrote to somebody anonymously, how is it we can be assured you are considering other places, that the incentives are an important part of your

decision-making process, other than just your say so. >> I don't know -- other than through our process, we have discussed the alternatives. We're meeting with the city staff members. We do currently have a lease in a city that we are located through 2017 and there are significant costs around that. We have taken no action around anything with our current lease. Therefore, no decision has been made. We are actively meeting with representatives. We have hired executives from the cities we are also considering during this process. >> Okay. Tell me more about that. You're looking at other cities and you have hired people in other cities? >> We have hired a chief operating officer that is in a city that is under consideration. >> Have you hired a chief operating officer for austin as well? >> It is a chief operating officer of our company. We have not hired any folks here, no. >> So the argument was made that you're hiring people in austin. You're training them in san diego, but they're already hired. They know they're coming to austin. You're coming to austin hell or high water regardless of whether we pass the incentives. There are other cities you could go to or remain in san diego. >> We could remain in our current city. We also train our employees at our corporate headquarters in san diego. >> So it's standard operating procedure that you hire somebody regardless of where you hire them, you are going to bring them to your main office. >> Our programs are designed to train folks, get them up to speed and invest in them. We do that at our corporate headquarters. >> I'll pass the witness if other people have questions. I have another question I would like to ask of mr. Johns too.

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>> Any other questions? >> I will make the quick comment. This money could be better spent on child care, but the fact is we are not talking about spending money, we're talking about an action that will increase revenue to the city, not decrease it. Council member spelman. >> I would like to ask mr. Johns a question if I could too. >> Thank you. I appreciate your help. >> Kevin Johns, director of economic development. >> Kevin, what kind of due diligence do you and your staff do to ensure that the incentive cases that you bring before us are only companies that are considering not just austin but other places as well? >> The process is pretty thorough in that all of the companies are required to document where they are competing against. And they have to sign it and agree to its truthfulness as part one. Second, we do scans. We'll just like the governor's office, we both, the economic development department and the governor's office, do google scans and look to see what is out there. And so, it's been fairly steady that the companies we bring forward to you are still in competition. >> So -- go ahead. >> So you've got at least the say so of the company itself and the specifics of other cities they are looking at and you do some work to try to get corroborating information that they are, in fact, doing some work or talking to those other cities so they are in the mix and we are in a competitive situation. >> That's correct. For example, if you recall

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recall the newspaper article on athena health last time. It was our office that googled and documented that they were considering atlanta. And we told the reporters that. So we try and be conscientious about it. There's only so much you can do. If I call the economic development director in another city, they're not going to tell me anything. There are already nondisclosure agreements and they don't want

you to know. >> If somebody from atlanta calls you, you don't tell them anything either, do you? >> I don't get those calls, really. [Laughter] >> they know not to bother with them. We are talking about websense first. In this case, you have heard from other companies that there are other cities they are considering. Your staff has attempted to verify that they are doing something in those other cities and they are talking to those other cities; is that right? >> Yes, in the way we can. Using the web basically is the only tool we have, other than the company has certified that they are doing this. You know, there's repercussions for that too. You assume they're truthful because it's contingent upon their incentives in receiving government money. >> What kind of repercussions would there be? >> Basically, if a company is asking for federal dollars, state dollars, or any kind of dollars, they're representing that they're being truthful to you. >> And they are representing both to us and the state of texas. >> Yes. May as well follow up on this. Karen, what are the repercussions if they tell us there's something that ain't true? >> Council member, I think there's some particular repercussions with falsifying official documents that might be out there, both with us and with the state.

