



Recommendation for Action

File #: 23-2911, Agenda Item #: 13.

9/14/2023

Posting Language

Authorize negotiation and execution of an amendment to the interlocal agreement with the Austin Economic Development Corporation (AEDC) to increase funding by \$10,150,000 for increased AEDC operational expenses, additional iconic music fund appropriations, and expenses necessary to implement the I-35 Central Austin Connecting Equitably Project for a total agreement amount not to exceed \$35,740,000.

Lead Department

Economic Development.

Fiscal Note

Funding in the amount of \$2,500,000 is available from the Fiscal Year 2023-2024 Operating Budget of the Economic Development Department. Funding in the amount of \$2,500,000 is available from the Fiscal Year 2023-2024 Iconic Venue Fund. Funding in the amount of \$150,000 from Fiscal Year 2023-2024 Operating Budget of the Austin Transportation Department. Funding for the remaining years of the AEDC ILA is contingent upon available funding in future budgets.

Prior Council Action:

Resolution No. 20170216-040 - Council approved the proposal of an economic development corporation or similar entity to support the development of affordable housing, redevelopment, revitalization, and other projects.

Resolution No. 20180215-082 - Council approved steps for collaborating with and supporting An Austin Cultural Trust to create spaces to support artists and arts organizations, preserve historic and iconic cultural buildings and spaces for creative and cultural uses.

Resolution No. 20180809-061 - Council approved ordering an election on November 16, 2018, to authorize general obligation bonds for Libraries, Facilities and Cultural Museums.

Resolution No. 20200521-095 - Council approved a resolution to prepare and take appropriate action to ensure the long-term sustainability of Austin's creative culture, including its arts and music industries on an 11-0 vote.

Resolution No. 20200521-096 - Council approved actions related to economic recovery and revitalization associated with the live music ecosystem, including in the Red River Cultural District.

Resolution No. 20201001-055 - Council approved the creation of the Austin Economic Development Corporation (AEDC), a Local Government Corporation under Subchapter D, Chapter 431, Texas Transportation Code; adopted the corporation's Articles of Incorporation and Bylaws; and appointed the initial Board of Directors.

Resolution No. 20201203-046 - Council directed the City Manager to establish an Iconic Venue Fund.

Council Action 20210610-011 - Council authorized negotiation and execution of an interlocal agreement with

the AEDC in an amount not to exceed \$15,000,000.

Ordinance No. 20210812-001 - Council adopted the Fiscal Year 2021 Operating Budget and Five-Year Capital Improvement Spending Plan of the City of Austin.

Council Action 20211209-05 - Council authorized negotiation and execution of an amendment to the interlocal agreement with AEDC to provide assistance in engaging and supporting three development projects, which include implementation of East 11th and 12th Streets Urban Renewal Plan Development Feasibility, I-35 Central Austin Connecting Equitable land value and future development analysis, and East 11th Street Parcel Disposition services related to the Urban Renewal Plan.

Council Action 20220929-11 - Council authorized negotiation and execution of an amendment to the interlocal agreement with AEDC to increase the agreement amount for administrative and program costs related to providing assistance in engaging and supporting development projects and leveraging the City's investments and assets to achieve inclusive economic and community development outcomes and priorities, in an amount not to exceed \$10,590,000 for a total agreement amount not to exceed \$25,590,000.

Ordinance No. 20210811-001 - Council adopted the Fiscal Year 2022 Operating Budget of the City of Austin.

Ordinance No. 20220817-004 - Council adopted the Fiscal Year 2023 Operating Budget of the City of Austin.

For More Information:

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Council Committee, Boards and Commission Action:

Resolution No. 20210325-AIDC003 - approved a resolution adopting the Fiscal Year 2020-2021 operating budget for the Austin Industrial Development Corporation and authorizing the use of funds on a unanimous vote.

Additional Backup Information:

On June 10, 2021, Council approved the negotiation and execution of an interlocal cooperation agreement (ILA) with the Austin Economic Development Corporation (AEDC) in an amount not to exceed \$15,000,000. That authority included:

- \$2,400,000 from the Iconic Music Venue Fund from hotel occupancy tax revenue,
- \$12,000,000 in general obligation bonds for a cultural facility, and
- \$600,000 from Fiscal Year 2021 City of Austin General Funds.

Of the above, \$600,000 has been expended by the AEDC on administrative expenses. The remaining \$14,400,000 supports project delivery specifically for the cultural trust and not applicable for general operating costs or other project costs. To date, no eligible expenses have occurred on the \$14,400,000 funds.

On September 29, 2022, Council approved the negotiation and execution of an amendment to the ILA to increase the contract authority by \$10,590,00 for a total contract amount not to exceed \$25,590,000. That authority included:

- \$2,400,000 for Fiscal Year 2022 and Fiscal Year 2023 AEDC operational expenses (\$700,000 from Fiscal Year 2022 and \$700,000 from Fiscal Year 2023 Economic Incentive Reserve Fund plus an additional \$1,000,000 in one-time funding from Fiscal Year 2023 Budget Stabilization Reserve Fund

with the adoption of the Fiscal Year 2022-2023 Budget);

- \$2,750,000 for Fiscal Year 2023, Fiscal Year 2024, and Fiscal Year 2025 AEDC Creative Space Assistance Program expenses. (\$1,500,000 from Fiscal Year 2023 and \$250,000 from Fiscal Year 2023 Economic Incentive Reserve Fund, plus an additional \$1,000,000 in funding from Fiscal Year 2024 and Fiscal Year 2025 Economic Development Fund pending available budget);
- \$440,000 from Fiscal Year 2022 Operating Budget of the Housing and Planning Department to fund additional expenses necessary to implement the 11th and 12th Streets Neighborhood Urban Renewal Project and the I-35 Central Austin Connecting equitably Project; and
- \$5,000,000 in additional appropriations for the Iconic Music Venue Fund (\$2,500,000 from the Budget Stabilization reserve from Fiscal Year 2022 and Fiscal Year 2023, the appropriation was recommended from a Fiscal Year 2020 Budget Rider).

This Council action authorizes an additional \$10,150,000 increase to the contract authority for a total contract amount not to exceed \$35,740,000. This increase will include:

- \$7,500,000 for Fiscal Year 2024, Fiscal Year 2025 and Fiscal Year 2026 AEDC operational expenses (\$2,500,000 transfer from the General Fund, plus an additional \$5,000,000 in funding from Fiscal Year 2024 and Fiscal Year 2025 General Fund pending available budget);
- \$2,500,000 in additional appropriations for the Iconic Music Venue Fund (\$2,500,000 transfer from the Historic Preservation Fund, the appropriation was recommended from a Fiscal Year 2020 Budget Rider); and
- \$150,000 from Fiscal Year 2023 Operating Budget of the Austin Transportation Department to fund additional expenses necessary to implement the I-35 Central Austin Connecting equitably Project.

Going forward, staff will ensure that any future amendments to the ILA will appropriately include the administrative costs that are necessary for the AEDC to deliver the assigned projects.