



**Public Hearing
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

AGENDA ITEM NO.: 65
AGENDA DATE: Thu 08/26/2004
PAGE: 1 of 3

SUBJECT: Conduct a public hearing and approve a resolution authorizing the establishment of an East Sixth Street Public Improvement District (PID), (generally covering properties along E. 6th Street between Congress Avenue and IH-35).

AMOUNT & SOURCE OF FUNDING: Funding of PID Assessments not to exceed \$0.10 per \$100 evaluation, and City of Austin annual contributions not to exceed \$43,500 for a period not to exceed three years.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Economic Growth and **DIRECTOR'S**
DEPARTMENT: Redevelopment Services **AUTHORIZATION:** Sue Edwards

FOR MORE INFORMATION CONTACT: Michael Knox, Downtown Officer, 974-6415; David Lloyd, City Attorney, 974-2718

PRIOR COUNCIL ACTION: 07/29/04 - Set the public hearing to consider authorization of the East Sixth Street Public Improvement District (PID).

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: N/A

This resolution authorizes the creation of the East Sixth Street Public Improvement District (PID) for a period of five years, and designates the Pecan Street Owners Association as the advisory body as contemplated by Section 372.008 of the Texas Local Government Code.

The signed petitions generated by the Pecan Street Owners Association (PSOA) represent the owners of over 50% of the appraised value of all taxable real property liable for assessment under the proposed East Sixth Street PID method of assessment, and the owners of over 50% of the area of all taxable real property liable for assessment under the proposal. As certified by the City Clerk, (Exhibit 1), the number of signatures is greater than the number required by Chapter 372 of the Local Government Code and meets the requirements of State Law for a petition requesting establishment of the district. The original petitions, as executed by the property owners or authorized representatives are available for inspection by the public in the City Clerk's Office.

The proposed PID boundaries (Exhibit 2) generally cover properties along E. 6th Street between Congress Avenue and I-35. The Downtown Austin PID covers an area stretching from Martin Luther King, Jr. Blvd. south to Riverside Drive, and from IH-35 to Nueces St. The proposed E. 6th St. PID will more intensely focus on a much smaller area, the seven (7)-block section of E. 6th St. between Congress Avenue and IH-35, generally only the properties facing E. 6th.

The City staff has notified property owners and otherwise completed the notification requirements as



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outlined in 372.009 of the Texas Local Government Code.

The Downtown Austin PID exempts the first \$500,000 of property value, and assesses on the remaining value. The proposed E. 6th Street PID will assess on this first \$500,000 exempted by the Downtown PID. The proposed E. 6th Street PID will assess at a rate not to exceed \$.10 per \$100. The maximum annual assessment will be \$500 per property. The Downtown Austin PID grants exemptions for historic properties, while the proposed E. 6th St. PID will not, due to the large number of historic properties in the area.

After many years and attempts to improve E. Sixth St., the property owners came together in 2002 as a group to address the issues confronting E. Sixth Street. The owners engaged Mitch Nichols, of Nichols Gilstrap Inc., to provide analysis of similar districts throughout the country. His March 2003 report concluded that E. Sixth Street was not meeting its potential, noting that if two-thirds of the available space on E. Sixth Street achieved sales volumes comparable to other strongly performing districts around the country, more than \$150 million in annual sales could be generated within this single historic district.

With the findings of the study, additional research and site visits to Dallas and other entertainment districts, the property owners group decided that the most effective way to improve E. Sixth Street is to form an association and create a Public Improvement District for the area.

As required by Chapter 372.013, Texas Local Government Code, the Pecan Street Owners Association has prepared a five year service plan (Exhibit 3). The proposed service plan is necessary to 1) create a vibrant mixed-use district, where diverse offerings are a strong asset appreciated by both locals and visitors alike; 2) make E. Sixth Street an important economic and cultural asset to the community for present and future generations; and 3) advocate for the preservation and enhancement of the district's unique historic character.

