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Smarter City: Using University Research Agreements to Fuel Innovation in Your City

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PART 1: Laying a Foundation



What is an interlocal agreement?

- A contract or agreement with another state or local governmental agency or a federally recognized Indian tribe.
- Sometimes called an interlocal contract or joint powers agreement.
- In Texas, the authority comes from chapter 791 of the Texas Government Code.
- "The purpose of this chapter is to increase the efficiency and effectiveness of local governments by authorizing them to contract, to the greatest possible extent, with one another and with agencies of the state." Texas Local Gov't Code Sec. 791.001

Elements of an Interlocal Agreement

- Must be entered into between "governmental entities"
- Must be to perform a "governmental function" or exercise a joint power
- Must establish that funding will be provided only from available budget
- Often require governing body approval
- Often require provisions for the distribution of property at the end of the agreement

What is a "local government entity"?

- Government entities generally include:
  - Counties, municipalities, townships, special districts, junior college districts, or other political subdivisions
  - Local government corporations
  - Public universities
  - State agencies



What is a "governmental function"?

- Generally, an ILA must be used to perform a governmental function
- Governmental functions include, but are not limited to:
  - Police and fire protection
  - Street maintenance and road repair
  - Waste disposal
  - Administrative functions
  - Health and hospital services



A different type of interlocal agreement: cooperatives

- Some states also allow for interlocal agreements (i.e., cooperative organizations) that combine the purchasing power of different government agencies to secure commodity discounts
- Cooperatives generally have a lead government agency negotiating the terms and conditions with vendors
- Other government agencies can join the cooperative as members
- The members enjoy discount and bulk pricing under the cooperative
- Members can even negotiate further discounts and solicit quotes from vendors under the cooperative

Examples of Cooperative Organizations

- U.S. General Services Administration – federal
- Sourcewell – 50,000 government, education, and nonprofit organizations as members
- National Cooperative Purchasing Alliance – public agencies from all 50 states
- Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) – 13,000 members across all 50 states
- OMNIA Partners – public and private sector members

Can you enter an interlocal agreement with a government entity of another state?

