



Recommendation for Action

File #: 23-1231, **Agenda Item #:** 10.

2/23/2023

Posting Language

Authorize execution of a management agreement for management services with Austin DMO, Inc., d/b/a Downtown Austin Alliance, for a period of five years for a total contract amount of \$79,197,757. Related to Items #9 and #11.

Lead Department

Economic Development Department.

Fiscal Note

Funding in the amount of \$12,562,474, is available in the Fiscal Year 2022- 2023 Economic Development Department's Operating Budget. Funding for the remaining years of the Austin Downtown Public Improvement District agreement is contingent upon available funding in future budgets.

Prior Council Action:

June 9, 2022 - Council authorized the Downtown Austin Public Improvement District (PID) and designated Austin DMO, Inc., doing business as Downtown Austin Alliance, as its advisory body in Resolution No. 20220609-081.

June 9, 2022 - Council approved the negotiation of a management agreement with Austin DMO, Inc. for five years in Item 10.

July 28, 2022 - Council adopted the PID's Service and Assessment Plan and Budget for 2023 in Ordinance No. 20220728-009.

July 28, 2022 - Council set the PID 2023 assessment rate and property roll in Ordinance No. 20220728-112.

August 17, 2022 - Council approved the City of Austin Budget for Fiscal Year 2022-2023 in Ordinance No. 20220817-004, including the Downtown Austin Public Improvement Fund.

For More Information:

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Additional Backup Information:

This action authorizes the negotiation and execution of a management agreement with the Austin DMO, Inc.

doing business as Downtown Austin Alliance (DAA) for management of services funded by the PID for a period of five years for an estimated total amount of \$79,197,757. Exhibit A is the proposed management agreement negotiated by City and DAA staff for a period of five years. This agreement reflects the requirements for Maintenance and Operating PIDs outlined by Chapter 372 of Texas Local Government Code and the City of Austin PID Policy Resolution No. 20200220-015. The current City-DAA management agreement expires on April 30, 2023.

At the petition request of a majority of PID property owners, Council created a new Downtown PID with revised boundaries on June 9, 2022 (Resolution No. 20220609-081). Exhibit B is a map of the Downtown PID. Under the same action, Council designated DAA as the PID's management entity, as allowed by State law and as requested by property owners' petitions. Resolution No. 20220609-081 authorizes the Downtown PID and designates DAA to oversee PID services for a term of ten years from 2022 to 2032. This request is to execute the proposed management agreement (Exhibit A) and a corresponding Service and Assessment Plan (SAP) for five years, from May 1, 2023, through April 30, 2028, with total estimated funding of approximately \$79 million (Exhibit C).

The PID will be funded by assessments of ten cents per 100-dollar valuation on commercial properties valued over \$500,000 with exemptions and interest accrued in the PID account. Property used as hospitals, schools, religious organizations, charitable nonprofits, public facilities, or homesteads are exempt from assessment. The estimated total annual assessment revenue for the first year available to DAA is \$12,562,474. Council approves annually the DAA SAP and property roll subject to assessment, typically in July.

Strategic Outcome(s):

Economic Opportunity & Affordability; Health & Environment; Safety and Mobility.