

Economic Opportunity Committee Meeting Transcript- 06/08/2015

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 6/8/2015 6:00:00 AM

Original Air Date: 6/8/2015

Transcript Generated by SnapStream

=====

[2:16:45 PM]

>> Hello? Hi. Welcome to the economic opportunity committee hearing. The time is 2:16. I am chair Ellen Troxclair, joined by vice chair Ora Houston and councilmembers Casar and pool. We have a quorum, and, again, we have this room until 5:00 P.M. So, I think we'll be able to get through our full agenda in that time. Our first order of business is to approve the minutes from May 11th. Members, is there a motion? >> So move. >> Troxclair: Okay. Councilmember pool moves approval, and seconded by councilmember Houston. All those in favor, raise your hand? All right, minutes are approved. Okay. First thing on our agenda is citizens communication. We have four speakers signed up. Citizen's communications are for those members of the public wishing to speak on items that are not on the agenda. So, we will take our first speaker, chip Rosenthal, and after chip, we'll have Rebecca M. I knew there was some special pronunciation. Hi, chip, how are you? Each speaker will have three minutes. >> Thank you. I'm chip Rosenthal, the chair of open Austin, and I'm here speaking on behalf of open Austin. We are an all-volunteer community group founded in 2009 to give citizens a voice in civic technology issues at city hall. You may have heard about some of the work our volunteers have done, new tools and resources, for instance, councilmembers Casar and pool, I think you've seen the park space visualization that one of our volunteers helped put together. This past weekend, we co-appropriated the third annual atx hack for change, organized

[2:18:45 PM]

by the city of Austin innovation office, hosted at the university. Over 150 people participated, and 25 different projects were hacked forward through the weekend. By the end of the weekend, many successful projects emerged. For instance, the crime cycle project built a new tool to help people recover their bike when it's stolen. And it's not just about the code. That team reached out to APD Andis working with them to streamline the process to register your bike before it's stolen. So, we're involved in civic hacking, but we also do a lot of work on policy issues related to open government, open data, and civic technology. Over the years -- to try to restart that discussion and offer a couple of short-term possibilities this committee might consider. First, the city is an ongoing Austin government online initiative, including important elements such as the development and enhancement of the city website, open data portal, and key technology tools such as 311 apps and data. Previous councils have requested periodic updates from staff on Austin go, and so I'd like to suggest this, and have periodic, possibly quarterly updates. Second, in April, city manager Ott announced the open data initiative 2-0, a 90-day program to collect key data sets held by city departments. This is an important public initiative, and we'd

like to see more public engagement in the process. The initial 90-day round is scheduled to be completed shortly. So, that might be another item this committee might consider posting to get an update from staff. Beyond that, open Austin has a number of ideas we'd love to have an opportunity to discuss

[2:20:46 PM]

with you. So, looking forward to working on these areas. Thank you. >> Troxclair: Councilmember pool. >> Pool: Question, maybe chip can stay. If we were interested in, as chip recommends, having a quarterly update on what open atx is doing, and the other item, how -- would that be possible to have on our agenda? And it could be a verbal update. It could be a written update. It could be a combination. >> Okay, yes, of course. I would certainly love the update that you mentioned. We can talk about if we want something continual going forward. I know my staff is here, and watching, and we'll talk about including that at the next economic opportunity hearing. And just as a note, we will be off -- we won't have a hearing the month of July. We'll be back in August. We do have quite a few things already scheduled on the agenda for August, so we'll see if there's any other requests and fit it in as soon as possible. >> If I may, councilmember, probably the key contacts for an Austin go update would be the ctm department. And for the open data initiative, that may be the innovation office. There's kind of a new open government governance board at a high level shepherding that. >> Pool: We could do it maybe four times a year, maybe not monthly. Like, September, December, April, June, something like that. And I'd also be interested in knowing how we would then convey that information to the full council. >> Of course. >> Pool: So, we would look at a way, also, to provide the information in the quarterly reports along to the full council. >> Excellent. >> Troxclair: Thank you so much. >> Thank you, members. >> Troxclair: Okay. Our next speaker, Rebecca.

[2:22:51 PM]

[Chuckling] >> That was excellent. >> Troxclair: Oh, thank you. >> Thank you so much for the opportunity to speak to you today. I'm Rebecca, the executive director of the Austin independent business alliance. As many of you know, we host the local business conference every October. We get 40 to 50 business owners in a room and talk about what the city of Austin can do to make Austin a more thriving community for local business. The first part of that, as you might imagine, generates about 300 answers. And I can't do 300 things, so I have the whole group prioritize and narrow it down to four to six initiatives that we work on for the following year. From that group, we also pull 14 to 15 local business owners who volunteer to meet monthly throughout the year. They -- we call them our leadership circle - - to try and find solutions and programs to achieve these goals. We have a report at the next local business conference about how we did. So we issue ourselves and the city a report card. I've met with each of you individually to talk about these initiatives, but I'd like to formally present them and ask that we be considered for the August agenda -- the very crowded, as I just heard, August agenda. The initiatives that we're looking at are programs to achieve affordable property ownership for small local businesses. Small businesses need small spaces. And it's an availability and an affordability issue, so we have some ideas on how we might do that. The second goal was job creation and help for employees. We are promoting the idea of an online job pool that local businesses and employees could use where they could upload their certifications for different things, it would be easy, everybody would have a nice pool to draw from. Communication of city resources -- we met on this this morning. And it's a huge, complex issue of how can we take information

[2:24:52 PM]

from multiple departments at the city and funnel it through one easy place where local businesses could go to find information from health department, transportation, permitting, you know, policy changes, things like that. We have an idea for exploring that. And sustainability programs very precious thing that we all think is awesome and provides for our economic stability. We're about to run them out of town, so let's see what we can do for that. From the first conference in 2013, we've moved forward to hire a local business director. We still want the local business director. We have a whole program for that. That's all I have today. I have copies of this. I believe that each of you have this, and I'll be happy to email it, as well. Again, councilmember Casar, you're frowning at me. Do you have this? Okay. [Chuckling] And a request to be on the agenda for August. Any questions from anybody? >> Troxclair: Councilmember pool. >> Pool: Hi, Rebecca. We have a task force on community engagement that will be starting up with its public meetings, probably after June is over. We're laying the groundwork and having interviews and talking internally for the facilitator, who will reach out and we'll have a kickoff meeting on that. And I'm thinking the comments that you had on funneling the information through to your constituency would be a really good conversation to have in the context of the community engagement task force, because that's exactly an aspect of what it is we're trying to -- >> Sure. >> Pool: Drill down and understand how the city is

[2:26:52 PM]

communicating outward, and how we take information inward. >> Thank you. I'll watch for that and attend and say my piece. >> Pool: They will be public meetings. >> Thank you. Anything else? Thank you very much. >> Troxclair: Our next speaker is Darwin Hamilton. And after him, we'll have Sandra eanes. >> Good afternoon, I'm Darwin with the Travis county table and the ex-offenders table. The issue with the fair chance initiative, we just wanted to thank you for the councilmembers' support in creating that initiative, and possibly offer our assistance later. I would like to say that nearly two decades ago, when I was someone who was trying to seek government employment, for the past 16 years I've been employed with the state government. And I can tell you that these kinds of initiatives did not exist. So it took more than me being able to advocate for myself. So policies like ban the box, fair chance, were nonexistent. So I just wanted to say that on behalf of the ex-offenders council, that we look forward to supporting these efforts that you have with this initiative going forward. Also, to remove some of the stigma, I think, is a good thing. So, the Travis county round table has a film screening that will be coming up August the 12th, "The evolution of a criminal." Often the stigma is a barrier to employment. We would like to see councilmembers possibly attend this. We discussed this this afternoon at our monthly meeting. So, with that, are there any questions? >> Troxclair: Councilmember

[2:28:53 PM]

Casar. >> Casar: Thanks so much for coming today. If you wouldn't mind sending my office your contact information, we can make sure you're plugged in with a working group that's going to bring recommendations. There are some folks from the round table that might be able to tell you, but, we would love to have you. Thanks for your support. I'll make sure the city manager's office is in touch with you about those meetings. >> Houston: Thank you so much. Just a minute, please? Hold on. You were going too fast. Can you tell us the date of the screening and where it will be? >> The screening will be August the 12th at the theater, the old Lincoln village one. I think there's about 270 seats. There's also a q&a afterwards. Some of the panelists will be judge cliff brown. He will be one of the panelists. The theme will be employment, ban the box, restorative justice, juvenile justice, family support, and prevention. And so, Dr. Robinson, he is also the director of juvenile probation. >> Houston: What time?

>> It will be at 7:30 P.M. >> Houston: Thank you. >> Troxclair: Thank you for being here. Sandra? >> Thank you for allowing us to speak today. My name is Sandra, and I'm a professor at Austin community college. But, I'm here on behalf of the austin/travis county re-entry round table. The round table is a collaboration of public sector leaders, community members, ex-offenders, and people who care about successful re-entry with a mission to really promote public safety through effective

[2:30:54 PM]

re-entry. We are primarily focused right now on three strategies. All of them impact formerly incarcerated person. We're looking at housing, employment, and behavioral health issues. And I want to thank the council for their recent leadership on the issue of fair chance employment. As a recap, I know on may 21st the city council passed a resolution to consider regarding private employers in Austin to follow fair chance hiring practices. At that time, I think it was cosponsored by mayor Adler. The city manager was instructed to provide staff and help support for a stakeholder process to develop language. I believe that's what you were just referring to. Language on employment hiring policies for private sector employees. This resolution also directs the stakeholder group to consider the national employment law project, which is the recommended ordinance language as a baseline draft for the citywide fair chance policy, and to consider other policy options, also, for employers. The round table is listed as a member of that proposed stakeholder group in the resolution, along with a number of business associations, service providers, and advocacy groups. The round table -- I've been with the round table since 2009. But, in 2007 and 2008, the round table worked really closely with the city council on the "Ban the box" language and how to really implement that, and has been very successful. So we have a long history with that employment application process. And we're really proud that our city leaders are looking at this issue and moving forward with it. The round table created something called the re-entry

[2:32:56 PM]

round table report card. And in that record card, it talks about how many other states are doing this initiative. And I'm sure you already have a lot of that information. But, currently, right now, there are 60 other cities and 12 other states that have adopted this. And in the states that have adopted it, it's gone across the board. So in the state of Minnesota -- and that's where target has their home base -- all of the -- [beeping] >> Is that my three minutes? The rest of it, I guess, we can share in the committee that you were talking about, councilmember Casar. Thank you for your time. >> Troxclair: Thank you. Any questions? Thank you for being here. Oh. Councilmember Casar. >> Casar: Excuse me, did you want to finish your thought? I didn't know how you were going to finish that sentence. >> I was going to talk about how successful target has been in eliminating that and attracting employees. >> Casar: Okay. Thank you, ma'am. >> Troxclair: Thank you. Okay. That completes our general communications. So, we will move into our first item under briefings. Minority women and veteran-owned enterprise disparity study. >> Good afternoon, councilmembers. Veronica, director of the small minority business resources department. I hope you bear with my scratch scratchy voice today. Allergies got the best of me. We have an ongoing disparity study. I appreciate you giving me the opportunity to brief you on this topic. Just so you're aware, smbr, small minority business resources department is responsible for enforcing and implementing the mbe/wbe, the minority business enterprise and women business enterprise

[2:34:57 PM]

ordinances that are passed by council. The ordinance we have in place is based on a series of disparity

studies. And most recently, we're undergoing our most current disparity study. I want to give you a background of, what is a disparity study and why they're so important to our city and program. What is a disparity study? In order for a government entity to address discrimination, there must be evidence of disparity. The study measures the availability of minority and women-owned businesses in a marketplace. And any disparities in the entity's utilization of these businesses. To give you a little history of where we are in a city, 1987 city council passed the first mbe/wbe ordinance that put the program into place initially. And following that, there's been a series of other studies conducted. The practice is to conduct one every five to seven years, that's the goal. So, why do we have a disparity study? It's based on a supreme court case. Very well-known, city of Richmond versus Crowson, 1989. This particular case cited that cities can readress activities in the city demonstrates through a strong basis in evidence that it has a compelling governmental interest, and that the remedies are narrowly tailored to address the discrimination identified by statistical and anecdotal evidence. The bottom line is, to justify the creation and imp tax of a mbe/wbe program, the city has to collect and analyze data in a manner consistent with constitutional law. The process of collecting the data is accomplished through a disparity study.

[2:37:00 PM]

So, as I mentioned, our most recent disparity study is underway. The disparity study was contracted with the consultant in 2013. Our consultant is the national economic research associates, or nera. And this particular consult about conducted the previous disparity study. To consider as a part of our current disparity study, first provide an overview of current constitutional standards and case law on race and gender-conscious efforts in public contracting, to provide statistical evidence of disparities in contracting activity for the city of Austin, and to determine the city's utilization of available mbes and wbes. They also included the consideration of disparities among veteran-owned businesses, currently not a part of a city program in any department, so, council at the time asked for a consultant to give that some consideration and recommendations on that. And also to include anecdotal evidence of disparities in the city of Austin's marketplace. As a result of this, there will be recommendations provided to address any of the identified disparities. And the mbe/wbe goals set in the mbe/wbe ordinances are a result of the disparity study. So, it could impact the goals we have in place. It could require council to look at revising those goals when this is complete. As I mentioned, we contracted with nera in 2013. This one is unique in that aid, the school district, and Travis county, also contracted with nera to perform disparity studies for their entities. The city approached them early on in the process and asked if they'd like to be a part. We're not jointly managing the contract. Each entity has a contract with nera to perform a study for that entity.

[2:39:01 PM]

Oops. And fall of 2015, this coming fall, we anticipate communicating the results of the disparity study. The report will be complete and finished. There will be several outreach efforts, including to this committee, as well to our mbe/wbe advisory committee. Presenting the findings. Our existing ordinance sunsets in 2015, at the end of December. We will bring forward a recommended one-year extension to a future city council meeting. And we're doing this because we want to make sure once we have the results of the disparity study, we have ample time to communicate, receive feedback from the public, and bring forward a set of recommendations to council as a result. So we're proposing that after that feedback and those opportunities are provided, in 2016, we'll be bringing forward a proposed ordinance change for consideration. At that time, council will be asked to also reevaluate the program and consider extending the program. Beyond 2016. And that concludes my presentation. Are there any

questions? >> Troxclair: Councilmembers, questions? Councilmember Houston. >> Houston: Thank you so much. Thank you for this information. It's interesting that the program has been in effect for 28 years now, and so my question is, do you have data to suggest that the disparities that were identified 28 years ago -- how are we now? >> I think that's exactly what we're going to expect to see in the current study that we receive. We have the data from 2008, our last disparity study is available. We certainly have seen over the years, as each disparity study has been conducted, the trend of the disparity still being in place. The goals might change slightly

[2:41:03 PM]

because of that information, but overall, over the 28 years, there has been the trend of the disparity still in place. When the consultant -- they did a great job for us in conducting a disparity study. When the disparity studies are conducted, they're looking not only at the city of Austin's contracting practices, but as well as what mbes and wbes are facing in the overall contracting community, and so forth. So we're looking overall. >> Houston: So, for example, the community action network has a dashboard that they produce every year, and they just have pictures that say, about the same, worse, better. I'm asking, in the 28 years that this program has been in existence, is it the same, worse, or better? >> So we don't produce anything like that. I think that there's -- it's hard to say. I think in some ways, we have improved. I think there's many ways where we can continue to improve. I think, as you see our program in place, we try to adapt and make improvements as we go along. We have to be considerate of state, national, federal law, because we are a race-based program. But, I think it's hard to say, overall, whether or not things have improved or not. In some areas they certainly have. >> Houston: Can you give me some examples of where it's improved? >> From when the program began, there was not a program in place. Just the fact that we are having these discussions and having goals on contracts. I understand we don't have goals on all contracts, but the fact that we have the opportunity for minority and women-owned businesses to participate or is is a sign. Or department has become more robust. Historically, we focused on setting the goals. We now have a whole team in place that looks at contracts once they are award.