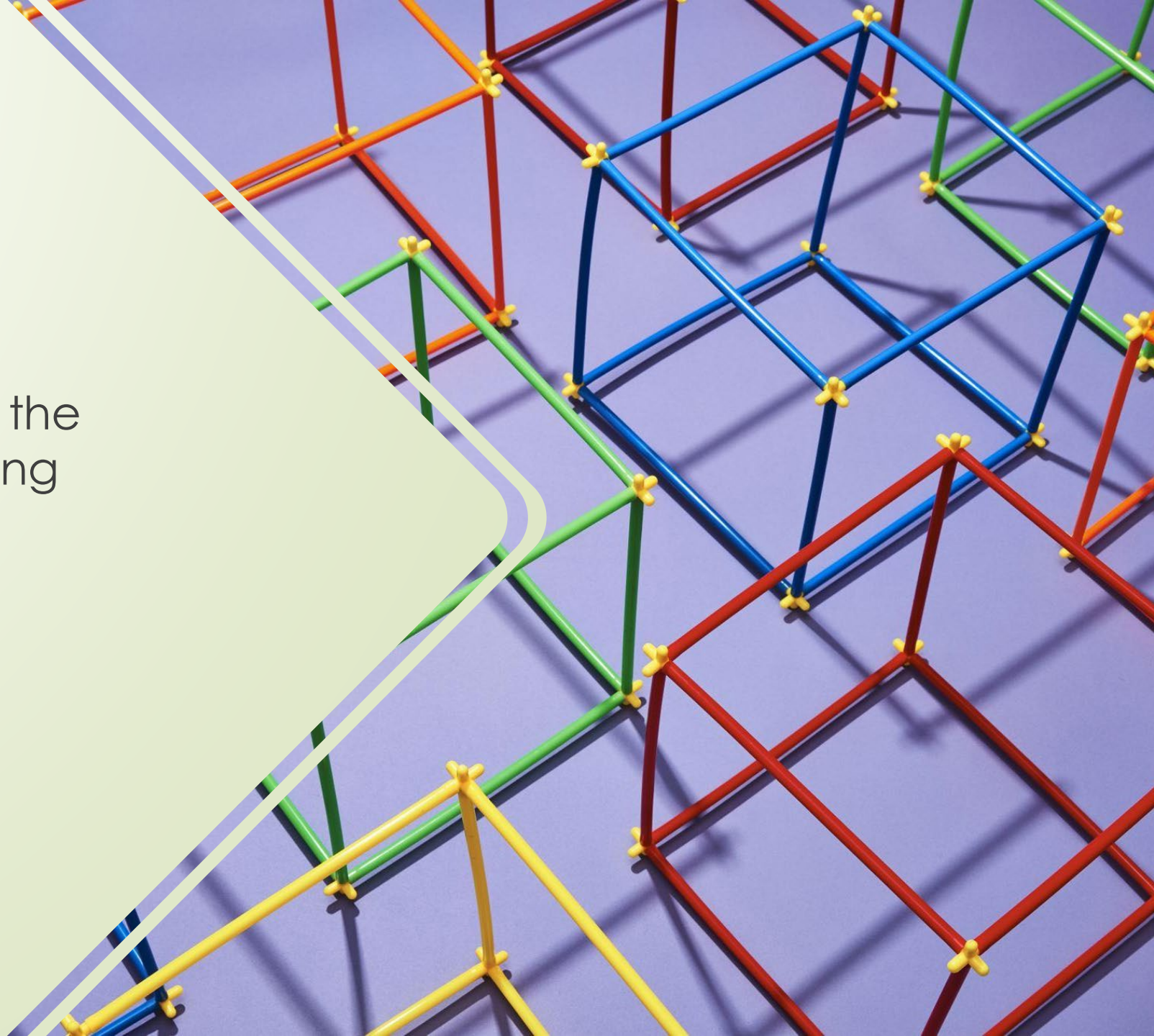
- It depends on your state's laws, but generally yes!
- Examples:
  - In Texas, "A party to an interlocal contract may contract with a (1) state agency… or (2) **a similar agency of another state**." Tex. Gov't Code Sec. 791.011(b).
  - In California, "As used in this article, 'public agency' includes, but is not limited to, the federal government or any federal department or agency, this state, **another state** or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or **another state**…" Calif. Gov't Code Sec. 6500.
  - In New Mexico, "If authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties, even though one or more of the contracting parties may **be located outside this state**." 2020 New Mexico Statutes, Section 11-1-3.

What is the benefit of using interlocal agreements?

- Most states have competitive bidding laws that require competition when a governmental entity is purchasing goods over a certain value.
- Examples:
  - Florida Statutes, Chapter 287 – competitive bidding required for the procurement of commodities or contractual services in excess of $35,000
  - Washington DC Code, Chapter 3A – competitive sealed bidding required for contracts exceeding $100,000

