

RESOLUTION NO. 20221201-038

WHEREAS, Council approved the Chapter 380 Business Expansion Incentive Program in 2018 to support small businesses in Austin; and

WHEREAS, participants selected for the program receive an incentive payment for each year they comply with the terms of their agreement; and

WHEREAS, only three of the 340 small businesses that applied met the program's selection criteria but two had to withdraw; and

WHEREAS, that business was admitted to the program in 2019 and tried to comply with all requirements but was hampered because of business losses due to COVID-19; and

WHEREAS, that business stayed committed to the program and fulfilled most requirements by early 2022; and

WHEREAS, the Chapter 380 Business Expansion Incentive Program requires any participant to pay a living wage as defined by the City's living wage standard; and

WHEREAS, when the City developed the program and wrote the guidelines, the City's living wage was \$15; and

WHEREAS, staff designed the program for an initial five-year timeframe (2018-2023) with the intention of evaluating and modifying the program at its conclusion; and

WHEREAS, when designed, the program did not anticipate the city living wage increasing during the five-year timeframe; and

WHEREAS, on August 22, 2022, Council increased the City's living wage from \$15 to \$20 an hour, effective October 1, 2022; and

WHEREAS, that change gave the participant in the Chapter 380 Business Expansion Incentive Program only weeks to absorb the cost of increasing all employee wages to \$20 an hour; and

WHEREAS, the participant did not have the resources to adjust to the wage increase in such a short timeframe and thus cannot comply with all of the program requirements; and

WHEREAS, previously, the participant had been meeting program requirements to the best of their ability and is an industry leader in adhering to high standards for wages and conditions for employees; and

WHEREAS, the Chapter 380 Business Expansion Incentive Program only awards incentive payments to participants that demonstrate compliance throughout each year of participation in the program, with no incentive payments pro-rated for months of compliance; and

WHEREAS, it could encourage small businesses to participate in the future if at least one business could complete the program successfully before this iteration of the program ends in August of 2023; and

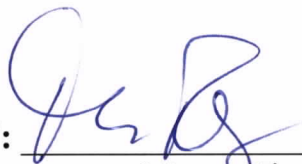
WHEREAS, City staff has the expertise to devise a stair-step, phased model of wage increases that could enable this participant to move into compliance without compromising the intent of the City's program or the guardrails built into the program guidelines; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is authorized to devise strategies which would enable small business participants in the current iteration of the Business Expansion Incentive Program to remain within the Business Expansion Incentive Program and to report back to Council via memorandum by January 15, 2023.

ADOPTED: December 1, 2022

ATTEST:

A handwritten signature in blue ink, appearing to read 'Myrna Rios', is written over a horizontal line.

Myrna Rios
City Clerk