[2:43:05 PM]

We monitor those, we meet with individuals as they have issues, trying to address those issues on a case by case basis. >> Houston: Thank you. >> Mmhm. >> Troxclair: Okay. Welcome to -- councilmember kitchen, thank you for coming to our hearing. When was the last -- so, if they're conducted every five to seven years, and the results are expected in 2015, when was the last one? >> 2008. We're right up on our seven-year mark. >> Troxclair: Okay. >> And I should say, actually, the city of Austin nationally has been -- other entities commend us for being diligent about performing disparity studies as regularly as we do. So, it's a goal of entities to conduct disparity studies every five to seven years, but it doesn't always necessarily happen. >> Troxclair: Okay. Councilmember Houston, would it be helpful if they sent the disparity study from 2008, so we have a context? >> I'm happy to do that. >> Troxclair: That would be helpful. Councilmember kitchen. >> Kitchen: I was going to ask, I apologize. I imagine you have the data about the number of jobs, and the dollar amounts, perhaps, that have gone to these businesses? >> Yes, we buy -- it's an ordinance, we report on participation Numbers. Actually, our purchasing office publishes reports quarterly and annually. They're available on our website. I don't recall, the last quarter, there's a bit of lag time to make sure we have the information up to date. But, we do have that available. >> Kitchen: Would that be considered progress or improvements to the number of jobs going up, the dollar amount going up? >> I would have to look, it

[2:45:06 PM]

depends on the type of construction. When we were performing on the water treatment plant, the Numbers were different. It was so massive. It just depends on the year and so forth. >> Kitchen: I have one more question. On the professional services contracts -- and, again, I apologize, you can just tell me to go read if you already covered this. But, you know, we've raised some concerns from the dais in the past about some of the professional services contracts. Not setting goals. So, can you help me understand why we wouldn't be setting goals for just about any contract? >> When we're looking at setting goals, the ordinance speaks to allowing for goals to be set if there's availability of mbes and wbes, and having the department looking at industry practices and how the availability of opportunities. When you look to our rules, we have our departmental rules and it speaks to looking at the mbes and WBE availability, and how many subcontracting opportunities there are. Our policy historically has been to set goals when there is one main scope in place. Or one availability for contracting. So, let's say we are remodeling the chambers here. So, that's the main thing. We're looking for a general contractor to come in and remodel our chambers, then, looking looking to see, what other opportunities, painting, carpet. Those would be two opportunities. Our department as a policy has set goals. If there's one main goal and two opportunities. Most recently -- this has been a discussion we've been having for several months -- certainly trying to improve that process. One change we made is to look at one main scope of work and one subcontracting opportunity. More recently, discussions continued to say why can't we just set a goal, if we're just

[2:47:09 PM]

doing one scope, buying brooms, why can't we set a goal on the broom purchase? We've asked for a legal opinion of that, and they're working on that. I don't have an answer right now, but we are trying to take another look to see if that is possible in that scenario where it truly is just one scope, can we set a goal. >> Kitchen: I'm thinking more in terms of consulting contracts. For example, we've seen some contracts come before us that I think may have been engineering contracts, or I think they were, like, Austin energy contracts or other contracts like that. First off, I'm assuming these apply to Austin energy and -- >> Yes. >> Kitchen: Okay. So, why would we not have some goals set for those contracts? >> So, most contracts, construction, construction-related professional services, which is most of our engineering contracts have goals. It's rare you would see one without goals. Other types of consulting, for example, the Austin energy contract you recently considered, we are looking at -- when we reviewed it, we looked at the opportunity for the main consulting that was being provided. We're having discussions now with our purchasing office at how we look at those procurements. And it may be on its face that it appears it's just that one consulting opportunity, but can we look at other activities such as, maybe there's some outreach needed. Maybe there's catering needed, or so forth. So we're trying to be creative in how we're looking at those opportunities. >> Kitchen: The other aspect of that is -- if that's okay -- you know, those big consulting -- contracting with one company. And they are subcontracting with other consultants. It's not one big monolith. And even where you're contracting with a huge company, they do purchasing. They have all these other things

[2:49:10 PM]

that they do as a company that are part of this whole contract. >> Mmhmm. >> Kitchen: So, it would just seem -- I would just like to suggest that particularly when we're talking about spending so much money on some of these, that we really ought to look more broadly and not assume that if it's a professional consulting contract for a highly, you know, technical skill, I don't think we should assume that there's not

subcontracting opportunities there. >> And I agree with you, and that's the path that we're trying to go down, our department and the purchasing office. One of the things we're talked about is creating some sort of template that says, here are things that could arise. We might not be certain they are going to, but they are potential opportunities and we should look at setting goals. >> Kitchen: The other opportunity -- last thing -- is that you can also challenge those companies to come back to you. I mean, could you not also, when you're doing an rfp or whatever, could you not place some requirements so that the assumption is that they will come back with those kinds of opportunities, and have to justify if they can't? >> So what we have in place right now, if a contract we solicit doesn't have any goals set on it, the company is required to complete what we -- but as they move forward with the contract, if any opportunities arise, they have to come back and comply with the program. So, they have to -- if -- they have to get an availability list, contact our minority and women-owned businesses. My understanding, from a perspective of saying to a company, once we're bringing forward a company for consideration, to say to them, we would really like for you to have some participation, can you have some participation on the contract, we wouldn't be -- >> Kitchen: That's not what I'm talking about, I'm talking

[2:51:10 PM]

about as part of the competitive process. Is part of the process of people responding to rfps or rfis that they be charged with coming forward, and then consider it part of the competitive process? I think we heard in one of the contracts that came before us there were three entities, and one of those entities had identified some opportunities. So, anyway, that's just a suggestion. I think we can talk more. >> We can certainly give that some consideration. >> Chair. >> Troxclair: Councilmember Houston had some questions. I wanted to make a comment. We have a presentation by the minority trade association members on this topic, so they may also have other ideas that we want to circle back with staff on. So, do you want so continue to ask questions now? >> I just wanted to follow up on something, the direction that councilmember kitchen was going in. I think what she is saying is, put the responsibility of identifying minority or women-owned businesses in the text of the rfp/rfi so it's not the city's responsibility to find those folks. Kind of like what you do when you have prime and subs, they come back when who they're going to sub with. Is that the direction you were going in? >> Kitchen: Yeah, so that, you know, the companies themselves -- and they also know their business. And perhaps -- and they also know their internal -- who they contract with and who they don't. And probably, you know, may even be aware of more opportunities. >> Troxclair: Councilmember councilmember Houston. >> Houston: Thank you. The part I want to focus on is the scope of work. When the department develops the scope of work, is it broad enough, or is it narrow so that we exclude opportunities for participation? Or is it broad enough to be able

[2:53:11 PM]

to include more people? If we scope it in such a way so that we identify the broad scope, and then we have a smaller scope of work. Because one of the suggestions is, it says something about installer versus suppliers. So, there are ways that when we're developing the scope of work, I think we could be a little broader in that some of the things that I've seen come across appear to be -- just appear, because I don't know, I'm not a subject-matter expert in this -- appear to be specific to one company. And therefore, that's the only company. Even though we send out 700 invites for participation, we get one person to respond. Because we, as a community, can write it so specifically that only that one person -- and that's what I want to have us look at and talk about more deeply. >> And I agree. And our purchasing office is responsible for establishing those scopes. And we are having those conversations. And one of the things that they are in the process of doing -- you've probably heard that we have in

place a system called ecapri, a software system, to help on the construction side. It helps any solicitation, but it's been used more heavily on the construction side. I apologize, I don't know what ecapri stands for. But, it's been used more so on the construction side. One discussion we're having is using it on the purchasing side. The reason that's important is, because as the buyer sits down and thinks of what they're soliciting, it triggers ideas of subcontracting or consulting opportunities. It shows different subcontracting categories and it's more of -- instead of sitting down with a blank sheet of paper and writing what you're looking at, you're looking at a population of opportunities. And it's hopefully going to result in more opportunities being discussed. But, beyond that, we are having those conversations.

[2:55:11 PM]

We have a weekly conversation on solicitations coming through our office to talk about, you know, is this really -- is this opportunity possibly involved in this scope, or trying to have those conversations on a case-by-case basis. >> Troxclair: Okay. Thank you. There's no other questions right now. We may have more questions for you later. But, let's go ahead and have the presentation by the minority trade association members. So, we have about 30 minutes total set aside for this agenda item. About 10-15 minutes for presentation, and about 10-15 minutes for questions. And we will start with aletta banks. >> Good afternoon, thank you, councilmembers. My name is aletta banks. I'm with the Asian contractor association. And I'm also part of the minority trade alliance. And thank you so much for the opportunity to come here and address you, some of the issues of our concern regarding the city's program. The issue I'm going to talk about is specifically about participation and how the city sets mbe/wbe goals. What is participation goals? According to the city's mbe/wbe ordinance, in order to provide subcontracting or sub-consulting opportunities, the city may set targeted levels of participation called participation goals. And so, there are annual aggregate goals and project-specific goals under four procurement categories, namely, construction, professional services, nonprofessional services, and commodities. And these goals do not automatically generate work. So they are not set aside. But, it's an opportunity for them to be part of the team.

[2:57:13 PM]

So they still have to bid with a prime bidder to be brought on board to work on the city project. So, the key is that because of these goals the city is setting, they do encourage prime bidders, like big corporations to form partnerships with minority or women-owned businesses. Okay, so, these annual goals are written into the city's ordinance according to chapter 2-9-abc-3. A is construction, B professional services, C nonprofessional services, and D commodities. You see they are broken down into three ethnic groups and women. These are the annual aggregate goals. These are the target level of participation. So, how are annual goals calculated? This is based on the city's formula. Just allow me to go over the formula. The important thing is the availability. As you can see, let me just take construction, for an example. The ethnic group is African-American group. So, the formula is the number of available African-American vendors in construction divided by the total number of non-mwbes, everybody else. Times the percentage of city expenditures on construction. For instance, if we say the number of African-American vendors in construction is two, for instance, and the number of total vendors -- total firms that provide construction services, say it's ten. The availability 20%. You arrive at the annual participation goals by 20% times 50%, that's 10%. That's how they arrive at the

[2:59:14 PM]

annual participation goals. >> These goals don't change, they're annual goals until you have a disparity study that says otherwise because they do have to find out how many are in the marketplace as opposed to how many available right now in the city. So that does fluctuate. Now, they have also -- hold on. Okay. Now, the way they calculate the project specific goals -- now, this is for specific solicitation. They also can calculate goals. And this calculation does consider the commodity codes specific to the project or solicitation. So what is a commodity code? It is just a number assigned to the goods and services a vendor provides. And just -- this is just an example. Say if I sell computer monitors and so the commodity code that equals to that good is this number, this is an actual commodity code for computer monitors. So the formula is the number of available vendors total for this commodity code times expenditures on the commodity code for this specific solicitation divided by the number of vendor total for the commodity code in the marketplace. So they do consider the available vendors in the program and also the overall vendors in the marketplace. Say, for instance if I want to spend 100%, like this solicitation, it's just to buy computer monitors, 100%. And we have 20 vendors, African-American vendors that sell computer monitors and the total vendors is 600. So you will arrive at 3.32% for the project goal. Okay? So availability is the key. So we have to look at if we have available vendors or not. Otherwise, we don't set goals, right? So that's why the ordinance states specifically in the

[3:01:14 PM]

guidelines this is in the ordinance, 2.9adcd inform 19, declines to participation mbe WBE participation levels for individual contracts. This gives you an idea. It talks about availability over and over again. And also there's one part that says, you know, if you can find at least three vendors, three vendors that is provide the work, set goals, okay? That's the city's I guess guidelines. So I'm sure after, you know, a few months on the dais, you have seen a lot of no contracting -- subcontracting opportunities coming through your desk and that's usually because there are no more goals. And we have about 1,000 mbes right now. And how come there are often no goals? So I start breaking the code, pun intended. We did find two tracks of method, double standards, I think. So a few city departments do incorporate the goal calculating formula into their solicitations, but most of them don't. Why? Because just like director laura says that they use a different rule that says if I can only find one scope of work, which means one commodity code for the whole project, doesn't matter how big it is, like councilmember kitchen was talking about this consulting service. They say that's one scope of work, even though it might cost millions of dollars, but we don't set goals because it's just one scope of work. But this rule really is the reason that we're not setting goals. And we see a lot of them. And this practice has a lot of issues we've found in the study back in December of 2014. Because they're not likely to look for more than one commodity code if they can just lump everything into one code. So not all the commodity codes

[3:03:16 PM]

are identified and also sometimes they identify the wrong ones. And commodities, if you sell goods you never have goals because that's just one scope of work. And, also, it was -- so councilmember kitchen was talking about if the prime can identify subcontracting opportunities, that means there are subcontracting opportunities, right? However, the city has a process called the no goals -- they use the no goals form. That means we can find any -- subcontracting opportunities. But if the big corporation, if you can find them, you have to do the so-called good faith efforts. But I see a problem with that because if the city doesn't set goals, what's the incentive for a prime to do it? You know, and then if you say you have to do the good-faith effort, then you have to track it. The city is obligated to track your good-faith efforts. So I really question their motivation do a good job. Secondly, are we spending most of our time tracking these good-faith efforts for no goals? When we can track the good-faith efforts for projects

with goals. You know, we just need to set more goals. That's just my question, like are we spending our, you know, resources in the wrong place? I think I -- you know, we don't have data. Another thing is that nobody is tracking the data. You know, how are we doing with these good efforts outside the program? You know, there's no data to say the result. So and, you know, we do need trackable data so we can compare how are we doing five years ago as opposed to now. And, you know, I do -- I'm supportive of the open data initiative so we can all get those data compiled. If you compile the data, then you can analyze the data. If you don't compile them, you can't. Because a lot of these no

[3:05:16 PM]

goals forms are kept manually. It's just paper. It's not electronic data. So this rule continues to generate no or little mbe/wbe participation. Examples, like, the first one is the one that councilmember kitchen brought up. And I just want to show you, I'm not here to talk specific solicitations. I'm just giving you examples. Like, the first one, it has -- we found 22 certified vendors, second 139, 42, 32. So, you know, obviously we have available vendors to perform the work. So why aren't we setting goals? So that's our question. So my recommendations. So I just hope that the city can be consistent like it's across the board. Like, everybody is using the formula that a few departments are using. We don't need fancy computer software. As I demonstrated you can do it manually. Use excel, an excel spreadsheet. Then you can do it. And also by training to all procurement personnel because some of them are not very familiar with the ordinance and they might not know the formula. They don't know what to look for when they write up the rfp or rfqs so they might need extra training. And my thought is that, you know, current to the ordinance 2.9abcd-2p1, it says the city not a passive participant in an equitable marketplace. So I really would encourage the city to proactively seek these opportunities for minority and women. Owned businesses and also, last point, is that the city does not hire these certificates or -- consultants directly. So setting goals is just -- is the least the city can do, I think, to help us. So that concludes my presentation. Thank you so much for your attention.