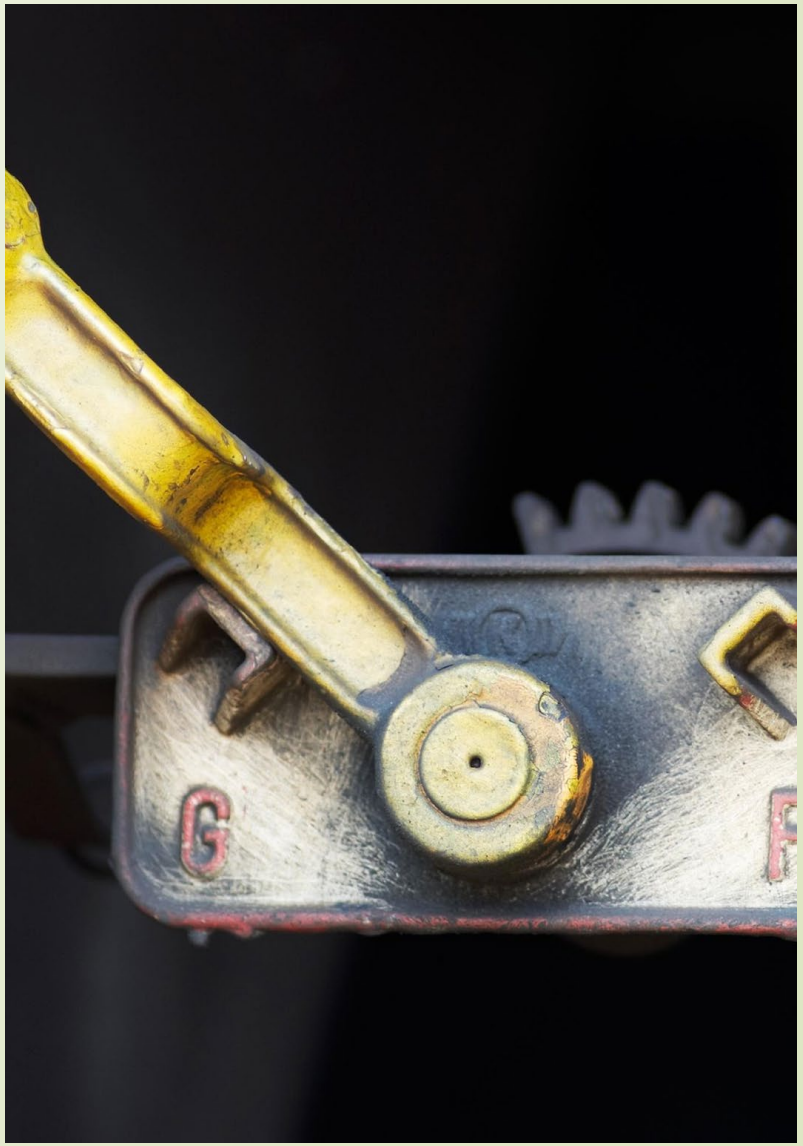
What is the benefit of using interlocal agreements?

- Interlocal agreements generally do not require the use of competitive bidding
- Closer ties between government agencies
- Sharing of resources
- Pricing at cost



What is a potential downside to using interlocal agreements?

- Often have to be approved by the governing body of the organization even if there is no money or a low dollar exchange
  - Potential political implications
- Governmental immunity may limit contractual remedies
- Agreements are often less structured than standard commodity contracts



Interlocal agreements with universities

- Public universities are often considered governmental entities under state law
  - Caution: Private universities may be treated differently
- Some states have specific guidelines for how to use interlocal agreements with universities. Example:
  - "A local government and an institution of higher education or university system may contract with one another to perform any governmental functions and services. If the terms of the contract provide for payment based on cost recovery, any law otherwise requiring competitive procurement does not apply to the functions and services covered by the contract." Tex. Gov't Code Sec. 791.035

Examples from Around the World

- **Mexico**: In October 2021, Montemorelos University signed a collaboration agreement with the General Terán Municipal district in the State of Nuevo Leon - the projects to be carried out will be focused on sustainable development goals with a special emphasis on health promotion.
- **Georgia, USA**: In March 2019, the City of Colquitt and Miller County, Georgia entered an interlocal agreement for the county to supervise the removal of debris from Hurricane Michael.
- **New York, USA**: In 2016, Syracuse University and the City of Syracuse renewed their 5-year agreement for the University to provide funding for the city to improve the region's public safety, infrastructure and its residents' overall quality of life.
- **Canada**: In 2012, Canada and the state of Michigan entered an agreement to design, construct, finance, operate and maintain the international border between Canada and the Michigan section of the U.S. border.

Case Study: Joint Powers Agreement for Project Connect in Austin, Texas

- Austin Transit Partnership is a local government entity created by the local transit agency, Capital Metropolitan Transportation Authority, and the City of Austin, Texas.
- Created for the design, construction, and development of Project Connect, a multi-billion-dollar transit program that will add three new rail lines, bus rapid transit, and pickup services for the Austin.
- Project Connect requires cooperation between all three entities.
- The Parties decided to enter a Joint Powers Agreement between all three entities.