To accomplish these goals the Pecan Street Owners Association has drafted a Service Plan and budget for the PID. Of the \$81,500 annual budget (first year), approximately \$38,000 will come from PID assessments, \$43,500 from the City of Austin. The Pecan Street Owners Association's total annual budget is approximately \$125,000, with the remainder coming from contributions and fundraising events. The Pecan Street Owners Association intends that the project will be self-sufficient within 3 years, relying only on PID assessments and additional funds raised through promotions and special events to supplement the funds from the PID.

The proposed E. 6th St. PID will provide funding to enable a parcel-by-parcel and owner-by-owner level of assistance not possible for the Downtown Austin PID, as well as additional and different services than that provided by the downtown-wide Downtown Austin PID.

Much of the first year budget will be used to hire an Executive Director, who will focus on E. 6th Street and the five programs within the Service Plan:

1. Public Order/Safety - \$16,300 or 20%

The E. Sixth Street PID management organization will work directly with the City to create a working group to begin to identify the issues and barriers facing E. Sixth Street. A working plan will be created with ways to solve/mitigate issues. The management organization will also work directly with



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the DAA, the APD and others to address the issues of public safety, order and evening management of the street.

2. Communications/Membership - \$12,225 or 15%

Design a database and management system of property information; create public membership opportunities; develop effective communications to members, stakeholders and others through email, phone, fax and mail.

3. Physical Improvements - \$12,225 or 15%

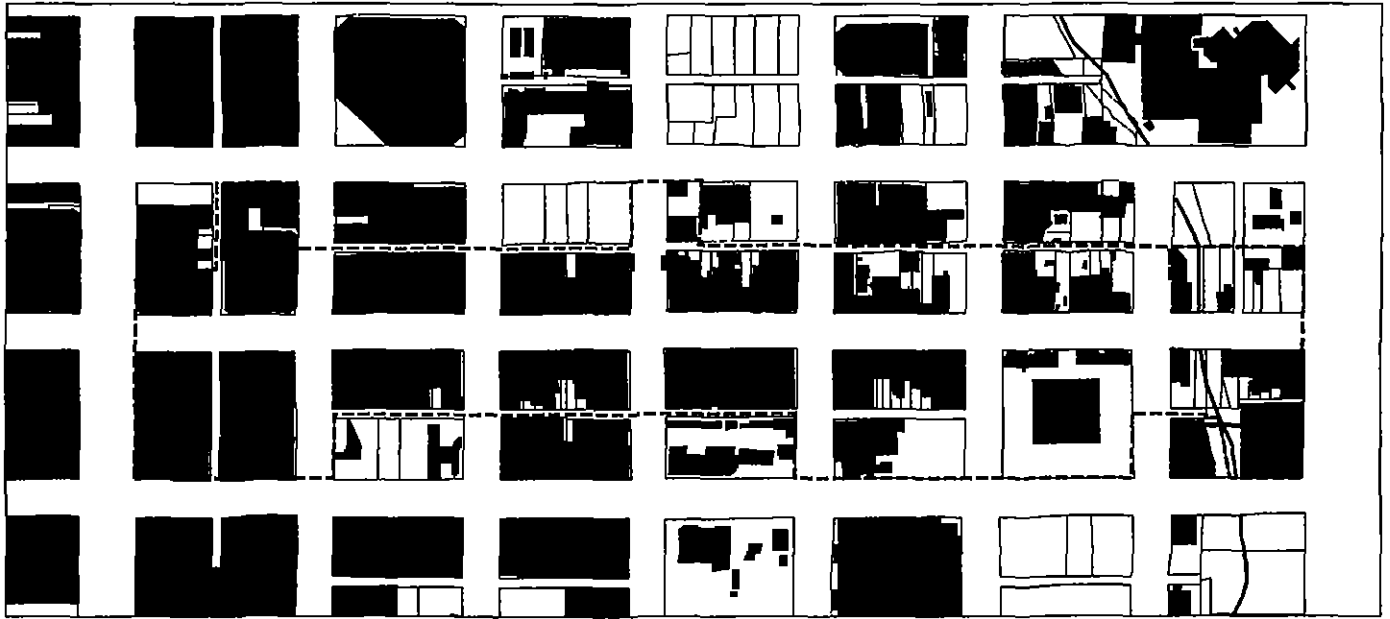
Create a strategy and a plan for physical improvements in the district such as signage, sidewalks, and entries.