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Because it is also tied to a state incentive program. Falsification can be prosecuted as a criminal offense in the state of texas. >> Okay. Is it reasonable to expect that we would ever find out that somebody had falsified a document this particular way? >> Well, like any other criminal offense, someone could bring forward a complaint that would be forwarded to the authorities for an investigation. In that process, they have tools of investigating matters to determine whether or not the complaint is truthful or not. >> Okay. So if somebody who had written an anonymous letter to one of us wanted to pursue that and wanted to write an anonymous letter on named letter, they might be able to stimulate some activity. >> They could do that. >> One last question, if I could. I don't see that this could possibly be a requirement on my part, but it would certainly be reassuring if you could give me a positive answer. When you and your staff did your best to corroborate that, websense, dropbox, or anybody else, have been talking with other cities and are considering either staying where they are or moving to a different city, not just austin, do you ever receive corroboration by looking at stuff that's floating on the web? >> Yes. And the example I used with athena. >> Was one of those cases, yeah. If you were to receive no information on - - by googling every which way and you didn't see anything at all, there was no corroborating evidence, would that play a part in your willingness to bring forward to us an incentive agreement?

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>> We have only brought together -- brought forward to the mayor and council incentive agreements that we think meet all of your concerns and all our concerns. So when we bring them together, it's because we believe the company is telling the truth. Both these companies are fantastic companies and they have assured us both in writing and in person that this is the case. And, so, that's why we brought it here today. >> I'm mostly asking, not with respect to this case, because I'm persuaded that websense could very well stay in san diego. They don't have to move to austin, they don't have to move any place. I think there are good business reasons for them to move to austin, but there might be good business reasons to move somewhere else. I think there's always a good business reason to stay where you are,

so I'm persuaded that we are in a competitive situation and in particular, given the amount of attention that's been given to this case both here and nationwide, if we were to not give an incentive that websense would stay where they are. I think we are in a competitive situation and the incentives do have a bearing on whether they show up in austin. I'm persuaded \$1.3 million in the general fund is money which we could -- will use for a lot of things, including early childhood education. Or, for that matter, day care, which was not brought up. But there's a lot of things we could do with that money and a lot of ways we could provide value to our citizens. But I don't believe we are going to have it if we do not say yes to this particular deal. >> Could I just add, it is, if some day care company or child care company came to us with a similar proposal, I think they would be in the running.

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If we made a million dollars to up the child care incentive over a period of ten years, they would be in the same position as anyone else. Mayor pro tem. >> We have established we make this investment and have over a million dollars that goes into the general fund. What I don't think has been made clear is the process of what we look at in city costs on the web loci to make that determination. >> Let me ask one of our staff who ran the loci to give an explanation of that, not only for the council, but for anybody who is watching on tv. >> Good afternoon, mayor and council. The costs that are considered in web loci, one, we do consider the incentive amount, and that is in the support line that you see in the category report. The other costs have to do with the new people that will be moving into our economy as a result of this project, whether directly through employment with one of these companies or moving in to take another job that's opened up due to an employee of that company taking a job with one of these companies. So, those costs are things like a public safety, libraries, general government expenses. And in addition, we have costs to the utilities. So austin energy and austin water to provide services to the facility and to new residents. >> Do we give any points for being close to transit or make any of that type of analysis? >> Not in the web loci analysis. In the matrix, that is considered, especially under the new matrix, but because the new people may be working at any conceivable place in austin due to that job chain effect I described, we don't have

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anything that's specific to where these companies will be located. >> But we do look at it in the matrix? >> Yes. >> It's not part of our current cost benefit analysis. We may think of some ways to do that into the future. I believe websense was bringing 200 new employees; is that correct. >> It will be 200 in the first year, but 470 over the term of the agreement. >> Okay. We may need to, in the future, look at the impact of bringing additional people to austin since we're hearing from the community that that is a concern. Did you have something to add to that? >> I sure do. I just wanted to state -- rodney gonzales first deputy director for the city's economic development department. The web loci analysis that natalie was referring to is for your viewing and the public. I do want to remind council that there is a transportation user fee and this company will be paying the transportation user fee. That is not waived. You don't see it on the web loci analysis because that is a sum of zero. So they will be paying it as a revenue to the city and we use that for purposes. We do charge a transportation user fee. >> How do we

determine how much that is? >> That is set annually the city council during the budget year. I don't know what that fee is but we can get that for you. That's part of the transportation fund, the public works. >> The entire public works transportation fund? >> You got it. >> We make that determination. So I guess we could look at the number of incentive agreements that we anticipate into the future because we have been told that there may be some to adjust that advice so that number is actually accurate. >> You know, we have never shown it on web loci. It is mentioned that we show it

