

February 5, 2018

South Central Waterfront Advisory Board  
P.O. Box 1088  
Austin, Texas 78767

Chair Bailey and Members of the South Central Waterfront Advisory Board,

The Downtown Austin Alliance recognizes the unique and growing needs of the South Central Waterfront district. We participated as stakeholders in the creation of the South Central Waterfront master plan and supported its adoption and implementation. The Downtown Austin Alliance has considered the need created by the first district project since the plan was adopted, and we are pleased to offer this proposal to assist the South Central Waterfront.

**Overview of a Public Improvement District's Role for the South Central Waterfront**

The South Central Waterfront Vision Framework Plan (SCW Plan) provides a financially feasible roadmap for transforming this 118-acre district into a new model for sustainable urban redevelopment. The SCW Plan forecasts that the City, in partnership with private property owners, can create a network of connected green streets, parks, trails, and open spaces (approximately 20 new acres) and achieve that 20% of the new housing units districtwide are affordable (approximately 530 affordable units).

The SCW Plan calls for creating an opt-in system whereby developers can receive additional zoning entitlements by adhering to the standards and provisions of a proposed SCW Overlay Zone. One of the provisions of the SCW Overlay Zone includes that developers pay a Community Amenity Fee which would be held in a restricted SCW Fund. Monies that are collected in this fund would be used to support the public realm improvements and/or affordable housing units within the SCW district, as called for in the plan.

**Functions of a PID in the South Central Waterfront**

The South Central Waterfront Master Plan calls for the creation of a Public Improvement District (PID) as a critical component to the implementation and success of the plan.

The PID would support the SCW Plan implementation in two ways:

First, the PID would collect an annual assessment fee from properties. This ongoing funding stream would be used to provide management for programs, district services, and additional maintenance of the ever-expanding and improving SCW public realm.



Second, a restricted SCW Fund would be set up to collect the one-time Community Amenity Fee that a development would pay by exercising the opt-in entitlements associated with the SCW Overlay provision. Monies collected in the SCW Fund would be used to cover a portion of the public realm and affordable housing costs for the district.

**Option 1: Creating a new Public Improvement District** Establishing a new PID in this area would take the majority of the property owners to agree and sign legal petitions authorizing its creation. The process is time consuming and can take more than a year to create, authorize, and approve, and then only if the owners agree to its creation. This route is also complicated since several properties in the SCW district are already in the Downtown Austin PID, which raises issues of how two adjacent PIDs would coordinate to achieve the SCW plan.

**Option 2: Expanding the existing Public Improvement District** Six properties in the South Central Waterfront area are already in the Downtown Austin PID, which is managed by the Downtown Austin Alliance. These six properties comprise approximately 32 acres, or about a third of the acreage for all properties in the SCW district.

One way to address the creation of the PID functions as called for in the SCW Plan would set up a system where property owners not in the current PID could individually petition to join the Downtown Austin PID as a condition to opting in to the South Central Waterfront Overlay provision. This arrangement could meet the two-fold PID function as envisioned by the SCW Plan in this fashion:

First, upon joining the Downtown PID, property owners would pay the annual assessment fee which would be used, in part, to expand operations, management and maintenance services for an ever-expanding and improved public realm in the SCW district.

Second, the Downtown Austin Trust could create a corporation that could serve the functions of the South Central Waterfront Fund, as explained further below.

#### **More Details regarding the Operations and Maintenance functions of the PID**

The Downtown Austin Alliance recognizes the unique and growing needs of different areas and districts in the Downtown Austin PID boundaries. We recognize the dilemma of creating a new PID that intersects with the existing PID and would like to offer a way to achieve the goals of the master plan. Properties contiguous to the Downtown Austin PID can file a petition for inclusion. This process is simple and requires City Council action to adopt the petition. At the time owners join the PID, their properties become liable for assessment (10 cents per \$100, with the first \$500,000 in value exempt). Revenues collected pay for clean, safe and hospitality services, including graffiti removal, supplementary cleaning and trash pick-up, Downtown Ambassador patrol, and other services of the Downtown Austin Alliance. As the South Central Waterfront is developed, the needs of this district may be different from other areas of downtown, and the Downtown Alliance is prepared to work with the stakeholders of this area to prioritize services to meet its unique needs.

#### **More Details regarding the SCW Fund function**

In addition to expanding the boundaries of the Downtown Austin PID, the Downtown Austin Alliance is open to helping solve for the opt-in Community Amenity Fee requirements of the SCW Overlay provisions. In 1999, the Downtown Alliance created the Downtown Austin Trust, a 501(c)(3) organization with a separate board of directors, to accomplish downtown goals that are outside the



purview of the public improvement district. We also have the ability to create separate entities to act as fiscal agents for downtown projects. For example, in 2016 the Downtown Austin Alliance created Downtown Austin Parks LLC, as an arm of the Downtown Austin Trust to operate, manage and raise funds for the ongoing operations of Republic Square. Downtown Austin Parks, LLC has a management agreement with the City of Austin to operate the park, as well as a separate board of directors to help raise funds, provide fiscal oversight and ensure the marketing, programming and operations meet the vision and mission of Republic Square.

While historically the Downtown Alliance received the majority of its funding from PID contributions, we are now poised to make better use of the Downtown Austin Trust to build philanthropic and community contributions that help us achieve the goals of the downtown vision—from the creation of active parks and open space or workforce housing, to the preservation of cultural assets.

**As it pertains to the South Central Waterfront, the Downtown Austin Alliance can provide the following:**

1. Support for Downtown PID expansion in the South Central Waterfront area for any contiguous properties that submit a petition for inclusion in the PID.
2. A separate South Central Waterfront LLC 501(c)(3) could be created as a subsidiary of the Downtown Austin Trust, to be the fiscal agent for the district and hold the affordable housing and amenity fees.
3. A South Central Waterfront board of directors could be created to manage and oversee the LLC and its funds.
4. A management agreement could be created between the South Central Waterfront LLC and the City to play a larger development role for the parks, open space, infrastructure, affordable housing, etc.

Best regards,

A handwritten signature in black ink, appearing to read 'Dewitt Peart', with a large, stylized flourish extending from the end of the signature.

Dewitt Peart  
President and CEO