[3:07:16 PM]

>> Troxclair: Thank you so much. >> Any other questions? >> Troxclair: Thank you for that presentation and just as an FYI, councilmembers, we have two other individuals from this organization that are going to present on different aspects of this topic. So if you have questions on this topic, go ahead and ask her. Otherwise, let's hear from the rest and we can maybe ask questions of y'all as a group. Okay. We'll move on to the next speaker, Carol hatnot. Thank you, Carol, for being here. >> Good afternoon. My name is Carl hatnot. I am the program manager consultant for the Austin area black contractors association, collaborative partners with the hispanic association. A letter touched on her issue, all of our issues really about no subcontracting opportunities. So I don't need to LE hash that but I'm going to -- rehash that but I'm going to touch on other ones. One of them is about the program itself. The city department, smbr, relies heavily on the legal department to give them proper advice on how to implement the ordinance. The problem is that the lawyers that are used in the program are like a revolving door. We'll come to a meeting one month. There's one person that's there -- oh, they're the new person now going to be advising us. Two or three months later, there's another person. So we don't think the people giving that advice, not that they have not gotten their law degree and they are knowledgeable about the law, but they're not knowledgeable about this law, the mbe procurement ordinance. We've had one person, that's Cindy Crosby, who we thought was very knowledgeable from the law department, but we lost her. They probably took her and put her somewhere else. But, anyway, we respected her opinions after we got to know her and really saw the work she did for the department. So the problem is always the approach. It doesn't -- the staff just

[3:09:19 PM]

doesn't have in-depth knowledge about the ordinance and we need that kind of a person in the law department advising us or the staff, rather. Then there are user departments. They have trumped over smbr and they shouldn't because the ordinance is the law. It's just like that parking ticket you get outside. That's what this ordinance is. It is the law. It's not just something willy-nilly and for it to be abided by, you know, there has to be respect for it and respect for the smbr staff to implement that law. So I think that the legal department takes the most conservative approach possible. I'm not against conservatism as long as it is open to trying to find what you can do within the constraints of the law. But that is not anything that they do. They always -- it's the letter to the law, and I don't know if it's the letter to the law. I'm not a lawyer. -- I'm sorry, I'm not using my little button, am I? The other part of this issue, what we're recommending, we're recommending that in the past we've had an outside attorney due to budget constraints, we were not able to continue having that outside attorney. But we're asking that you put this in smbr budget or allow Veronica to put it in the budget as a beneficial resource. Rereally need that. That person is usually nonpartisan and we don't always agree with their opinions, but we respect them because they respect us and trying to make sure that we have a very good program. And this program, the ordinance, was written in lay terms. It wasn't written very sophisticated, where you have to have somebody going through every sentence to interpret.

[3:11:20 PM]

It was written so that the mbe, the staff, and prime contractors who have to use this program could understand it in lay terms. And across the country it's the best written program, but in terms of implementation, it is warranted somewhat. The next one is -- the issue is preaward compliance. This is a real sticky effort about good faith efforts because good-faith efforts you cannot take it to the bank and that's lot that they always use, is, well, they make good-faith effort. That's sending out an e-mail, send being out a fax, and it doesn't get down to the real issue about participation. So we would like internal analysis of the specific managers that the prime contractors that participate on city projects are utilizing the professions set forth -- provisions set forth in the ordinance, found in 2-9:-21, pages 22, 23, 24, 25, 26. It even talks about projects. They don't have to be these big large projects. The prime contractor can set aside small-sized projects for mbe participation. The next issue is monitoring and tracking. It's a -- the letter has alluded to many times firms have been reported on the compliance plan as a participant on a project. [Lapse in audio] This is when we'll phase you in. They'll go about their business in doing the work. So we would like for smbr to

[3:13:22 PM]

be able to go out and conduct peer audit job site inspections inspections to make sure that these mbes are on the jobs. And if they're not, have the prime contractor give an explanation why not. And it has to be justifiable. If not, they should be getting a written reprimand -- violation because I think that what you're doing is you're really lying. You're not telling the truth, and these people are missing opportunities and they're missing money. And they would love to work to help with their communities. If we have businesses that can generate the kind of income, it will help solve a lot of ills in our respective communities. Next issue is conflict of interest. This is a real sticky one for me about transparency. We currently have an employee on the smbr staff that has a business. She is certified as an mb -- well, a WBE and she is in the office doing certification. She should not be doing that and complacence because she has -- compliance because she has information about all of the businesses with the businesses. She

has similar services she provides on the outside. That is a direct conflict of interest. So we would like for that individual to be removed from the availability list. We're not saying fire her -- well, but -- and we would also like for her to be on an honest bond. Honesty bond will just protect us, the confidentiality of our information. We get income tax returns, we give information about property that we own, we give

[3:15:29 PM]

our bank account, you know, you'll the equipment, it's sitting there for member to go look at that time. It's not protected it we get better service out of rfs so they need to be under a honesty bond. The next issue is -- it's my final one, is the implementation of approved financial assistance programs. We have been working with the staff for over 11 months for different programs. One was the partial payment and retainage, and we do appreciate the staff, Veronica, Kerry, Christy and Ms. Divel to help get that program implemented. Once got the program approved and it was passed by the law department, well, they approved it, it took almost a half of a year to get the program place -- [lapse in audio] Documents. The whole issue about the partial payments was many times the contractor has completed their work and the gc subk reports are not correct so they get kicked back. Therefore, our contractors don't get paid. They're sitting there waiting two or three months. That can put you out of business. What we was trying to do is to see if they could get those funds released, at least partial, so they're able to pay their labor and bite materials they need to work on that project. The other one is the partial -- I mean, the retainage. There are some scopes of work that you cannot release the retaination if it has to do with structural, plumbing, electrical, something of that nature. But if you are just doing

[3:17:30 PM]

painting and you have completed that project but the -- your work, your scope of work, but the project does not complete until 2017, why not let them receive retainage? That helps with their cash flow because their cash flow is their profit in many respects. So that's what we're asking about that. And I did put some information in the package. But on the projects, the financial programs, there were several programs we wanted to include but staff didn't want them so we didn't get them. But we did accept the ones they selected that they could get approval on. And those programs were to roll out July of 2014. Here it is June and July will be next month. And they have yet to show up in the front-end documents of the solicitation for those firms who will need to use those resources to help them with their projects. So we would appreciate if you could direct city management to get these programs rolled out, placed in the front-end documents so our contractors can be used -- begin to utilize. And thank you for your time. >> Troxclair: Thank you so much for your presentation. Does anybody have any questions? Okay. Councilmember -- I know I have a lot of questions. I didn't know if it would be better to have all the presentations presentations and then ask all of the questions together. Okay. We'll ask questions in a minute. We'll move on to our last speaker, Juan [indiscernible]. >> Good afternoon, councilmembers. Juan , hispanic contractors association of Austin. To continue the conversation, I want to pick up on three issues including local preference, nonpayment of subs and third-party mediation and city inspector customer services.

[3:19:35 PM]

I put for you a table on local preference, summarizing what we do here in Austin. I've taken this from a presence that was provided by Rosie truelove, thankfully she is here to correct me if anything is not quite correct or if we're missing anything. Just to summarize, for construction, you get points for being local preference if the bid is less than \$100,000 and that's if you're within 5%. Just to put these in

perspective, contracts for \$100,000 in construction, those are minute. They're very small. It actually almost borders on job owner contracting, which is starting around \$50,000 and it's for small renovations, little office spaces, maybe a men's room repairs, those are small. But the only time you get local preference in construction is if the bid is less than \$100,000. For professional services, they must have demonstrated competence and qualifications and fair and reasonable price, commodities, if it's within 3%. There's no dollar limit if it's a commodity. No dollar limit. But if you're within 3% of the lowest bid from a non-local, then you get local preference points. Commodities and services. Again, within 3% if the services portion only is less than \$500,000. So that's saying if it's over \$500,000, then you don't get anything. Why? It's set at 500,000? I don't know. We can find that out from staff. Then for services only, again, you get a 3% consideration if the bid is less than \$500,000.

[3:21:37 PM]

Other points about the local preferences, is that it must have a local business presence, headquarters or branch that has to be here for five years, not less than five, or local businesses that have a local business preference -- presence, that's also a consideration for local preference. The economic development opportunities are talking about employment of residents of city of Austin. And increased tax revenues to the city of Austin. If you remember, we touched on local preference on a bid not -- recently for the airport. And that was about the monitors. And we had a company that was in the hej. And they basically missed out on this contract because they were not within the city limits of Austin. They were in the hej. That's definitely a conversation that council is going to have to have as far as including companies that are in the hej, but there's also a wider conversation that can happen, and that's to include all five counties in the metropolitan area, in the Austin area. So if you feel like you want to go in that direction and consider five counties as local, you can consider that as well. I want to move on to Dallas and San Antonio. They have very -- virtually similar local preference policies with very few changes that are different from Austin. What I want to focus on is what Houston has. Houston breaks it up a little bit differently. They have personal property, which is basically

[3:23:37 PM]

commodities. >> Troxclair: One minute. >> Casar: Sorry. On that San Antonio slide, though, I thought it looked like it says \$500,000 and Dallas. That is -- >> Right. >> Casar: Is that on construction as well? You said there wasn't that much of a difference and I wanted to clarify. >> They're virtually the same as Austin. For San Antonio, the only difference is between San Antonio and Austin is that the local place of business has to be there for a minimum of one year. >> Casar: Sorry. I said San Antonio but I guess I meant Dallas. I saw that Austin you mentioned was 50,000 or less, which I understand is low on construction. Is Dallas' \$500,000 number on construction or are you -- >> It's absolutely the same. Yes, it's the same. The only difference is I highlighted here for Dallas is that for goods and services that are less than \$500,000, we do 3%. Here in Dallas, it's 5%. >> Casar: Thank you. >> Then for goods, if it's over 500,000, they allow 3% but it's over \$500,000. Austin is a little bit different. \$100,000. Okay, back to Houston. They do things a little bit differently there. Personal property, which is commodities, and services, that includes construction, also professional services, engineering, architectural, surveying severances and goods and services is a combination. In the first column for personal property, commodities, basically, if the bid is over \$100,000, the local bid ser within 3%, then they get local preference. This is for commodities. If it's over \$100,000 within 3% of the local, that's what they get. For bids less than \$300,000, then local preference is given if the local bidder is within 5% of the non-local bidder. They define local business presence as being in the city limits or the eight-county

[3:25:39 PM]

area surrounding Houston. And they also include 20%, you must have 20% or more locally based workforce and that's within Houston or the eight-county areas surrounding Houston. Then, same thing as far as economic development opportunities, employment of city residents, increased property values and [lapse in audio] For services, which is where construction is. This is where we differ from Austin. If the bid is greater than \$100,000, you're allowed 3%, to be within 3% of \$100,000 -- of a non-local. Okay? In Austin, it's only less than \$100,000. And that's 5%. In Houston, it's anything over \$100,000. And that's 3%. Okay? So, again, they're not limiting construction over \$100,000. There's no limit there. And then of course, again, for \$100,000 bids and under, then local preference is 5%. If you're within a non-local bid. Professional services, engineering, are exactly the same. They also have something similar to what we have in Austin. That's knowledge of local issues. What I found very interesting for Houston is that in their ordinance it says -- and you have the backup information that I provided for you -- it is a policy of the city to place an affirmative duty on city departments to grant a preference to city and/or local businesses unless contrary to the best interests of the city.

[3:27:40 PM]

And so that includes within the city limits of Houston and the surrounding areas. Here in Austin, there's no -- I have not -- I don't perceive of any department being compelled to first think about local businesses like Houston does. They're interested in doing a program for Houston, and it's similar to a saying that I used to hear here in Austin called "Buy local" but we don't have that saying anymore. I think that was replaced by "Keep Austin weird," but I think this is very telling because it touches on the issues that Carol, also Hadnot and Ms. Banks talked about, is that we don't have an emphasis on buying local or for local preference. They also have something in their ordinance that says the city council finds that there is no definition of principal place of business in the statutes of the state of Texas. Therefore, the city of Houston adopts its own definition. So they interpreted that differently. Austin interprets it completely opposite, I believe. The next issue I wanted to talk about is nonpayment of subs and third-party mediation. I had an idea to try and include the contracts that [lapse in audio] That would be wise or at least beneficial to have those on file for all tiers of subcontractors on any of these contracts. Also, I think it would be very useful for -- to have an independent, non-city staff third-party mediation for

[3:29:42 PM]

disputes. And especially when it comes to verification of opposing claims when there is a dispute. I put some dollar signs in here because this is probably a budgetary opportunity to include in the next city budget. You have a situation where subcontractors don't get paid. Pretty soon, the lawyers will come out. The subcontractors are 100 -- I've got one subcontractor now that's \$100,000 in debt. And they have to lawyer up. And attorneys are expensive. And so if you have an opportunity to have something on file to look at contracts and then have a person that is not connected to staff help research before it gets to the attorneys, this could be very useful for contractors because now if you ask -- and I tried to ask last week for some documentation -- that would require research by city staff -- and to be fair, that requires time. City staff is -- you know, it requires time. But if it could possibly -- if you could possibly waive those research fees that would be very helpful because you've got a situation where a subcontractor is in debt, he owes vendors thousands of dollars, and before going to an attorney to spend even more dollars that he doesn't have, then he has to charge -- he has to pay for charges that are coming out of research that somebody has to do on his behalf. Finally, I have two members, and I've given you the reports on those. There's no final resolution whenever there is a dispute. I have one

member right now that's been waiting for a year

[3:31:43 PM]

to find out what the final disposition is on his dispute and his contract with the city. They're just left waving in the wind. They're expecting some help, expecting some follow-up from smbr or perhaps public works or, you know, some city department, but there's never a closure. And so I would like to see some kind of a closure, something in black and white that says, we've gone as far as we can. We've closed the contract. We've paid off all the subcontractors except for you. Your dispute is still standing. I mean, that would be very helpful to try and get closure. Because literally, these administrators are waiting around -- subcontractors are waiting around and carrying \$100,000 in debt to suppliers. And that's the hit that they have to take. Finally, it's city inspectors and their customer service. I've had two members come to me out -- at random and what I want to talk about is how they were treated by -- how they street city of Austin certified companies on projects. Many of the people in this room know who I'm talking about because we've had meetings about it, but it seems to me that city patients direct work on the job site, issue conflicting orders to the subs. The subs want to be courteous and they listen and follow and want to do a good job for the city. But they end up creating more confusion. And, in fact, city inspectors order work stoppages. I don't know what's -- what is

[3:33:44 PM]

in the authority within inspectors to stop work, but they do tend to interfere with the contractual relationship that the city has with a general contractor because the subcontractor has a relationship, a legal one, with the general contractor, not the city. In these two particular instances, they lack a lot of common courtesy. They become demeaning and abusive and they especially threaten our subcontractors with the police, to remove them from the project site. I'd like to know today, if possible, if city inspectors have the authority to call the police on subcontractors and arrest them fortress for trespassing because they won't get off the job site. I don't know what that's about and I don't know where that authority flows from, but the two companies that I'm thinking of, they're certified. One of them is a newly certified company. He experienced his -- he's a decorated Vietnam war veteran, disabled, and this happened to him on his first city of Austin project. And he was so proud and happy to have the opportunity to work on the city of Austin project, but he will no longer work on city of Austin projects and he's let his certification expire. This is important to all of us because, like the other two associations that we work in collaboration with, the Austin area black contractors association and the Asian

[3:35:44 PM]

contractors association, recruitment of companies is difficult. Let's say there are 20 companies that are eligible for the city of Austin program. I might get five of those companies to look at the application and look into getting certified and make the effort. Out of those five, maybe -- might be the one that follows through and gets certified. Every time a city inspector treats a company in this manner, it [lapse in audio] And even the contractors that I'm talking about they have said themselves that there are nice city inspectors. They really are. But I usually -- I've had to call this problem to the city's attention, and they'll bring somebody out and replace them with somebody that is a little bit better with their customer service. I think I've talked to some of you about doing some kind of a summit with the staff, for city staff to ski talk about how they relate to the public. Subcontractors are financing our projects. When I mean "Our," city of Austin projects. Nobody deserves to be treated that way, certainly not nab we want to be

part -- not somebody we want to be part of the city of Austin family. I've reported these kinds of behavior to the departments and I really don't know what became of it or if they're accountable, but this is something we feel very strongly about and also affects the other members of the other associations that I'm talking about. That's all I have.