Case Study: Joint Powers Agreement for Project Connect in Austin, Texas

- The Parties negotiated the agreement for almost a full year
- Goal was to establish the roles and responsibilities of each Party individually and toward each other
- Each Party needed executive buy-in for the formation of the document, which resulted in two tri-Party meetings
- Lessons learned:
  - Easier to pass the item at individual board meetings
  - Easier to have one party create the initial draft
  - Meetings to review redlines between parties are vital
  - Trust is important in making final edits



PART 2: University Agreements



Common Types of City-University Collaborations

- Research agreements
- Internship programs
- Research/innovation hub creation





Research

- University conducts research on policy issues that are important to the City
- Research enables City to conduct evidence-based policymaking
- University conducts research with direct community impact



Examples: Research Agreements

- Master research agreements between:
  - The City of Austin and the University of Texas at Austin (to be discussed further)
  - The City of San Antonio and the University of Texas at San Antonio
  - The City of Minneapolis and the University of Minnesota
- Town & Gown: NYC



Internship Programs

- City benefits from student work
- Potential talent pipeline for hiring new City employees
- Students gain professional experience in government
- NYC Variation: External volunteers (experienced private sector professionals) work in teams to solve specific City challenges



Innovation Hubs

- A city and university create and fund a “research hub” or “innovation hub” to:
  - Encourage collaboration with the community
  - Promote job creation
  - Attract private industry to parts of the city near the university
- Office/research space and physical collaborative space is extremely important

Examples: Research/Innovation Hubs

- "Aggie Square" – City of Sacramento & UC Davis
  - Innovation hub on UC Davis campus that will house research programs, private industry partners, classrooms, student housing, and public-facing programs
- "Technology Square" – City of Atlanta & Georgia Tech
  - Multiblock Atlanta neighborhood adjacent to Georgia Tech that serves as an "innovation ecosystem" for startups, tech incubators, established tech firms, major corporate offices, venture capital investors, etc.
- "Chesterfield Building" – City of Durham, NC & Duke University
  - Duke leases workspaces inside refurbished former factory for lab, office, & conference spaces



Case Study: City of Austin & University of Texas at Austin Master Research Agreement

- Research projects established by work order
  - Each work order is a mini scope of work
- Work orders governed by master agreement approved by City Council
- Departments authorized to execute work orders
- Includes **confidentiality** and **data security terms**
- Includes **intellectual property** terms

Photo Credit: Holly Heinrich

Research: City of Austin-University of Texas at Austin Master Agreement

- Environment
  - **Water:** Conduct research relating to climate modeling and hydrology to support water planning
  - **Green Economy:** Assess green jobs economy in Austin and opportunities to link Austin workforce with green job opportunities
  - **Air Quality Sensors:** Conduct monitoring to understand localized air quality issues, especially where residents experience disproportionate rates of asthma and COPD
  - **Conservation:** Research to assess ecological health of the Balcones Canyonlands Preserve
- Housing
  - **Homelessness:** Assess effectiveness of homelessness services program

See "4 Steps to Successful City-University Partnerships," by Sara Smith and Kate Wilson, *Government Technology*, January 13, 2022, available at: https://www.govtech.com/opinion/4-steps-to-successful-city-university-partnerships

Research: City of Austin-University of Texas at Austin Master Agreement

- Transportation
  - **Video Analytics:** Research and test automated object recognition in video streams with aim of promoting pedestrian safety
  - **Corridor Performance Dashboard:** Analyze multimodal metrics for transportation corridor performance
  - **Right-of-Way Study:** Assess the best locations and timing for traffic lane closures in order to minimize traffic delays
  - **Traffic Signal Audit:** Evaluate optimal traffic signal timing in downtown Austin
  - **Transportation Costs:** Assess Austin-area household transportation costs (as a share of household budget) to inform affordability considerations in Austin Strategic Mobility Plan

