



City of Austin

Recommendation for Action

File #: 26-2806, **Agenda Item #:** 9.

10/22/2026

Posting Language

Authorize negotiation and execution of a Place-Based Enhancement Cultural Preservation economic development agreement with Escuelita del Alma to support its continued operation as a childcare provider, for a total amount not to exceed \$84,390 over a five-year term to support retention of this local legacy business. Funding: \$16,216 is available in the Fiscal Year 2026-2027 Economic Incentive Reserve Fund. Funding for future award payments will be contingent upon future appropriations to the reserve fund.

Lead Department

Austin Economic Development.

Fiscal Note

Maximum economic development agreement payments to Escuelita del Alma are estimated at \$84,390 over the course of a five-year term, if all performance and compliance criteria are met. Funding for incentive payments is contingent upon the annual appropriation of funds to the Economic Incentive Reserve Fund. Eligible sources of funding for the Economic Incentive Reserve Fund may include, but are not limited to, sales taxes, property taxes, mixed beverage taxes, and grants and private donations.

For More Information:

Mac Cummins, Director, Austin Economic Development, 512-568-9720; Matthew Schmidt, Division Manager, Austin Economic Development, 512-974-6415.

Additional Backup Information:

Project Summary and Impact

Founded in 2000, Escuelita del Alma was Austin's first Spanish-immersion preschool. Originally located on the 200-block of Congress Avenue, Escuelita provided much-needed, high-quality childcare for parents working in the downtown business corridor. In 2008, the business almost faced closure due to the sale and redevelopment of the 200-block. Due to massive community support, the business was able to find a new location for lease on the access road of IH35 for the next 17 years. In 2022, they were forced to relocate again as a result of the Texas Department of Transportation Capital Expressway Expansion Project's acquiring their property through eminent domain.

Escuelita del Alma was able to purchase a new property that will be able to service nearly 230 students, continuing their organizational mission of providing high-quality, culturally- and linguistically-based education for many future generations of young Austinites. Establishing the new campus required the business to draw heavily on its savings, while the property carries a substantially higher tax burden. Those costs put added pressure on a longstanding local childcare provider at a critical point in its transition.

The proposed incentive would help offset the costs of relocation and re-establishment, giving Escuelita time to stabilize operations at its new location. Retaining the school preserves childcare capacity for working families, supports local jobs, and sustains a distinctive educational resource for future generations of young Austinites. This investment aligns with the Place-Based Enhancement Program's goal of helping legacy businesses remain resilient amid displacement and rising operating costs.

Fiscal Impact Analysis

Using the Impact Dashboard fiscal impact model, the City is projected to receive \$18,358 in total net benefit from the project over the five-year agreement term. This does not include the additional value of retaining childcare centers and spaces for the local economy, whose incremental value is substantial but harder to quantify. The total net benefit amount is calculated after the total Place-Based Enhancement Program award not to exceed \$84,390.

The project is eligible for consideration under the Place-Based Enhancement Program Cultural Preservation guidelines and received the necessary score for an award equal to 91% of property taxes paid to the City allowed under the Place-Based Enhancement Program guidelines.

Contract compliance and award payment eligibility will be determined annually by the City and an independent third-party to verify that Escuelita del Alma has performed in accordance with the terms of the contract. Upon confirmation of compliance, the City will provide a Place-Based Enhancement Program award equal to 91% of actual property taxes paid to the City for the award up to the maximum award amount of \$84,390.

Funding for the total award of \$16,216 is available through the Operating Budget of Austin Economic Development's Incentive Reserve Fund. The first payment for this agreement is available from the Fiscal Year 2026-27 budget. Funding for subsequent economic development agreement payments will be requested in Fiscal Year 2027 - 2031 budgets.