[3:37:45 PM]

Thank you. >> Troxclair: Thank you. Now if it's all right, Arletta and Carol, do you mind coming up to one of the mics and we have all three of you to answer questions and we'll try to direct the question to the person who spoke to that particular issue? And I do want to give everybody a heads-up, this has been an issue that has been on the top of a lot of our radars so I want to make sure we dedicate the time necessary to it, but we do have major events trust fund after this and several other items on our agenda and we're running behind of course so I want to make sure we dedicate the time needed for this presentation but let's keep in mind we'll have to try to stay on track. Councilmember kitchen. >> Kitchen: Just one quick question. I think I heard someone talk about retainage. And I wasn't quite sure I was understanding the term. My concern was simply if I was hearing correctly that some subcontractors don't get paid until the entire project is over? Is that what I'm hearing? >> Yes. The retainage is that they usually take, what, 55 to 10% of the total amount of your subcontract and hold it until you complete your project, okay is this what happens is many times that work has been completed and the contractors, they are small, and they need that money for operating capital. So we work with the staff. First we will -- we were told that could not be done, it's against state law. So we researched it with the city of Dallas -- not Dallas, I'm sorry, city of Fort Worth, San Antonio, and Houston, and found that not to be the case. We couldn't understand how is it that they can do that and you can't do it in Austin. However, the law department finally made a ruling and said -- gave the go ahead to do that.

[3:39:46 PM]

However, it took, oh, forever and a day for it to show up in the front-end documents. So that retainage is like your profit on the project, on your scope of work that you performed. >> Troxclair: Okay. I think we have some city staff who want to chime in. >> Sure. Rosie truelove, director of the city's contract management department. She is correct. As part of our city construction projects we do withhold retainage from the general certificate, typically passed to subcontractors and that retainage is about 10% of the contract. What we've done in working collaboratively with the minority trade alliance is set up a program that will allow us at the request of the subcontractors, their work has been completed and accepted by the city of Austin, we've worked out a process that would allow them to request for the early release of their retainage. Typically we would withhold the retainage on the project as a whole of the general contractor until the very end of the project and they typically will pass that on to their subs. So when we get a request now from a subcontractor to ask for an early release of their retainage, we will go through the steps nose make sure that their work has been completed and that there's not a reason like she mentions, that it's tied maybe to structural integrity of the whole building and won't be able to assess it until the end of the project but if it's a scope of work we feel we can release the retainage we will direct the general contractor to include a request for that on the next pay application and pay them that piece of retainage, which we would expect them to go ahead and pay on to the subcontractor. >> Kitchen: Is that only applicable to construction? What about, like, consulting services and things like that? >> Not in professional services, in the engineering or architectural capacity. The contract management department handles. James Scarborough with purchasing is here to speak to any retainage that might be held in any contracts they do. Typically, for what you see, it's construction.

[3:41:47 PM]

>> Troxclair: And the purpose of retainage, as I understand it, is we want to make sure -- just like working -- you know, if you have a renovation done to your house you want to make sure the work is done completely so the 10% -- and done adequately so 10% is held over to make sure the project has been done satisfactorily. >> That's correct. >> Troxclair: Mr. Scar scar cash, anything to add? >> Good afternoon, James Scarborough, purchasing. Because retainage is a liability that the city takes on by withholding a certain amount of funds that would otherwise be paid to a contractor, that practice is typically reserved for very large dollar projects, those have historically been done just by construction. To my knowledge, we may have done it in the past for a non-construction project, 2002 my knowledge we don't do that as a general course of practice. >> Kitchen: Okay. I was curious about how long it typically gets a small -- it takes for the city to pay some of these consulting contracts. Can you speak to that? >> Well, I mean, generally speaking the city of Austin has a 30-day pay policy so, you know, if we get an invoice that is correct and in good order and the work has been done and all that would you expect, then our -- you know, our performance target is to pay that invoice within 30 days. I know then that there's a lot of -- our contracts, specifically a construction contract will have in accordance with stat statute, once they're paid, the prime contractor is paid there's expectation they'll pay their subs within ten days of being paid by the city. There's time allowed to flow down to the subcontractors. >> Kitchen: I'm not going to ask anymore questions except could you provide me with information. I've gotten feedback from small businesses that they're not getting paid. >> Sure. >> Casar: It might take six months to a year sometimes to get paid. >> Sure. >> Kitchen: So I would like some information about what -- you know, what are your records show about how often

[3:43:47 PM]

you pay for -- what's the average? Just if you could give me data about that, that would be helpful. >> I'll work with the controllers office to provide general pay information if there's anything specific your staff wants to get to me about certain contracts that I can work through or I can work with James to work through. >> Kitchen: Thank you. >> Troxclair: Councilmember Houston. >> Houston: Yes. I just have a quick question. So if the prime contractor -- if the subcontractor has completed all of the work, the painting and whatever it is -- >> Mm-hmm. >> Houston: And the sub, for whatever reason, has not completed whatever they were supposed to do or they completed it but y'all held back because something else was wrong, does the subcontractor still get paid or does it have to depend on when you release the money for the prime? >> So the contract that we hold is with the prime contractor, stock all of the payment to -- okay? All of the payment to the subs is funneled through the prime, they would invoice the city. Typically speaking, and we have implemented processes to help address this working collaboratively with the minority trade alliance. Typically speaking if the prime is getting paid, then the subs are getting paid. If we are withholding money from the prime, then because -- because of performance issues or defensives deficiencies on their part we're not typically paying the subs. We recognize that is very impactful so we don't make decisions to withhold money from the primes without good reason. And we actually have implemented some changes to our construction processes that require the prime to notify the subs if they're not being paid so that they have knowledge of the circumstances around why we're not paying the prime. And then we, again, have a new policy that's in effect that allows us to partially pay, right? [Lapse in audio] So instead of -- whereas the subcontractor work on a construction project, but if we're withholding -- if James

[3:45:49 PM]

is the prime contractor and we're withholding money from James as the prime contractor but want to still pay the subcontractors, we can ask the prime contractor to prepare us an invoice that will take their work out it and allow to us pay the subs their portion of the work. So that is also part of the changes that we've worked to make -- to implement with, again, in collaboration with minority trade alliance. >> Can I just add something? We were told once a prime consultant professional services or prime contractor is paid all their subs will be notified, that they can go into their account on vendor connection. Because you have to create an account on vendor connection. You can see the projects you're on. And then you'll be -- because sometimes I'll say, oh, the prime will say, oh, I haven't gotten paid that's why I'm not paying you. A lot of times that might not be the case. I do have a member in professional service that's hasn't gotten paid for six months and she was constantly told that the primate hasn't gotten paid and we couldn't find any information on that project because it's so long ago, it's closed. You know, if we can -- that's what we were told, that we would implement this process where anyone can go on the vendor connection and see, oh, my prime has been paid so I can go back to the prime and say you got paid this day, then it's time to pay me. So that would be -- >> And we do have, through the work of financial services we do have, I think, a tremendous asset to the community that comes in the form of our Austin finance online portal, where you can go in, look up to very specific detail about how to get access to the contracts, thousand find out if -- how to find out if I've been paid as a prime so that, you know, I can know to expect payment as a sub, if there's concerns or questions about access to that or if there are things that we're expecting to be shown that aren't being shown, then would I certainly welcome some information about that so that I can help work through that. We also do trainings

[3:47:51 PM]

periodically from my shop and I'm happy to host, you know, an academy or subcontractor academy, again, focused on how to access and understanding that portal if it would be helpful to folks in the public. >> Troxclair: Councilmember pool. >> Pool: I was curious, the presentation that's the minority trade alliance has brought to us today are really succinct and clear and they have outlined specific concerns that they've had for some time. What kind of collaboration has been occurring among the staff and our very valued contracting and trade association members? >> Councilmembers, thank you. We have been working -- definitely over many, many years, but most recently we have started a meeting monthly, standing monthly meeting where we have the opportunity to talk about issues that we may be working on over a series of months or an issue that might be brand-new and so forth. So we are trying to address the concerns as that he rise and I hope the trade sobers would agree I certainly am willing to have a conversation about any of the suggestions that they've made or have made in the past. >> Pool: Are any of the items brought to us today new to y'all? Are they ones that -- some of them are new, some of them you've been working on for some time? >> There are several we've been working on for sometime. There were new, in fact there were some, they're something we can work on together. So I think there's a little bit of both in what we sauteed. >> Pool: So I would like to help that process along as -- in any way that anybody would see the need. I think that they're real clear in the concerns that have been raised and if there are ways we can find to address them, make the subcontracting clearer, easier to access, more opportunities, and that the information flow is unobstructed, both in and

[3:49:53 PM]

out of the city with the vendors, that would be a really good goal, I think, for the city overall. >> Thank you. >> Thank you. >> Troxclair: Councilmember Houston. >> Houston: Thank you. I do mine in short bursts rather than long things. So while I was campaigning, one of the issues that I brought to y'all

before was this whole feeling from some people in the community about a friends and family list. So could you explain to us what that looks like. I'm sure you don't call it that. >> We don't. >> Houston: Okay. >> We call them rotation lists. >> Houston: They call them friends and family list. >> Yeah. We -- so the city has -- we have two different types of professional services contracts that we do generally. And here I'm talking about the stuff that's related to the city's capital program, okay? So I don't want to diminish what James does that's very professional but here I'm talking about architecture, engineering, professional land surveying, things that are covered by an umbrella of state statute calls professional services procurement act. So we're either going to take one of two avenues to contract for those services. One is going to be a scope-specific solicitation where I know I need an architect to design the new central library or engineer to design a new water treatment plant, very specific projects that we issue a solicitation for that's got very determined scopes of work, we know we have something, you know -- a goal and objective for that particular contract. All of our -- as Veronica said earlier, would I say probably 99% of our professional services contracts come to you with goals, with mbe goals. And it's a very engrained part of our solicitation express evaluation process there. We also have rotation lists where we go through a selection process to hire a number of consultants,

[3:51:55 PM]

engineers, architects to do a general scope of work, right, general scope of work we can make assignments to later, right? So that saves time in going through a contracting process. Examples of these rotation lists are things like general civil engineering, general watershed work, flood hazard mitigation, general architectural services, professional land surveying services. When we go forward with these solicitations, we get -- we issue one solicitation, we get -- when do I something like general civil I get maybe 80 or 90 responses to one solicitation and we evaluate them. And then we enter into a master contract with them after we come to counsel for award of the contract. And then we make assignments and we make those assignments based on the rank order through the evaluation matrix, right? So the firm that was rated the most highly would be the ones that would receive the first assignment off of that particular rotation list. Then we go through all aft assignments and then we along at who has the most percent remaining authorization. So there's procedures and math involved, and it generally works out. I think the concern that has been expressed in the friends and family is that they're, you know -- we have a lot of consulting firms in the Austin area and a lot of them do business regularly with the city of Austin. So you see a lot of the same names coming up. We also see a lot of consult willing firms buying each other out so it's even hard to keep track of who all of the different players are coming. What I would say, you know, in the environment that we have right now with professional services in Austin, you know, it - - we're kind of at the bottom end of a bond cycle, right, where we've -- we're in the implementation phase, where maybe nor the construction phase, so all of the design work has generally already occurred so we've got very hungry consultants, or solicitations are very highly sought after, see a lot of

[3:53:55 PM]

competition on them, getting a lot of qualified folks throwing their hat into the ring, so to speak. And so I don't -- you know, when I say that, I want folks to know that we value a lot of composition and if there are people that are wanting to find out more about how to be more competitive on our professional services solicitations we actually do hold debriefings for folks either have submitted or haven't submitted but want to learn more about it. The division manager who does the briefings is actually here with me today and he does a tremendous job. What that does is we'll sit down with you, go over our consultant selection criteria, talk about, you know, if you're interested in civil engineering, we'll pull out examples of successful civil engineering proposals, go through it, talk about what they've done that was

good and how that particular consulting firm can really better position themselves to respond to the next solicitation. >> Houston: Just one last quick question. Can you give me a breakdown of how many women, small businesses and minority firms on the professional rotation list. >> I can't off the top of my head but I am pulling that information together. When I get it together I will certainly share it. >> Houston: Would you share it with the committee please. >> Absolutely. >> Houston: Thank you. >> I will say that from my perspective, when I look at the awards, we do see a large number of prime firms that are submitting as -- that are certified that are submitting as primes and that are getting awarded contracts. And when you see the contracts that are coming to you, almost across the board for professional services you see contracts where the goals are being met. Which means that they have good, strong subcontracting teams. Very rarely do you see a professional services contract coming to you where good-faith efforts are achieved. >> Troxclair: Councilmember Casar. >> Casar: Thank you. I know we don't have lots of time and so I did have a few questions based on the

[3:55:56 PM]

presentations that we got but I will send those along to each of you individually. My comment to my fellow committee members and councilmember kitchen might be that if we want to see some -- if the desire of this committee is to find ways we can improve this process, my hope would be, you know, between all of these powerpoint presentations there's so many policy tweaks that have been suggested, in many ways similar to like our own minute I Zucker report on this issue, on the Zucker report we had 400 recommendations and rather than the council choosing, picking and choosing from that list and passing resolutions trying to do tweaks or fixes here, my preference would be that if anybody is interested in talking about perhaps setting broader metrics or goals, so that staff and the minority trade association can work together and talk through those and then we can sort of see a menu of options that can lead us towards high levels of participation or lower levels of contracts brought forth to us that have no goals identified, rather than us trying to get so deep down into the weeds to, the point where maybe -- we're under the either trying to figure out which tweaks to maybe here and there, perhaps it could be a more comprehensive plan, and that would be my preference. Of course if folks want to go and tweak some of these particular rules, I think it is very interesting that local preference on construction in Austin only seems to be on those very small contracts. There are probably some obvious places but I don't know if those are the most impactful or what some of the side effects or unintended consequences may be so I think that general goal setting as the policy-making body is my preferred route and I'm happy to work with all the stakeholders and with y'all here on something like that so that we don't, you know, get ourselves stuck in trying to deal with the complexities of one or two little tweaks that may or may not fix the bigger problem that I think everybody here is working hard to solve. >> Troxclair: Good suggestion. Thank you. Do you have a suggestion of how we might start that