See "4 Steps to Successful City-University Partnerships," by Sara Smith and Kate Wilson, *Government Technology*, January 13, 2022, available at: https://www.govtech.com/opinion/4-steps-to-successful-city-university-partnerships

Recommendations for Research Agreements between Cities and Universities



#1: Establishing research projects via a work order process





BENEFITS OF A WORK ORDER PROCESS

- **Reduced contracting time**
  - Master agreement provides primary legal framework
  - Only work order terms ("scope of work") need to be drafted, negotiated, and reviewed by legal counsel and executives
- **Increased flexibility**
  - Scope of work does not have to be set at time of contract execution
  - Research projects can be established based on changing policy needs
    - Research can be conducted on emerging challenges without forming a new agreement

ARTICLE I
PURPOSE

The purpose of this Master Agreement is to establish pre-negotiated terms and conditions, as well as a framework for research, consulting, and technical services to be exchanged between the University and the City.

ARTICLE II
CITY RESPONSIBILITIES

(i) The City will initiate each Project via a Work Order as provided in Article IV.

(ii) The City agrees to provide data as needed to conduct each Project. The City shall have the sole discretion to determine what City data will be shared with the University for the purpose of each Project.

(iii) The City may make staff available to assist with the data sharing and other work required for each Project.

ARTICLE III
UNIVERSITY RESPONSIBILITIES

The University shall provide Projects to the City pursuant to the terms of this Master Agreement. The Projects may include, but are not limited to:

(i) academic research involving University faculty, staff, or students;
(ii) community-based research;
(iii) program evaluation;
(iv) best practice studies;
(v) strategic planning assistance;
(vi) data analysis;
(vii) survey research; and
(viii) use of City departments / services / data for academic research by faculty or students.

Exhibit A

Work Order No. _____

Under Master Agreement No. UTA19-000382

[Project Name/Title]

[Lead City Department] and [Lead University Department]

Purpose

This proposed study will … [fill in purpose of study/research project].

Background

Project Timeline

This Work Order shall be effective as of the date of last signature and shall remain in effect until _____.

Statement of Work (Please include the questions to be researched)

Project Deliverables

University agrees to complete and submit the following deliverables:

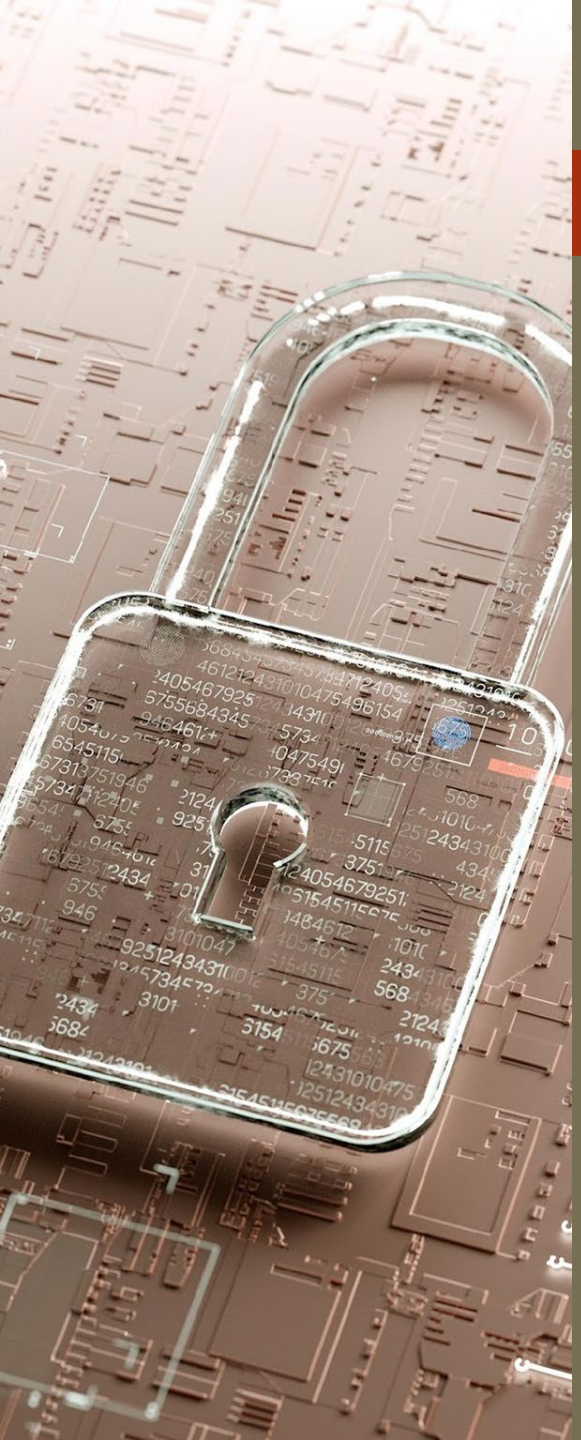
Deliverable Name: Due Date:

DRAFT

Page 1 only – other terms to be discussed

#2: Data Security Terms





DATA SECURITY TERMS

- Contractual protections for personal identifiable information (PII) and sensitive personal identifiable information
- Compliance with state/federal laws and standards protecting specific types of data (credit card, health)
- Technical safeguards relating to transmission and storage of PII (e.g., encryption)
- Compliance with recognized cybersecurity standards (e.g., NIST Cybersecurity Framework)

Remember – Data is Valuable!

- **Non-public governmental data is valuable—protect it accordingly.**
- **Minimize transfer of personal identifiable information.**
  - Public trust may be damaged by a breach.
- **Consider:**
  - Is transferring personal identifiable information necessary?
  - Did you obtain consent to the specific use of personal identifiable information?
  - No consent = possible liability



(1) "Authorized Persons" mean (i) the University's employees; and (ii) the University's Subcontractors and agents who have a need to know or otherwise access Personal Information to enable the University to perform its obligations under this Master Agreement, and who are bound in writing by confidentiality and other obligations sufficient to protect Personal Information in accordance with the terms and conditions of this Master Agreement.

(2) "Highly Sensitive Personal Information" means an (i) individual's government-issued identification number (including Social Security number, driver's license number, or State-issued identification number); (ii) financial account number, credit card number, debit card number, or credit report information, with or without any required security code, access code, personal identification number, or password that would permit access to an individual's financial account; or (iii) biometric, genetic, health, medical, or medical insurance data.

(3) "Personal Information" means information or data provided to the University by or at the direction of the City, information which is created or obtained by the University on behalf of the City, or information to which access was provided to the University by or at the direction of the City, in the course of the University's performance under this Master Agreement that: (i) identifies or can be used to identify an individual (including, without limitation, names, signatures, addresses, telephone numbers, e-mail addresses, and other unique identifiers); or (ii) can be used to authenticate an individual (including, without limitation, employee identification numbers, government-issued identification numbers, passwords or PINs, user identification and account access credentials or passwords, financial account numbers, credit report information, student information, biometric, health, genetic, medical, or medical insurance data, answers to security questions, and other personal identifiers), in case of both

#3: INTELLECTUAL PROPERTY TERMS





INTELLECTUAL PROPERTY TERMS

- You may run into difficult negotiations with universities when it comes to intellectual property rights.
- Often, universities will want to own any intellectual property created as a part of a research assignment.
- You will need to determine whether your city requires co-title to the IP created or whether your city can accept having a permanent, irrevocable, fully-paid license to the work.



TIPS FOR ADVISING CITY CLIENTS ON DRAFTING WORK ORDERS ISSUED UNDER A MASTER RESEARCH AGREEMENT



Tip #1: Legal Review

- **All work orders should be reviewed by legal counsel before execution** to ensure compliance with:
  - (1)Applicable laws and
  - (2) The agreement governing the work order.

The Effective Date of this Work Order is the date of last signature.