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coming in, but then you see the expenses related to the transportation user fee. >> That would also help show that we are actually making a good-faith effort to pay for the additional transportation fees incurred by the additional people. >> Yes. >> Thank you, rodney. >> Council member morrison. >> I just want to clarify one thing that might have been misunderstood. I did not mention child care. I did not mention day care and it is important to the point I was making -- those are both very important things. The point I was making is that early childhood education being offered and accessible to kids that might not otherwise have opportunities is the biggest thing for your buck in terms of ensuring that people will be able to be successful and will be able to fill these jobs and it will be here in the future. Not child care. Not day care, early childhood education. >> Thank you. I think this has been an interesting discussion both today and at our last session. I appreciate the points that have been raised. And I think we disagree a bit about how to read the web loci and some of the other issues associated with this, but for me, you know, I do regard this as public dollars and every public dollar we spend on this kind of investment is a dollar we can't spend on another kind of investment. And so it's really important to me to evaluate each one of these proposals separately and on its own merits. While I have supported incentive packages in the past, for me, I'm not able to support either one of those that are in front of us today for a lot of reasons that have been mentioned. Both because of the tremendous growth that austin is experiencing. Because I'm not convinced that the incentive are critical to either of these companies. Having said that, I will also say it seems to me as I go, as I

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read my e-mail from different community members, and as I walked around the community, somebody stopped me at the grocery store to talk about incentives, there is a lot of concern in the community about the investments that we're making through our chapter 380 agreements. And we have had several come forward in a short period of time. So I do think we need to continue to encourage the public to communicate with us as to whether this is the type of investment they want us to be making with their public dollars. I do want to thank both companies. You both are interesting companies and have great products. I enjoyed learning more about your companies. Austin is a great place. You both seem like great companies and I hope you decide to locate here. >> Council member martinez. >> I want to thank our staff for their continued efforts on the economic development and for dropbox and websense for voluntarily agreeing to the new council policy. You know, I certainly completely understand that regardless of whether something fits in an adopted policy by this council. As individual council members we reserve the right to vote for or against it. Over the last almost two years now, we

work very hard on improving our economic development policy. At the onset of that discussion, I made it very clear that I believe in our economic development policies and I believe that creating good jobs is incredibly important for our community. While we didn't have consensus community-wide on the new adopted policy, what we're seeing is we still have a competitive city. We still can attract and create great jobs for everyone on the pay scale.

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From the lowest end to the highest end. And for me, that was why I work so hard on that economic development policy. The economic incentive policy. I believe it was a good tool, but I believe it needed improvement. So if there are other conditions or other parameters that council members feel like need to be factored into this policy, that's up to this body to decide to add to it. But for me, today, having these companies before us voluntarily agreeing to the new policy, it's certainly worthy of our consideration. I agree there is a lot of concern out in the community about whether or not we should give incentives. But I believe there was a lot of confusion in the community about what we're doing. They believe we're giving their tax dollars away. And what we are doing is taking revenue that comes from this job creation in these companies. Once you have that conversation with most citizens, you find their reaction is completely changed or severely softened. You can explain the totality of the policy in the things like prevailing wage and living wage for construction workers and upward mobility for training. People get that. They understand that. But we have to take time to educate them. I think that's a challenge we face is getting out there and so those citizens have their fears alleviated as much as we can. There are some who never agree, and I respect that. But in this case, as I said last week, I welcome you both to Austin, Texas and I will be supporting the motion. >> Mayor Leffingwell: All in favor say aye. >> Aye. >> Mayor Leffingwell: Opposed say no. >> No. >> Passes on all three readings on a vote of 5-2 with council members Morrison and Tovo voting

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no. We go on to item number two. Examine Martinez. Public hearing is closed. Council member Martinez moves to approve item number two. Seconded by council member Riley. Discussion. All in favor say aye. >> Aye. >> Mayor Leffingwell: Opposed say no. >> Passes on all three readings on a vote of 5-2 with council members Morrison and Tovo voting no. We stand adjourned, if there is no objection, at 2:36:00 p.m. [Applause]