[3:57:57 PM]

process or what we can do going forward? One thought that I had, our staff has said they did have new issues identified today, maybe we can let them work on those issues together and possibly get an update at our next committee meeting in August. That would be maybe a good way to start. Do you have other suggestions? >> Casar: Yeah, so I think for -- these presentations are great and then if we could build out a list of what the potential issues are or have been or what barriers might be, get perhaps suggested additions from staff. Also getting some of the information back on both the rotation list and what percentage of contracts or more or less or coming to us without goals, how often are the goals being met so that we can have real Numbers to work together on so we can know if we're improving or not. And so that we can take a best stab at what policy changes might help the department

and which ones may not be as helpful because, you know, there's a lot of suggestions. So . . . >> Troxclair: Okay, thank you. Staff, did you have a suggestion or response? Okay. Councilmember kitchen. >> Kitchen: Very quick question for staff. On the local preference goals, I mean, I can get more information later, but I was just wondering if there was a policy reason or a previous council reason behind the cap? In other words, why is it -- why is there even a cap? Why wouldn't you always want to give points for local preference? >> So I can speak to construction and then James can speak to the larger question for the goods and services he procures. In construction there is a very specific line and state statute that calls out \$100,000 for construction projects. I understand other jurisdictions are doing other things but [lapse in audio] We're in Austin and we're [lapse in audio] Projects and local preference and it being

[3:59:58 PM]

under \$100,000. >> Councilmember kitchen, across the country local preference as a procurement topic is very highly debated and there are lots of camps depending upon which jurisdiction you are in. Within the state of Texas we are allowed to consider are the business location of our offers in accordance with state statute specifically with two citations, chapter 271.905 addresses local government and then chapter 271.091 addresses specifically municipalities. It's in that subchapter that establishes a cap for construction at \$100,000. So it would be contrary to state statute if we for construction procurement gave local preference above 100,000. It's in that same statute that the 500,000-dollar threshold is established and that's for goods and services. As a policy the city has -- at least purchasing office has observed treat percent -- the three percent preference. That's established as the previous subchapter. That's the subchapter 905. The rationale for that is when you're dealing with a given procurement it can be argued that it is in part goods and in part services so we're concerned that if we applied the five percent in some instances and applied the three percent in other instances there may be some element of services in a goods purchase and there may be some element of goods in a service purchase. So to preserve this particular practice we've standardized to the three percent. That's our historical practice.

[4:01:59 PM]

We understand that we have new leadership in the city and we're welcome to revisit that particular approach. But the status establish this as a permissive activity that can be performed as the city wishes to do so or not. And so because it's permissive we've taken a very conservative approach, but if you wish to -- wish us to go beyond that, that's something that we can definitely look into and then with the guidance of law department we can consider what other steps we can do to better meet the objectives of city council. >> Councilmember pool. >> Pool: I know I would be real interested to have that second look added and have the law department dig into things and see what ability we do have to be maybe a little less conservative and more permissive statute areas. That would also include some of the -- if it's below 100,000 or above another figure, it seemed odd to me that you wouldn't be then considering subcontracting with the minority and women owned businesses if the item is over a number that seems arbitrary to me. >> Councilmember, if I can clarify. That's when we can apply local preference. So the M W.B.E. Goal setting process would be two separate. >> Thank you for that clarification indication. >> Madam care. >> My preference would be since they're working so closely together that we encourage continuation of that close working relationship. They speak the same language and then bring back to us periodically suggestions of how they come to some kind of common ground and then we can act on that common ground. >> Troxclair: Councilmember Casar. >> Casar:. >> The cap is 100,000 for

[4:03:59 PM]

the cap on local preference, but right now do we do it up to the cap or 50,000? I just remember the number being 50,000 on the powerpoint. >> It would be up to the cap. If we had a contract and the -- in the contract for award and the bids were less than \$100,000 and they were within that percentage, then we would bring the local preference option forward. >> Casar: Within five percent. >> Yes. >> Casar: Thank you. >> Troxclair: Okay. Thank you all for being here and for the discussion that we had today. I think that there is a clear interest from the committee to continue to work on these issues. And I hope that the city staff will work with the minority trade associations in the meantime and maybe come back to us with some suggestions in August or as soon as possible. Okay. Well, with that we will move on to our next item, which is general briefing on the major event trust fund and the regular event trust fund, including the role of the city and the circuit events local organizing committee. And we do have one speaker signed up on this item, David king. >> Thank you, chair and committee members. My name is David king. I live in the zilker neighborhood. I'm here just to, you know, express some concerns about the circuit events local organizing committee and how it interacts with the city and the city council on making decisions about using tax dollars for these events in the city. And the circuit events local organizing committee I guess we can pronounce that celoc, if that's okay, circuit

[4:06:02 PM]

events local organizing committee, was created by the circuit of Americas race track developers. So that entity was created by the developers. And they appoint all the members to that committee. And so it seems very peculiar to me that that same committee is the one that does the economic analysis on the impact and submits that information to the comptroller's office as justification to receive taxpayers' incentives. So it seems to me that that relationship is -- creates some concerns for me. Conflicts of interest. So I think we should take a look at how members are selected for that committee. I would recommend that the city council approve membership on that committee and appoint memberships to that committee, at least a majority of them. And I would also suggest that the city council require a third-party analysis of the economic impact of the events. Those two things I think -- we talk about transparency, the city is real good about talking about traipse and the funding on these events, and I think that's good, but I think we need more transparency and we need to remove what I think are conflicts of interest. I understand these events are supposed to help overall lift all boats in the city. We've had these investments for years. We've spent millions of tax dollars for years on these events and yet we don't see that it's helping the low and the moderate income families. They're being left behind. [Lapse in audio]. So I think if we're going to directly help the low and moderate income families. So I hope that you will consider my comments and thank you for listening. >> Troxclair: Thank you, Mr. King. >> Good afternoon, council. [Indiscernible], assistant director for the economic development department. Today I will be providing an overview of the Texas events

[4:08:04 PM]

trust fund and the major events trust fund, which are currently administered through the Texas comptroller of public accounts. These programs are geared to help Texas communities offset the costs of hosting sporting and non-athletic events. As a background I would describe the similarities between the two problems and differences between them. I will discuss the role of the city, the circuits events local organizing committee, or celoc. And the circuit of Americas or Cota that as we refer to it. I will discuss increasing transparency in the process. To begin these funds were created by state law to allow cities and counties to bring events to the local communities that would otherwise go somewhere outside of Texas. The Texas events trust fund program for an event that occurs no more than once

annually and that is awarded to a Texas venue over other venues, including at least one venue in other state, applies direct sales and local gains from sales and use taxes generated during a period of up to 30 days from the event R. These gains are calculated by the state, again, these gains are calculated by the state based on an economic impact study prior to establishing the fund. The event trust captures the hotel, alcohol taxes that are generated from the event over a 30 day period ending at the end of the day following the last day of the event. The state matches the local contribution at a rate of \$6.25 to every dollar of

[4:10:07 PM]

local contribution. And it pays for security, facility improvements and maintenance and janitorial services. If the request for participation in the vents trust fund is approved, the amount of incremental increase in sales tax receipts is reserved. Following the event and after the local organizing committee has deposited the local contribution in the trust fund, reimbursement is requested for certain eligible expenses as I previously stated, such as security and improvements. For multi-year events that have been held in Texas during any of the previous five years, the amount of the award is decreased at an average of nine cents for every year prior to the event that has occurred, but in no case is the award ever less than 54%. The circuit of America's events that have utilized the trust fund have included Moto gp, the world game championships in 2014. The city through the Austin sports commission also utilizes the events trust fund for events including the national league of cities, iron man 2014 collegiate championships, the in that case in that case division one men's swimming and driving championship. The Austin convention and visitors bureau handles these events and the economic development department has no involvement with the Austin sports commission. During any 12 month period the endorsing municipality has limited up to 10 trust fund requests for any increases of less than

[4:12:09 PM]

\$200,000. Major the major events trust fund. This applies local and state gains from sales and use tax such as auto rental, hotel and alcoholic beverages, generated over a 12 month period from certain major sporting championships or events to pay costs incurred from hosting the event. The the event and its sponsoring organization must be listed in the state statute in order for the event to be eligible for the major trust fund. Again, these taxes are matched by the state at a rate of \$6.25 for every dollar. If the request for participation in the events trust fund is approved, the amount of incremental increase in sales tax increase is again reserved in a trust fund. Following the event and after the local organizing committee has deposited the local contribution in the trust fund, reimbursement is then requested for certain eligible expenses. The Texas comptroller's posts an economic impact study following the completion of every eligible disperse. From the major events trust fund. Formula one in 2012, 13 and 14, are the only Austin events that utilizes the major events trust fund to date. However the comptroller has approve the city's request for the participation in the major events trust fund for the 2015 X games that just ended on yesterday. Roles, the roles of the city, CEO and Cota are exist for each event at the

[4:14:10 PM]

circuit of the Americas, the city is the endorsing municipality. An endorsing municipality is a municipality that contains a site selected by the site selection organization for one or more events. The city has no financial obligation to the local organizing committee or the circuit of Americas. I will note that the resolution authorize celoc to pursue an application for 2015 and 2016 for the X games provides for the city manager to bring forth to council certain fee waivers if needed. Celoc is the local organizing

committee. A local organizing committee is a non-profit corporation that has been authorized to pursue an application and bid on the applicant's behalf to a site selection organization. Celoc was formed after Cota learned that the city would not be willing to make the local contribution that required -- was required for formula one's participation in the major events trust fund. Celoc has the flexibility in building partnerships with potential sponsors of international events. And the circuit of the Americas or Cota is the venue for which the city, through celoc, applies for the events trust fund or the major events trust funds participation pursuant to the resolutions and contracts reviewed and approved by council. Site selection organizations is the entity that conducts an eligible event in Texas.

[4:16:11 PM]

The site selection organization is different for each event held at the circuit of Americas. As you can see dorna hosts the Moto gp all the way down to formula management that costs formula one events. And again each site selection organization must document that it chose Austin through a highly competitive process. The composition of the circuit events local organizing committee is as follows: The board of directors was selected by Cota based on their business achievements and civic involvement. All were successful business people and they. They[lapse in audio]. The city manager appointed Rodney Gonzalez, then deputy director of economic development to serve as the city's ex-officio co-representative. Ex-officio means the person is there as the official duty of her or his job. And I serve as the city's ex-officio member. Julia finney joined the board in April. Celoc is subject to open meetings act and the public information act. Meetings are posted with the Travis county clerk and at the Travis county [lapse in audio]. Celoc, Cota and the city incorporate to bring these events to Austin in several [lapse in audio].

[4:18:56 PM]

... Open all celoc records in accordance to the Texas public information act. Permission paid for by the state an economic impact study assessing the estimated tax increment for each event. Prepare a request worksheet and any affidavits required by the state. Pay all of the city's local increment as determined by the comptroller and enter into an events support agreement with the site selection organization in accordance with the state's requirement. >> Could you repeat what you just said about -- I'm sorry, back to where you said reimbursement -- >> Where they pay all the city's local increment. >> Pool: Say that again. >> They pay all the city's requirements. >> Pool: Who is they? >> The local organizing committee. So again, when the complication is submitted -- when when the application is submitted and it's determined that a certain amount will be -- it will be received. So for every dollar that is required that the city would pay, because the city did not want to pay for its portion at the beginning of formula one, the local committee was formed and it pays into the trust fund every dollar that the city would have inturd. So there are no city funds that are paid into the trust. >> Pool: And where does the money come that celoc has, the organizing committee has? >> It comes from the circuit of Americas. So it comes through the -- >> Pool: Middle school the coup gets it from? >> It's potential profits or funding sources. >> Pool: I'm sorry to interrupt the flow of.

[4:20:57 PM]

>> No, I know we're pressed for time. >> Pool: Okay. I'll have some questions. >> All righty. So each agreement between the city and celoc and between the city and Cota contains an exhibit a which obligates celoc and Cota to sustainable requirements. This is just an example of one, formula sun is a solar competition that's held every year. At least for the past three years. So this is one of the events

that supports the exhibit a sustainability component. In addition, the exhibit a compliance review, my staff reduce the application, attendance and reimbursement request for each trust fund events. We review each draft application for participation in the trust fund. Including evidence of events meets the eligibility requirement and that we request the worksheets to establish an events trust fund and require affidavits. We review all of that prior to submission. We also obtain affidavits from celoc and Cota affirming to the city that the information they provided is true and correct. Staff also reviews each request for disbursement following the event. We ensure that costs are eligible for the trust fund and expect the support. Highlights. In 2003 our department was evaluated by good jobs first and we actually scored a 100. It's a national non-profit watchdog of incentives. And good jobs first looked at the online transparency practices of 25 largest cities and 25 largest counties. The economic development department scored a perfect

[4:22:58 PM]

100 for transparencies. All of our contracts are online for not only the circuit of Americas events but also our chapter 380. As an additional layer of oversight we're in the process of aligning the trust fund oversight with our chapter 380's where we will bring in a third-party to review our submissions. And that concludes my presentation. I'm here to answer any questions. I know we're on a time crunch. >>

Troxclair: Thank you for that presentation. Councilmember pool. >> Pool: We're pressed for time, as you noted. And I have a number of questions. So what I'd like to do is meet with you and talk with you about them. But I will want to know who created the Austin sports commission, why are the meetings posted at Travis county and not at the city. You mentioned that documents are online. I'd like to have a little more specific website to -- I see you have the trust fund documents here at [Austin.texas.gov/slash/page/slash/formula one/documents](http://Austin.texas.gov/slash/page/slash/formula%20one/documents). And I want to get information with all the fee waivers out there and the reimbursements that in fact the city has a zero bill for all of the public safety services that we provide, including any and all E.M.S. Helicopters that are parked out at the f-1 track. That the city is being fully reimbursed for all of those services. And I recognize that much of this money is kind of tax dollars going for a closed loop. They kind of move around through the state to the city, to the state to the city, and with the profits spinning off mostly it appears to me going to private enterprise. And it looks kind of like a diversion to me. So if you can help me

[4:24:59 PM]

understand whether that's the case or not, that would be great. And I would also just like to say that I'd like council to get notices whenever celoc is meeting and have those agendas posted where the general community can see them and also where these are public meetings so anybody and everybody can attend them. >> Will do. >> Pool: Thank you. >> Troxclair: Councilmember Houston. >> Housto: Thank you. That's good information and very interesting information. My concern is about the board, the composition of the board and the fact that the members at least has been on since the beginning and is currently the secretary and works for the agent that represents the circuit of Americas and I think that perhaps may be a conflict of interest. Has anybody checked into that? >> At our recent board meeting I have to say that they have to file documentation that there is no conflict. >> Councilmember Houston, my name is Wayne holing localings worth -- localings worth and I'm the secretary and director. I'm here to answer any questions, councilmember pool, that you have about the taxes and the role of celoc, but I am the attorney for celoc. My firm is the attorney for Cota. And there is a potential for conflict of interest absolutely. But the purpose of Cota and the purpose of celoc are both to bring big world class events to Austin, Texas. What celoc does is meet requirements of the statute of the state, and statute is

[4:27:01 PM]

very specific. There's a lot of documentation that is involved. And what I do is bring the expertise to celoc to meet the requirements of the statute. And celoc itself is really -- it's just a facilitator. It's required by the statute in that an application has to be made to a site selection organization, so it's there to start the process and comply with the process. And when Mr. King spoke he mentioned the economic analysis that celoc puts together, and we do. We hire a ph.d economist to bring the best data to light to put together a report to deliver to the state, but the state conducts its own report. It does not rely on any data, any information that celoc provides. We do want them to get the best information so they can get the best estimation of the incremental tax increase that will not only benefit Austin, but Texas. So the actual dollars are determined by the state. Not celoc. So we facilitate that and in fact, Dr. Hoyt, who we use, was recommended by the state [lapse in audio]. >> Troxclair: Councilmember Houston, did that answer your question? >> Houston: There could be some conflict of interest. That was my question. >> What we're doing, it's a fairly difficult process, but what celoc does and what Cota does -- celoc is limited to the compliance of the fetf and mfcf and those interests are the same in bringing the events and bringing those events is what is -- it's the purpose of the statute.