Executed by:

CITY OF AUSTIN	**UNIVERSITY**
Name: _____	Name: _____
Title: Director	Title: _____
Date: _____	Date: _____

Approved by City Project Manager:

By: _____
Name: _____
Title: _____
Date: _____

Approved as to Form:

By: _____
Name: _____
Title: Assistant City Attorney
Date: _____

DRAFT

Tip #2: Public Purpose

Confirm that there is a **public purpose** on which municipal funds may be spent.

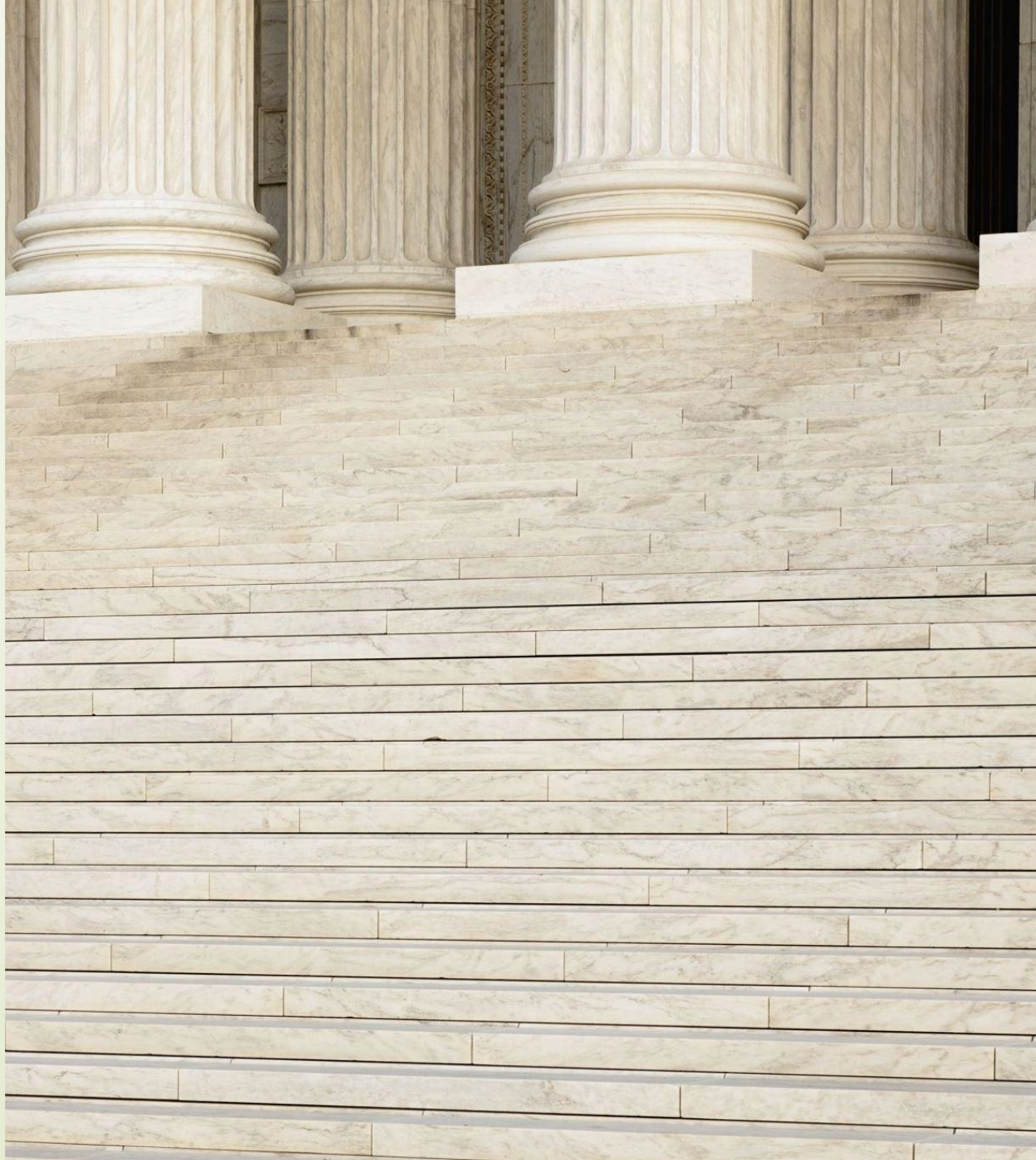


Exhibit A

Work Order No. _____

Under Master Agreement No. UTA19-000382

[Project Name/Title]

[Lead City Department] and [Lead University Department]

Purpose

This proposed study will … [fill in purpose of study/research project].

