



December 17, 2008

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Dear Mayor Wynn and Members of the Austin City Council:

This email regards Item 74 on tomorrow's Council agenda: *Approve a resolution directing the City Manager to prepare an ordinance regarding compliance review for future economic development agreements, and removing from the City's economic development programs the use of project-based incentives for large scale mixed use projects that include a retail component. (Council Members Leffingwell, Martinez, and Morrison).*

Liveable City commends the members of the Austin City Council for focusing on these important issues.

We further urge Council Members to expand the scope of the proposed resolution to include consideration of key recommendations contained our recent report, [Building a More Sustainable Economy: Economic Development Strategy and the Use of Public Incentives in Austin](#) (attached).

Additionally, Liveable City would like to offer its assistance and support in the preparation of this ordinance or any others related to economic incentives. As you may know, members of Liveable City's Sustainable Economy Committee recently met with several Council Members to discuss the need for key revisions to the city's current economic policies and processes. We would welcome the opportunity to continue this discussion in the context of drafting a city ordinance to address these issues.

Though the attached report contains considerable background and detail, our basic recommendations are summarized below.

1. Increase community involvement and investment in local economic goals and strategies.
2. Create a unified economic development budget.

3. Prioritize sustainable development of green industries and green jobs.
4. Reform the process of evaluating and granting incentives to include the following elements:
 - a. Require full public disclosure of all costs to the City and other participating parties (e.g. Austin Energy) of proposed incentive deals.
 - b. Adopt a rigorous and consistent cost-benefit methodology. The city should create a technical advisory committee charged with developing a rigorous methodology for performing cost-benefit analyses on all city incentive deals.
 - c. Require a neutral third-party to conduct the cost-benefit analysis for all major incentive deals.
 - d. Require a full public hearing for all major proposed incentive deals before the City Manager makes a recommendation to the City Council regarding the proposed incentive. An information package, including the complete cost-benefit analysis, should be publicly distributed at least 21 days before the initial public hearing, which should be well-publicized in news outlets, on the city's website and through other outreach venues. At the hearing, the City Council should conduct a non-voting open review of the project with public testimony. After the initial hearing, a recommendation may be made by the City Manager and the matter may be referred to the Council for a vote, again with a well-publicized two-week notice.

We thank you for your consideration of these issues and urge the Council to ensure that the scope of the proposed ordinance is comprehensive enough to include the key policy and process reforms outlined above. We look forward to working with Council and city staff toward this goal.

Sincerely,

The Board of Directors of Liveable City