[4:29:01 PM]

It's what helps the city of Austin, brings all of the hotel nights, the taxi nights, the restaurants. So in all of the documentation, the potential conflict is if there's a transaction between Cota and celoc. >> Houston: Okay. I don't want to spend more time on this because I know we've got some other things and we've got to be out of here by 5:00. But the board past and Clint looks like a closed ecosystem and with the -- looks like a closed ecosystem and with the one person out of that system probably having voice, and no vote and that's the staff from the city. So we'll talk further about the composition of the board. >> Okay. >> Troxclair: Councilmember pool. >> Pool: I don't have anything more to add except that I would be happy to join councilmember Houston in the meeting. >> If it would be helpful, I would be glad to meet with any of the councilmembers to explain the process or the mechanics or the potential conflict. I don't believe there is any conflict, and with issues, if it is a conflict, then as a board member, I abstain from the vote. But we have disclosed all the potential conflicts to the other directors as well as to Cota. So it's -- we want to be extremely transparent on that apparent conflict as the only potential. >> Troxclair: Thank you so much. >> Pool: I have one last question for you to put on the list. The money that celoc puts up on behalf of the city, who gets that money when it's paid back at 6.25 to one? >> Got it. >> Pool: Thank you. >> Troxclair: I have one question too. So when we on the slide that says -- talking about met talks about generating sales and use from a 12 month period from certain events

[4:31:02 PM]

or championships, how do we know what is specific? Like I could see a beverage tax, maybe a tax on a beverage sold at a particular event we would know came from that event, but how is that calculated otherwise? How are things like auto rentals, hotels and other economic development, other sales tax throughout the city that may be from a major event that may be held here, how is that calculated? >> It's the delta, the change. So there are certain codes for hotel -- mixed beverage use, hotel taxes. So if you take a snapshot as compared to the previous year you can see that delta. But we can put that in. We'll put that as part of our response too. >> Troxclair: So for an vent held here multiple times, for example, like the X games, are you still comparing that to the year -- to two years ago? >> Right. So you will compare this year's X games, what is now in the major events trust fund -- I'll let my attorney correct me if I'm wrong, but the delta change. So if your a attendance goes up, more than likely the hotel. So the

state with track taxes by categories so they can see that, the difference. So that's why there's an economic analysis done by the local organizing committee, but then the state also does its own economic impact to say okay, based on the Numbers that you say will attend, these are the different taxes that will come in. >> Troxclair: Okay. One more question? >> Houston: No, I don't have a question. I would like to suggest that during the break that we get more information and have this conversation publicly again, probably not in August because we've got so many, but maybe in September so that we can kind of flesh this out a little bit more. >> Troxclair: Okay. >> Houston: That would be

[4:33:02 PM]

helpful. >> Troxclair: Okay. Thank you. Okay. We will continue moving on down our agenda. I know that we are supposed to have a presentation from the Austin technology council next. Would it be okay, rondella, if you went ahead and did your presentation on the selection of replacement site for Google fiber community? I'm sorry to postpone. This is an item that we have to I believe vote on today or make sure -- it was a time sensitive issue so I wanted to make sure we got it to it. >> It is a time sensitive issue. We have -- Google moved up their deadline to August 31st from June 30th, so today's presentation was forgive you an overview of the -- was to give you an overview of the community connections program and come back and take action at the August meeting. Or you could make a recommendation today. So we do have some flexibility. >> Troxclair: Okay. Since it's not quite as time sensitive, we'll continue down the agenda in order and we'll have the presentation of the Austin technology council and Austin tech pip between atc and the economic development department. And I just ask that you be aware that we only have about 20 minutes left and we still have three items on our agenda and we have about 10 people signed up to speak on item number 7. >> Two and a half minutes, madam chair woman. >> Troxclair: Thank you so much for being here. >> First of all, madam chair woman, and vice-chair Houston and other councilmembers, we do appreciate the opportunity. I am Julie hall, the vice-president of the Austin technology council. I'm joined this afternoon by an atc board director foundation don Jones behind me. We will hear from dawn in a little bit from for are why she chose to be involved. In dawn's spare time she also happens to lead public affairs for Intel. Very quickly, atc has been around, a level set about who and what the Austin

[4:35:03 PM]

technology council is about, we've been around actually from the early 90's. We were started originally to promote what was then a very nascent software scene. We have evolved from 45 to 290 company members today. [Lapse in audio]. ... Very important sea change for our market. Over the last two to three years we've had a number of not only member companies that have decided to become engaged in what we're doing, but also a very high number of executives that have really stepped up to the table to say they want to give back to the Austin community. The board is represented by about 23 executives. The four advisory councils that represent our top four priorities as an industry are lead by another 25 to 30 tech executives. And the atc foundation is led by six executives in tech. Austin is no longer a semiconductor town. We are no longer just about silicon hills. We have actually about 13 different sectors that we represent. We also have a number of companies that have anywhere from five employees all the way up to eight thousand. Or maybe more since Dell is a new friend to atc. A couple of years ago we spent almost a year walk through a very comprehensive strategic planning process. We wanted to make sure because of the depth and breadth of the tech that we knew our organization needed to represent that we were very in touch with some common themes. So these are the four themes and these are the four mission strategies of our organization. Market development speaks to actually something that really lies at the crux of atc's current partnership with the city of Austin. We

believe data collection and also leveraging that data to really educate the broader community and include the broader community is very important. Tech talent is something that we think -- we assume most of us have heard a lot about. There has been a lot of press recently about the

[4:37:03 PM]

gap, the skills gap in central Texas and the gap that tech companies have in terms of finding the technically skilled workforce that they're looking on for. Life science is where software was about 20 years ago, so we believe it's a very important sector for us to focus on and promote. And increasing access to growth stage capital. The mission and methodology I would like to bring your attention if we can see it here on the screen to the second portion of our mission statement. Of course we want to make sure that tech's needs are met so we can continue to create the very important jobs. We also have a very important mission to work to ensure that all austinites can access the benefits that tech delivers. And we've talked a little bit -- I'm happy to hear so much this afternoon about data collection. We think it's a very important part frankly in understanding what's going on not just in tech but the broader community. Leveraging data to increase awareness and ultimately integrating and including a broader segment of our community. Over the next two or three slides I'll show you very quickly some data samples over the last two or three years we've been pretty disciplined and pretty consistent about making sure that we're collecting the right kind of data. We didn't know up until 2013, for example, that tech is worth about 21 billion. That number in the last two years as you can imagine has increased. Tech is also responsible actually now for a little more than one in four jobs in the Austin area region. Live sciences is a very important part of tech. They are a new part of tech in central Texas. We believe with the incoming medical school that we have a very important -- very bright future in central Texas. We also know that with our deep skills and history in software that this represents a very unique opportunity. I'd like to bring special attention to the box on the top right-hand corner which indicates that -- frankly, this was a surprise to us atc at. A number of our life

[4:39:05 PM]

sciences jobs include on the job training as well as hourly wages. I think historically it was an assumption that ... Of the gap analysis. I want to be really clear about this to lay blame on any entity or any party, but we discovered through this process among other data points that a lot of unfortunately a lot of the certification programs that are being offered currently within the Austin independent school district are considered not necessarily relevant to the tech sector. So this is again not to lay blame. I think both tech and our school districts have very good intentions. It is, however, a really good example of why collecting data from tech is so important. And why working together in terms of tech and the broader community to really begin to close these gaps is so important. A couple of other misperceptions that were clarified with this data. 67 and actually more than half of our respondents said that 75% of the individuals that they hire are here from the Austin market. I think there's a misconception that tech really prefers to hire from outside of Austin. That's not necessarily the case. It is very expensive to go out of market. And our leaders and companies really have a very strong loyalty to Austin. So we're happy about that. We also are very happy to know that not all of our tech companies require advanced degrees as indicated earlier with our life sciences statistic. We are also very excited about the internship number here, 71% of our companies actually be hiring student interns. So we also believe

[4:41:08 PM]

that this is a very [lapse in audio]. I don't know that I need to spend a lot of time on the partnership. I

believe most of you are relatively familiar with the arrangement. Happy to answer questions. I do want to call out the bottom two bullet points connecting job creators to educators and workers is very important. Connectivity is a theme that you will hear a lot about from atc. We know that tech has been disconnected over the last 10 to 15 years really building their ecosystem. They are at the table today and they really want to change the fact that -- they want to make Austin a better place by increasing that connectivity. And again making sure that all citizens of Austin have an opportunity to really enjoy the benefits that tech brings to our company is important. These are some of the activities that we have performed in the 2015 partnership with the city. It was the council's objective last year to simply establish a baseline of data for better understanding moving forward. The data products are pretty self-explanatory. Again, we'll bring attention to the strategies for integration and inclusion, which include our important work that dawn will talk a little bit about through the community foundation. We've had actually a good week this week. We've had a number of our techies that have con gone fifth and fifth grade schools here in Austin to hopefully inspire them to get more involved in stem education. And this is actually a bit of a barometer just in terms of where it stands or where we stand in terms of work completion. Talent is a really good example and I'll drill down on this one quickly before I let dune come up and -- dawn come up and give some of her great stories. The tech talent scope within the partnership included two pretty comprehensive data products that really aim to increase understanding about where the gaps are here in central Texas.

[4:43:09 PM]

We had 14 events and the events themselves are important because the sole purpose of those events is to really increase connectivity between the broader community and the tech community. And then student engagement. I think we've mentioned we had a goal of reaching 300 students this year. We are more than halfway there and I would love at this point for dawn to come up and give us a little bit of background. >> Troxclair: Thank you for that presentation. I want to make a quick comment. Mr. King, I'm sorry I overlooked you signing up to speak. I'll call you up as soon as they're finished. >> Two minutes. Again, I'm dawn Jones from Intel corporation. Been with the company for 18 years. And public affairs, you're probably like what is that? My it biggest 401(k) And the reason I'm here today from that portion of the job is corporate responsibility, community and education programs. And that's why we're partnering with the Austin technology council. As Julie said being a connector and understanding that you need to have a collaborative and collective impact to make a real change. Some great things that have happened, we are a new foundation. When I say new, our executive director, who is somewhere in the crowd, was just brought on board three weeks ago. We had one of our first big events at Gus Garcia middle school. They had a camp today and we had some of our members go out and do a panel there. And just real quick, if you want more details about the foundation because we're doing a lot, I think we're going in a great direction, we can talk offline or we can set up some different meetings to go to drill down. I will say that what we're trying now are pilot programs. As I said, the foundation is new, so we're open to suggestions. I know in tech we're used to telling people what to do and telling them how to do it because that's what you do in this world. One of the different things that we're doing as a foundation is on Wednesday

[4:45:11 PM]

we figured out that our target audience is middle school students of a school because we have to reach them earlier in the pipeline before junior/senior year. So on Wednesday we're going out, our new -- Suzanne and I to speak to all the middle school principals at the middle school principals meetings to say this is what we think you need, this is what we think is important, but why don't you share that with us.

So I know we're on a time crunch. I could talk for 15 more slides, but I won't. But if you have any questions about the foundation and you want to have an offline or a separate meeting, just let myself or Julie know. >> Troxclair: Thank you, dawn. >> Thank you, appreciate it. I couldn't do it without you. We have a couple of initial ideas based on feedback we've gotten from our partners within EdD about future products. Of course we have our own notions of what we would like to see continued just in terms of pursuit, in terms of data collection. Of course we do recommend that the same methodology, be pursued, data collection, education, stakeholder development and integration, but we are open to ideas as dawn suggested. We are requesting a resolution from this committee and we are at this time requesting the same contract amount, \$295,000. And open to your direction, of course, about how we might best go about that. We had great success last year collaborating very closely with EdD and came up with our contract this year and hope to do the same moving forward. And with that I'm happy to answer any questions. >> Troxclair: Members, any questions? >> Houston: I have one question. Thank you so much for the information and thank you for coming as well. One of the concerns, as I've talked with you before, is now that we're in a district system, I would like to see things broken down about what the tech community is

[4:47:12 PM]

doing in various districts. You mentioned Gus Garcia's young men's leadership academy, so I appreciate that, but we have other areas of town that need that kind of encouragement and vision of what's possible. So it would be nice to have that information. Not today because we're on a tight time, but at some point we'd like to have that. >> Troxclair: It's a great suggestion. We're with you. I think tech is very engaged. We've had a very strong response to our volunteer requests. There is a strong desire on the part of our industry to give back to the community and there's no question that we need first and foremost more data that is segmented by district and that would be frankly one of our first suggestions for the contract moving forward. >> Troxclair: Okay. Thank you. >> Houston: One more question. I saw that you had the resolution. Does the city of Austin give you money at this point? And how much is the money that we give you at this point? >> Yes, ma'am. We are under contract this year in the amount of \$295,000. And actually, the slide in the presentation showed that that is -- represents a portion of what also tech contributes for a total investment of \$775,000 annually. And the scope of work is pretty comprehensive. Obviously I'm happy to provide that to any of you at any time. And we're asking -- I guess moving forward for that same dollar amount to be I guess almost suggested as a place holder until we have the opportunity to scope the next phase of work with the economic development department. >> Houston: Thank you. >> Troxclair: Did you say that last year was the first year that you received funding? >> Yes. 2014-15. Last year as last fall, this coming fiscal year, yes, ma'am. >> Troxclair: Right. All right. Thank you so much. >> Thank you. My pleasure. Mr. King, yes. I was looking for you. You weren't in your seat back there. Mr. King. >> I thought I would be right here so I could do it quickly. I just wanted to thank you for bringing forward this

[4:49:12 PM]

item today and just wanted to see if we could get the Austin technology council to look at strategies to address the digital divide and how we can get broadband to the homes of low and moderate income families and help them get connected and help them so that they can, you know, get better jobs and earn more income. And also target certain areas of the city that have chronic high unemployment. And also women who are not frequently involved with the I.T. That was my career. And I notice in my own career here in Austin it was a good career so I know that it's a very important part of our community here. But we need to reach out and make sure that we're inviting -- including all of our citizens in the

opportunity and getting them connected. Thank you very much. >> Troxclair: So councilmember pool. >> Pool: Mr. King, you don't have to come back up, but I will say that the community technology and the office of regulatory affairs have been engaged in trying to minimize and close the gap, the digital divide for a number of years. In fact, we were doing it back when I was on the telecommunications commission, which was, gosh, 15 years ago. So what you might do, I might just point out that the director of the regulatory affairs division offices right there, Rondella Hawkins, and she can probably give you a really good briefing at some point I think she's going to present to us shortly, but maybe after the meeting y'all could talk.