Tip #3: Clearly Define Obligations and Deadlines

- **Ensure the work order clearly states each party's responsibilities.**
  - Ex: University will do x by [date].
  - Ex: City will provide information on y to enable University to submit a report analyzing z by [date].
- **Ensure the work order provides deadlines for deliverables.**
- **Consider whether periodic reporting is needed during the project term <u>before</u> the university submits the deliverables.**
  - Ex: University will submit a progress report summarizing x on the third day of each month as long as Work Order No. ___ is in effect.

Tip #4: Designation of Confidential or Personal Information

- Ensure appropriate designation of **confidential/personal information**:
  - Ex: Work order checkbox indicating the type of information that the City is sharing
  - May need separate agreement for certain types of information, such as PHI under HIPAA



Data Security Requirements

This project requires access to the following City data:

City Data is considered:

Personal Information	Yes	☐	No	☐
Highly Sensitive Personal Information	Yes	☐	No	☐
Austin Energy Confidential Information	Yes	☐	No	☐

Tip #5: Watch Out for Third-Party Issues

- Ensure appropriate handling of **third-party issues**
  - No third party inaccurately identified as a party to the work order or master agreement
  - Any involved third party is a subcontractor of either the City or University, as provided in a separate agreement between that party and its subcontractor



Connecting City Staff and University Researchers

- You will need to create a process for city staff to coordinate with your internal city liaison so they can coordinate with the university liaison about the upcoming research project.
- The university staff liaison should coordinate which university professors would be appropriate for the specific research project.
- Once university professors are put in contact with city staff they can work on a scope of work, including deliverables.
- The university and city staff liaisons should monitor the collaboration to work out any issues and answer any questions that may be addressed by the Master Agreement.

- The University of Texas created an online form for the City of Austin to submit research projects and have those assignments sent to interested professors.

Contract Management Best Practices

- Set clear expectations about communication, time commitments, and how frequently meetings will be held.
  - May be different for each research project / work order
- Adapt the collaboration based on lessons learned.

Source: "4 Steps to Successful City-University Partnerships," by Sara Smith and Kate Wilson, *Government Technology*, January 13, 2022, available at: https://www.govtech.com/opinion/4-steps-to-successful-city-university-partnerships

Funding

- The City of Austin Master Agreement was for **5 years** and **$1.5 million per year** for a total not to exceed **$7.5 million**.
- Funding approval for the Master Agreement is based on future funding being appropriated each year.
- Funding does not guarantee a specific number of research projects will be assigned to the university.
- Funding approval by your council or board is only funding *authority*, your individual departments will still need to submit budget requests each year for research agreements for funding *authorization*.
- Your internal city liaison will need to closely coordinate research projects, to avoid overlapping projects, and to avoid overspending the funding authority.





Learn more about the City of Austin-UT Austin master research agreement:

- "Interlocal Agreements, Cooperative Contracting, and Innovative City-University Research Collaborations," by Brandon Carr and Holly Heinrich, *Municipal Lawyer: The Journal of Local Government Law*, July/August 2021.
- "4 Steps to Successful City-University Partnerships," by Sara Smith and Kate Wilson, *Government Technology*, January 13, 2022, available at: https://www.govtech.com/opinion/4-steps-to-successful-city-university-partnerships

Photo Credit: Holly Heinrich

Links to additional research agreements

- https://www.exeter.ac.uk/news/homepage/title_882157_en.html
- https://bend.granicus.com/MetaViewer.php?view_id=9&clip_id=443&meta_id=25662
- https://efiles.portlandoregon.gov/Record/12420809/File/Document/


QUESTIONS?