[4:51:12 PM]

>> >> Troxclair: Okay. The next item on our agenda is item number 7, discuss and consider taking action on the city's living wage policies regarding non-construction subcontractors, construction contractors and subcontractors. Councilmember Casar? >> Casar: Thank you so much, chair, for taking this item up. And even though traditionally we would take speakers before any recommended action, councilmember Houston does have to leave at five P.M. So I just wanted to discuss the item briefly with the committee members and see if we want to take any recommended action moving forward. And then if we have any questions as we discuss this, we may want to call up some of the speakers who are here, experts on various sides of this issue. But my main concern was when we passed this resolution recently we had presentation from the living wage taskforce and they identified two sort of loophole places where we don't apply our minimum living wage and contracts. Just to give you some background, the city's minimum wage is what we consider the living wage here at the city and in order to prevent continued sort of outsourcing of work, we make sure to apply that same standard to contracts. So if we have somebody that, you know, vacuums the floor here in city council chambers, we pay them a particular minimum wage and if we choose to outsource that to an independent company we make sure that there's a similar wage requirement so that we make sure that we get an equal quality of service and also make sure that there's an even playing field whether or not we have that in-house or outsourced. However, it does seem that when we require that of an independent service contractor to vacuum the floor, if that company then chooses to subcontract that work out to another company, that we do not have that same requirement. And so that could create an unlevel playing field in which a small business may bid and offer the same wage because that is what's in the requirements, but

[4:53:13 PM]

then another business may see a loophole there and say I'll take the money, but I'll subcontract out to somebody else who then doesn't have the requirement and can pay 7.25. That creates an uneven playing field. So I would like to review that purchasing requirement. And my recommendation would be that we act to close that loophole because it just seems logical to me. And then on construction contracts, there is a state statute on the minimum wage we're allowed to pay on construction contracts that's currently above our living wage. The current minimum on the construction contracts is like 11.40 something an hour. But if -- but we do not -- so we do not have to require that living wage on those construction contracts, however if our minimum wage ever increases here at the city, that will stay stuck down there where the state statute is and I think it makes sense for us to have a level playing field. If somebody serves food or vacuums the floors fixes the electrical wiring for the city has a minimum wage whether they're contracted out, I don't see why in construction contracts we would have an exception for that. So I just wanted to discuss that briefly with y'all and see if you feel comfortable making a recommendation to the council that we close those two loopholes and of course if you need testimony or want to hear from some of the folks here who have worked on this issue I'm happy to do that, but I

want to respect councilmember Houston's need to leave at 5:00. And I did want to see if we could as a committee at least indicate to the council what our preferences are just because I do want to respect this committee and this committee system as much as I can. >> Troxclair: Councilmember Houston. >> Houston: And yesterday I had a conversation with the -- is today Monday? [Laughter]. >> Yes. All day. >> Houston: Friday. Friday I had a conversation with the members of the interfaith group that came and talked about this. And I was waiting to hear the testimony because I don't know -- I don't know

[4:55:14 PM]

what the implications are financially. And so I'm still at that place because I'm not going to be able to make a recommendation because we don't have any kind of financial data and I need to hear the presentations. And I can't hear the presentations because I have another meeting in the district that I've got to get to by -- I need to leave at 5:00. >> Troxclair: Councilmember Casar. >> Casar: I did take a look into this and the good news is with these two loopholes it seems to me that with one, with the closing of the subcontractors' loophole there is not an additional financial issue because we aren't raising those wages. What we're doing is making sure that if a contractor bids, that it's very clear that subcontractors are affected. And then on the construction side the minimum wage on the construction contract is actually already higher than our city living wage. The financial implication would be if we ever raised the city living wage we have to think about how that could affect all those contracts. The good news is on the construction contracts we're closing a loophole that really has no effect right now. We have to be cognizant that it would raise the raises that we require on construction contracts. But currently the minimum on the state contracts is above our city living wage so we know for a fact they would have no financial implication because that is -- because what we are basically saying is if we one day choose to pay more than the state then our living wage requirement would apply to all contracts. So in my view this has no -- there's a very good argument that it really has no fiscal impact, but I would love to clarify that and answer any questions about why that is if my little explanation now doesn't make perfect sense. >> Troxclair: Councilmember pool. >> Pool: Would it be possible in the second one where the state minimum is

[4:57:17 PM]

already higher than the cities to have our language referenced? Currently we're below, but if we were to go up, that to choose the higher of the two kind of language that would be flexible? >> Casar: Exactly. I think it would set the minimum expectation that the city has a minimum wage, that minimum wage applies to all contracts and contractors below us and that sort of supersedes everything else. So yeah, take the higher of the two. We would not be legally allowed to go lower than the state's minimum applied. So I think your language keeps us in legal good graces. >> Pool: We can always go higher than the state's minimum with our minimum, right? >> Casar: That seems to me to be the authority granted to cities. We have received? Legal advice to make sure we stay within state law so of course at any point if the council is going to take action on this if legal has any concerns we could always go into executive session about it. >> Pool: Thanks. >> Troxclair: Councilmember Houston, I -- well, I know that you need to leave at 5:00. I don't know that -- I too have some questions for staff. I want to understand better how many people we think are really in this loophole, if we expect to -- I feel like I need more information than just this five-minute overview, so I don't know how to proceed. It sounds like councilmember Houston would be more comfortable having a little bit more time to have some information. >> Houston: It's more information. Unfortunately I'm not going to be able to hear the testimony but I need hear from the people who have signed up, as well as from city staff about what the financial implications are. I understand, councilmember, that it's negligible but I don't what that really

means. >> Troxclair: Sure. >> Houston: At this time when everybody's ask is money, I need to be clear what those asks are so I'm making some

[4:59:18 PM]

kind of logical, thoughtful decision because there's so many needs in this city, and we've got the different employees getting benefits. I mean, there's just a lot. So I would be uncomfortable making a decision based upon what I now know. >> Troxclair: Councilmember Casar. >> Casar: The reason I want to have this conversation is to politely see if after you leave if this committee -- if I 2004 make a motion to make a recommendation, if you would be comfortable with us potentially moving forward and then if it gets -- if the majority of the committee moves forward to send it to full council, if you'd be comfortable then making your decision on how to vote when it's at full council. I just didn't want to take testimony, magic that you were going to be gone. I just wanted to check in and see if you would be all right with us voting -- >> Houston: Yes. Y'all can do -- it's enough of you here to do whatever you need to, and then I'll make my decision from the council once we hear everything and get information from city staff and legal about what the concerns are -- concerns I just expressed are. >> Troxclair: Councilmember Casar, help me understand. We don't have a resolution in front of us we were considering. Is your intention that we would bring the issue up today, we'd take public testimony and you'd craft a resolution to then bring to our next economic opportunity committee meeting? >> Casar: Certainly. This is a discussion had thoroughly with a lot of city staff and the mayor's office about how resolutions should work at the committees and shouldn't, and I think the task force is going to take this item up -- [lapse in audio] Myself and the mayor's oft that at the committee level we can just take action without a resolution, recommending a general course of action for the council. And that the appropriate resolutions or ordinances that would correspond to that action could then be added as backup or recommended. So that way -- so it's --

[5:01:21 PM]

since this is a brave new world with the council committees, I did not dish thought I was going to have to craft a resolution to do this, but then staff and the mayor's office reassured me several times that just taking action and making a motion communicates our intent to the council. It's just a recommendation and then a resolution or ordinance language could be crafted at the council level. >> Troxclair: Councilmember Houston. >> Houston: May I ask one more question before I leave? Is there a time limit on this? Is there a rush to get this conversation going? >> Casar: My answer to that is that, no, this is not the most time-sensitive issue. I just know how busy thee agendas are so I know next month -- >> Houston: We won't have anything next month. >> Casar: You're right. [Laughter] Considering that I just know how full all these agendas tend to be, so in order to respect everyone's time and also respecting the committee process, the task has been working almost a year on some of these recommendations, so they don't just disappear I wanted to kick them up to the council and if the council chooses to enact them they may or they may not but I think it is -- it's all been a long-standing loophole and if we can act quickly to close it, I just -- you know, I'd rather just get on with it, rip off the band-aid and deal with all the other issues that the committee and the whole council that is deal with rather than in my view thinking through something for a long time that I think seems pretty clear to me. And I think may seem clear to others once it's laid out a little bit. >> Houston: Excuse me just a minute. >> Troxclair: This is a conversation that we can continue to have outside this committee because it's something that's left to our

[5:03:22 PM]

processes and not necessarily to your specific resolution. I guess my preference is always to have something in front of me that I can really understand the language, just, for example, in the health and human services committee the other day we had a resolution that dealt with the treatment of elephants and circus animals, a conversation about the treatment of elephants and circus animals at committee level, if that had -- if we hadn't-that resolution and made a recommendation and then the resolution ended up being in front of council had to do with dogs and that ended up being an important part of the discussion we ended up having at the committee level, I'm just worried that sometimes the detail -- the devil is always in the detail, right? I guess I'm concerned if we're going to go down a path -- and I know you're getting -- it sounds like you're getting different advice from the mayor's office in terms of the staff so we're not all on the same page but it seems to me that the wording of resolutions has been important thus far in our [lapse in audio] To maybe have this conversation today, hear from the people here to testify about it, craft a resolution and then we can vote on our resolution at our next hearing. But I guess we can talk about what the next plan of action is based on the comfort level of the committee after we hear from public testimony. >> Casar: Sure. And I think that that sort of specificity is sort of been my preference as well, but the -- since this is sort of the vote that we are in -- boat we are, in I wanted to, you know, respect that staff has real estate insured anyway instead of having -- real estate insured me instead of having multiple resolutions in backup that may or may shot speak to what the committee ends up discussing and deciding they'll take general direction and put a committee report together, and if we want to change, that which I'm very open to doing and that's why we're having -- I think it's posted as an open meeting, a

[5:05:23 PM]

transition committee meeting 8:00 A.M. Tomorrow they'll be attending and bringing this very issue up. >> Troxclair: Okay. >> Casar: My hope is that this issue is actually simple nav it could be very, very clear what the recommendation is. >> Troxclair: Okay. Let's go ahead and take public testimony. I just want to reiterate this meeting we only have the room until 5:00. It is 5:05. There's another meeting that starts at 5:30 so we really need to be quick and we have not only this item but another one -- one other item after it. So as quickly as possible, if somebody before you has already made the same point, maybe just let us knee you reiterate their testimony. >> Casar: I'm open to moving to limiting testimony to two minutes considering we have ten speakers. >> Troxclair: Okay. I guess all in favor -- there's been a motion to limit public testimony to two minutes instead of three minutes. There's been a second by councilmember pool. All in favor consideration our time limitations please raise your hand. Passes unanimously and we will take testimony from those who have signed up. David king is our first speaker. And Sandra aims will be after that. >> Okay. Thank you. And I person this. I'll be very quick. I'm supportive of closing these loopholes and I appreciate you for bringing this forward. I want to make the point when we talk about a living waning, Massachusetts institute of technology has a living wage clear for Travis county, the living wage for a family of two adults, one working and two children, is \$24.19 an hour. That's a living wage here in Travis county. So when we are talking about \$11 for a family that size, that's not even a living wage. So I just want to keep the context that we're not talking about big bucks here. We're just talking about doing something that's going to move us forward but we have a long ways to go, and I thank you for bringing this forward and

[5:07:23 PM]

closing this loophole. Thank you. >> Troxclair: Thank you, Mr. King. All right. Sandra. Is Sandra here? Okay. Sandra is not here pep then is bob batland here? Hi, Mr. Batlan. After Mr. Batlan we will have

jimmy [indiscernible] [Laughter] >> Casar: We can extend testimony to ten -- ten minutes if that was the case. >> Chair troxclair, councilmembers, I'm bob batlan. I was on the living wage task group, and I'm representing Austin interfaith. When we went through the charge of the task force was to recommend what it took to meet basic needs, and as I reported to the full council, information that was consistent with Mr. King, that's the budgetary stretch, to get to that point. We have interim goals. We did it in a context that it wasn't just an altruistic thing. There were reasons why Austin would benefit from getting closer to a living wage. The two points that councilmember Casar has pointed us two are two of several things that we are working on that the committee worked on, the task force worked on. And I just wanted to list those so you know the context is larger discussion and a longer discussion, and we hope to get in front of council to present the whole of the task force results soon.

[5:09:25 PM]

But what I am requesting, and maybe this will help put words around what councilmember Casar said and say, okay, if we do this, what are the budgetary impacts of these things and send it as a part of the budget ask. We ask for what it would cost for both permanent and part-time workers at the city and expand it to subcontractors and construction workers. That might be the basis for a resolution. Thank you. >> Troxclair: Thank you. Mr. Hendrix. >> Thank you, council counselors. I'll keep it brief. Of course I reiterate everything bob said about the efforts of the living wage task force, and I represent the laborers international of network America, here speaking for construction workers we represent every day. I want to remind you the people that build this city often live in poverty and you are unable to stay in the city. When it comes to affordability closing closing this loophole is fundamental to fairness and actually the quality of life people deserve in Austin and following the value system we hold dear. I'll keep it there it thank you very much. Appreciate it. >> Troxclair: Thank you so much. >> Casar: Chair, did I have one correction. I did say there is one category of construction worker, operators of rollers, that would -- that are 14 cents under our current wage, and so as councilmember pool noted if we said one or high every, there is one category -- higher, there is one category and I think people that tear off roofs are 10 cents below. This would be the reasoning the state requires to us pay certain workers \$20, \$30 an hour but some people in

[5:11:25 PM]

certain categories are closer to the living wage and it looks like there's two categories where they're a few cents different and Mr. Batlan's point is well-taken in that regard. >> Troxclair: Next is Javier Bautista. And after him will be manilou fructoso phone. I'm sorry, I can't -- [lapse in audio] >> Troxclair: Okay. >> [Speaking non-english language] >> Good afternoon, my name is 1/2 year Javier Bautista, a construction worker earning around \$10 an hour. >> [Speaking non-english language] >> And this just isn't enough to be able to get by, someone who has a wife or two children. It's not enough to be able to meet your basic needs. >> [Speaking non-english language] >> And we're asking that you support this wage increase in order to help workers. >> [Speaking non-english language] >> And that's all I have to say today. Thank you. >> Troxclair: Thank you. >> [Speaking non-english language] >> Good afternoon, my name is mony, I'm a member of workers defense project. >> [Speaking non-english language] >> And I wanted to ask for your support to not only require the living wage to contractors but also subcontractors. >> [Speaking non-english language]

[5:13:32 PM]

>> So both I and many of the women who are part of our organization work in cleaning companies and

landscaping and the sort of work that the city often contracts. >> [Speaking non-english language] >> We often don't receive a fair wage and as many of us are single mothers we're not always able to meet our basic needs since the cost of living is so high in Austin. >> [Speaking non-english language] >> In sectors like this it's very common that subcontracting is used. >> [Speaking non-english language] >> If the city wants to require a living wage for contracts for this type of work -- >> [Speaking non-english language] >> -- Then they need to ask for the same wage of subcontractors, please. >> Thank you. >> Troxclair: Thank you. Our next speaker is Chris mullet and after him will be Emily Tim. >> Hi, thank you. I'm Chris will et an attorney with the equal justice center. We provide legal representation to low wage workers in the city and do a lot of work with construction workers, including construction workers that work on public works projects. I participated in the city of Austin living wage stakeholder process, Mr. Batlan, and Mr. Hendrix and others in this room and echo what they say. I want to speak quickly to the issue of construction workers and one of the -- issues that came up during our [lapse in audio] City staff of potential legal concerns of implementing a legal wage for construction workers on these projects. I think it's been circulated. I want to make clear we have seen well-reasoned legal analysis why the city of Austin can take these steps to ensure the health, safety,

[5:15:33 PM]

welfare of the construction workers on these projects. As well for the community that's benefiting from their uses. So I just wanted to make that point clear and just say as we go forward we're happy to answer any questions regarding this. Thank you. >> Troxclair: Thank you. Emily Tim and after her will be Phil and Maxie signed up but does not wish to speak. She's supporting the item. >> Thank you, Emily Tim. I'm the conductor of research in policy with -- I've also been part of the living wage stakeholder process and support the recommendations that Mr. Batlan brought forward. I just did want to urge this committee to take action on this item. At least to move forward in particular requiring these wages for construction workers and subcontractors so that we can be look and considering them as we're going through the budget making process. In that sense it's a time-sensitive issue to be able to move forward and have our staff budget makers looking at these considerations in coming up with this year's budget. Our organization advocates on behalf of low-wage workers and we see how construction workers, some of -- often are the lowest end of the scale may still be earning less than the desired living wage. In order for the city to contract for quality, as it has said that it wishes to with this living wage policy, we believe that closing these loopholes and extending this covering to workers on city contracts and city construction brokerages is a common-sense continuation of the current policy. Thank you. I hope you will take action on this quickly. Thanks. >> Troxclair: Thank you. Phil? >> Thank you. Fill with the Austin association of general contractors, commercial builders, do work, a lot of them with the city. Couple of things. Wages are always good for attracting a workforce but they have to be balanced with

[5:17:35 PM]

the budgetary concerns of the owner. If you're building a house, we can pay people on this housing project as much as we want as long as it's within the budgetary concerns. Same thing with the city. The crux of the issue we talked about at the stakeholder process meetings was \$13 or higher living wage and if that's the case, then you currently have public works contracts that have been executed and that are - - the work is being done where you have a prevailing wage that's below that \$13 level, about \$6 or \$10. So the question is up to you all how to use those resources if you want to be paying more for the project. That's a great goal, but are there any offsets in the budgetary world that need to be taken. Some of the other concerns, other minority contracts here earlier, subcontractors often front the costs for a project. So you don't get paid up front. You perform your work when the work is completed, you

pay -- you submit an application to the general contractor or if you contract directly with the city, to the city. There's a turn around of 30 to 45 days typically so you are, as a subcontractor, financing that portion of the work. So if you're paying -- being required to pay more by the city you're out a little more cash. That's a consideration to take into account. And then, lastly, one of the issues we talked about was they call it wage -- can't think of the word right now but if you're paying someone \$13 an hour that you started them at \$12 an hour, been with you an hour -- excuse me, a year, you've bumped up to \$13 an hour, now you have someone new, no skills, experience with and you you're required to pay them \$13 an hour, what do you do with that employee who has been with you a while so their expenses may go up to [lapse in audio] Practical budgetary considerations to take into account. I'm happy to discuss those with you further. Thank you. >> Troxclair: Thank you.

[5:19:36 PM]

Councilmember Casar. >> Casar: Quick me. Hi, thanks for coming by. >> Yeah. >> Casar: I do think that it will be -- if the city's minimum wage does go above \$11.39 and applied to construction contracts we should have a serious conversation about compression and are it make -- what the appropriate wage would be. Considering that the city's current living wage is 11.39 and if it were to apply to construction contracts it would only affect two of the dozens of categories of workers, roof tear off guys would have to get paid 10 cents more an hour, would you see that as having much of an impact, just considering the action that will likely be before us today as applying the city's current minimum, which is not \$13 but rather \$11.39? >> Specifically on that, councilmember Casar, I don't see a problem. As a matter of fact living wage discussions when we're talking about 11.30 or so usually aren't a big deal for the construction world because there's a lot of work going on and not the workforce to do it. So people are paying a lot more than the 11.30 or whatever. When you start getting up to the \$13 range it may have an impact. I don't know. I don't see the -- all the paperwork that contract compliance office sees so I can't tell you for certain what that budgetary impact will be if you get to that level O or higher. But, yeah, for your purposes right now, I don't see much of an impact. >> Casar: Thank you. I do think once we start considering something higher than 11.39 that could possibly have fiscal impacts on the construction end, but with the 11.39 I see tying it as being pretty fiscally neutral and I appreciate that you see that as well but I would like to make sure -- I'll make sure you're part of the conversation if we do choose to raise that minimum much higher than what we're already requiring on construction. >> Thank you. >> Troxclair: I guess I would comment, then, and say, I mean, we have -- we just passed a resolution at full council to look at raising the city's minimum wage to 13 plus

[5:21:37 PM]

dollars an hour so, I mean, it does seem like that's the direction that the minimum wage conversation is heading so I guess that would be my concern. If, yes, right now, what's in front of us, he's saying that there is no concern, but if we're tying, you know -- if we're tying this to something that the council has talked about, raising minimum wage to 13 plus dollars in the near future, sounds like there is concern >> Casar: I know. In my frequents I did not want Tony validate your concern. I think it is a valid one. I want to separate the question about whether or not we want there to be parity across all our different contracts because if you weren't building a building but instead were power washing it you would have to pay 11.39. I think as a policy question, there being that level of parity is one question and then, separately, is what that number should be. And the construction industry, do I think if you're talking about \$9 or \$10 or \$11 an hour there's less concern but once we do start talking about \$13 an hour I think we do need to have that debate whether or not we want to raise it to that level or not. >> Yeah. >> Troxclair: Okay. Thank you. >> Thanks. >> Troxclair: City staff, do you have any -- do you have any

comments or remarks regarding this item? >> No. When it comes to -- Rosie Truelove, director of the city's contract management department. When it comes to construction managers, councilmember Casar is absolutely correct, we have prevailing wage which outlines the minimum we would expect people to be paid in certain trades. Because of some changes that were made at the federal level with president Obama that level has risen for the lower trades because the city has adopted the Davis Bacon prevailing wage rates for the city of Austin's construction projects. So I think you're correct in that the item before you that we're talking about today probably would not have a tremendous impact because not only is -- when you're talking about a prevailing wage on a construction contract, you're talking about it for any workers that are working on

[5:23:38 PM]

the contract, not just the prime, but also any subcontractors. So there's not a tremendous fiscal impact to that particular discussion, but when do you start looking at some of the numbers that have been kicked around by the task force that Mr. Thodden mentioned it does impact the ability for our dollars to stretch far for a capital program but that's not necessarily the conversation for today, but -- >> Troxclair: Okay. >> It would be for moving forward. >> Troxclair: Thank you. Thank you for that context. So in the interest of time, I guess -- I mean, from my perspective, I guess I will echo what councilmember Houston said, although this may not be a new issue to you, it is new to some of us on the committee so I would love the opportunity to sit down with staff and talk more about it and [lapse in audio] -- comfortable with voting on a recommendation today, although you're welcome to make a motion without me. But I think that if you took the conversation that we had today and did draft a resolution, you would have the potential of being able to vote out a resolution in -- at our next committee meeting with maybe more support of the committee. So that's up to you how you want to proceed. >> Casar: Well, I think that I've thought about this a bit differently after Mr. Batlan's presentation, that -- and after Mr. Thodden's concerns about how this might get wrapped up in the budget process so I do think before July -- all of a sudden I thought this wasn't such an urgent item but now with the testimony it does seem like it would be helpful for the city manager to understand there are these two moving pieces if the council does want both pieces to be in motion. So I think that Mr. Batlan does provide a good recommendation for us as a council to let the city manager know this is something we're thinking about and for him to consider that and all of the possible implications

[5:25:39 PM]

in the budget process. I think that will address Mr. Thodden's concerns, that we don't actually take this action until we don't know what the fiscal impact will be, and if we're not moving it more than 50 cents, but if we're moving it 11.39 to \$13, the combined fiscal impact may be great. So perhaps we tie the issue together a little more. So with all these -- I think that -- so that I don't have to go and try to get four council sponsors because we thought that's sometimes an arduous program and with the open meetings act there's complications of how many folks you can talk, to et cetera, and I would totally respect if you can't support the motion, but my motion would be at least to forward this along to full council so that full council can take a vote for themselves. So I guess my motion -- my motion would be that we recommend that the city manager bring forward policy options for ensuring the city's construction and non-construction contractors and subcontractors fall under a city living wage policy and that those fiscal impacts -- possibly fiscal impacts be analyzed in his budget recommendation. That way he's not, you know -- our staff is not wondering what it is we're up to. >> Pool: I think before she left councilmember Houston indicated that she wouldn't oppose that. She did want to get decibel information but she thought it was okay to take it to council, and I feel the same way. I think maybe our chair might -- it's a

matter of how much information we have. So I'd be happy to go ahead and second that, and just in the idea of moving things forward and having it not get lost before the July break. But I think there's a lot of information that will really benefit and discussion that will left the body as a whole. >> Troxclair: Okay. So there's a motion and a second.

[5:27:39 PM]

I respectfully am just going to abstain because I think a vote in favor of even this recommendation would signify my support of it and I'm just not comfortable making that. >> Casar: You'll have plenty of time. >> Troxclair: I understand your interest in wanting to forward it to council so we'll go ahead and take a vote and move forward from there. All in favor of councilmember Casar's motion indicate raising your hand. All opposed? All abstaining. I'll abstain. That request passes out of committee with two votes. Okay. That gets us to our last agenda item. How fast can you talk, rondella. >> I'll do this quickly. Good evening, telecommunications and regulatory affairs officer and I wanted to give you a short overview of the Google fiber community connections program. And actually I need the -- that's my outline for the presentation. We'll skip over that back in April of 2013 Google fiber announced its plans to bring fiber to Austin networks, building a network up to 100 times faster than your internet service, and they will also provide severance to small businesses. As part of the agreement with Google fiber, they will provide free gigabit connections for ten years through April '23 to city 458, new central library and up to 100 public and nonprofit sites to be determined bit city. And just a couple of prerequisites. This connection service cannot

[5:29:40 PM]

be used for any mission-critical services and the community connection would be installed once Google fiber builds out in a fiberhood and they call their neighborhoods fiberhoods and those fiberhoods have to meet a certain threshold to demonstrate demand before they build out in that fiberhood and so there is a possibility that a fiberhood doesn't get built out and, therefore, that connection would not get service. The city gathered feedback on the proposed process and criteria for the site selection and that was the -- it was vetted by the community technology and telecom commission and a former emerging telecommunications council committee. Ultimately in offing 2013 city council adopted criteria for creating a list of proposed sites, public and nonprofit sites to receive this free service. And they directed city manager staff to utilize that criteria and establish a process and a time line for creating the list of sites. And Google asked for the sites to be provided to them by the end of 2013. And excuse me. The -- so we did receive a -- and so the staff did develop a program application, we received overwhelming response from 158 organizations and for a total of 310 sites. So we organized those applications into four categories. And categories are on the slides, social, health, well-being, including family services, arts, culture, community, education workforce and public facilities, that would be the city sites and the independent school districts for the city limits and the housing authority. And this is the -- just the criteria -- this is the criteria that we -- staff reviewed and assessed the applications using a tiered

[5:31:42 PM]

scale in these categories that were adopted by city council. And I won't need to -- workshop, trying to go too fast here. So this map here, it depicts the location of the -- of the 100 sites, and I also did provide -- there's a list of the 100 sites in the backup materials that I gave you and it was also attached to the council resolution that adopted the 100 sites. So the -- you know, the staff we rated each application, and on the demographics of age served, ethnicity serves, geographic area served and social status

served and he utilized mapping and taking of populations and areas being served to ensure that the community, every community, was representative in the rankings and included in the review process. The submitted applications and scoring were vetted by the community technology commission, as well as the emerging technology and council committee, and they ultimately recommended a list of sites which was ultimately adopted by city council in December of 2013. So what happens is there's a site that was selected that withdraws its application? Well, we had one organization, austin/travis county integral care. It was in the category social health and well-being, and they respectfully withdrew their application and the council resolution that adopted the sites, it states that the council shall vote on a replacement site. And so that's why we wanted to bring this item to you today, just to give you an overview of the process. City council ultimately approves a replacement site.

[5:33:44 PM]

And back in March the community tech commission, they voted to just -- just for to us follow the original replacement site criteria that the council adopted whenever selecting replacement sites. And in this instance, you know, if a replacement site is within the same geographic area as Travis county integral characterization the deadline to give that replacement site to Google is August 31. And we wanted to give you an overview today just to talk -- you know, to -- on the program and our original deadline was June 30 so -- but that's been extended to August 31. And I did want to just highlight the backup. There's another -- a list of the eligible sites that are located within that same geographic area, and community -- I wanted to highlight that community care is -- was an applicant and they meet the same criteria, same category, as Travis county integral care. So what we'll do is, after today's briefing, we will circulate a council memo, explaining the program, identifying the replacement site options, and then [lapse in audio] Agenda for recommendation from this committee on a replacement site to go to city council on August 20. That concludes my presentation. >> Troxclair: Okay. Thank you so much. I appreciate it. Members, any questions? Okay. >> Casar: That was great, thank you. >> Troxclair: So the last thing on our agenda is discussion of any future items. I just wanted to give y'all a heads-up that we are going to be discussing in August the city's strategic plan which staff is estimating will take two hours. We also have the Austin convention center long range

[5:35:45 PM]

master plan. I would like to have a discussion of the Austin music consensus, and implications of that, and then we've gotten a couple of requests in our citizens communication for additional things to be added. So please let me know as soon as possible if you have items that you wish to discuss in the committee. It does look like August is going to be pretty full so we'll -- just the earlier the better so we can manage our time properly. >> Casar: Chair, in my planning and neighborhoods committee we're having a similar to what we're going to have in August and June so we did -- [lapse in audio] Split it up into two meetings and have [lapse in audio] Open to scheduling that because I think we'll be less public testimony. We're doing, you know, a 1:00 P.M. To 3:00 P.M. Separate meeting on a different day and I'd be very hop to doing that if it seems like it's going to be a heavy month. >> Pool: I would too. I would suspect we'd get a lot of citizen input on the music consensus and the strategic plan for two hours maybe that's a separate meeting or something like that. >> Troxclair: Good suggestion. Okay. I will think on that and get back with you with any decisions. And then I guess with that the committee on economic opportunity adjourns at 5:36 thank you to those here for your meeting at sorry we ran long. We will do our best to stay on time in the future. Thank you.