4. Marketing/Public Relations/Strategic Partnerships - \$16,300 or 20%

Create a marketing plan and public relations strategy for the district; develop relationship with the real estate broker and developer community; work with existing tenants providing education opportunities and expansion options; create financial strategy for self-sufficiency in three years; create strategic partnerships with the private sector for promotional and funding opportunities.

5. Historic Preservation/Accentuation - \$12,225 or 15%

Create a strong working group to develop this area for the historic preservation community, tourism, the museum, art groups, etc.; develop a working document that sets the vision for the interpretation and enhancement of the historic district. Another \$12,225 or 15% will be for administrative expenses.



□

DRAFT – 8/18/2004

RESOLUTION NO.

WHEREAS, Chapter 372 of the Texas Local Government Code (the "Act") authorizes the creation of public improvement districts; and

WHEREAS, owners of real property located within the vicinity of East Sixth Street, within the Austin Central Business District, delivered to the City of Austin a petition (the "Petition") requesting that the City Council create an East Sixth Street Public Improvement District (the "District"), as shown on the map attached hereto and made a part hereof and marked Exhibit "A" (the "Map of the District"); and

WHEREAS, the City Clerk of the City of Austin has reviewed the Petition and determined that under the proposal as set out in the Petition (i) the owners of more than 50% of the appraised value of the taxable real property liable for assessment and (ii) the owners of more than 50% of the area of all taxable real property liable for assessment within the District have executed the Petition and that the Petition complies with the Act and authorizes the City Council to consider the creation of the District; and

WHEREAS, after providing the notices required by Section 372.009 of the Act, the City Council on August 26, 2004, has conducted a public hearing on the advisability of the improvements and services; and

WHEREAS, the City Council adjourned such public hearing; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

Section 1. Pursuant to the requirements of the Act, the City Council, after considering the Petition for the proposed District and the evidence and testimony presented at the public hearing on August 26, 2004, hereby finds and declares:

- (a) Advisability of the Services and Improvements Proposed for the District. It is advisable to create the District to provide the services and improvements described in this resolution; and the services and improvements will contribute to the public health, safety, and welfare.
- (b) Nature of the Services and Improvements. The general nature of the services and improvements to be performed by the District is: improved public safety, economic development, streetscape improvements, marketing and public relations, provide recreational activities and cultural enhancements, enhance pedestrian and vehicular mobility, and other services and improvements that are authorized by the Act. The District is being created with the intention of supplementing and enhancing services within the District, but is not intended to replace or supplant existing City services provided within the District. The services and improvements to be provided are more specifically described in the service plan (the "Service Plan") attached hereto as Exhibit "B" and made a part hereof. The Service Plan is hereby approved

and accepted by the City Council.

- (c) Estimated Cost of the Services and Improvements. The estimated annual cost of the services and improvements to be provided by the District through assessment revenue and a proposed City contribution for each of the first three (3) years of the District's five (5) year term, is approximately \$81,500 for each of the first three (3) years, and \$38,000 for each of the following two (2) years. The petitioners have represented to the City that these amounts will be supplemented with additional revenue raised through private contributions and special events. These anticipated additional funds are included in the proposed Service Plan attached as Exhibit "B". The District shall not incur bonded indebtedness.
- (d) Boundaries. The District is located wholly within the City of Austin, Texas. The District is located within the Austin Central Business District, which is devoted primarily to commercial activity. The boundaries of the District are shown on the Map of the District, Exhibit "A".
- (e) Method of Assessment. The method of assessment is based on the value of the real property and real property improvements as determined by the Travis Central Appraisal District.

Except with the prior consent of the owners thereof, the following classes of property shall be excluded from assessment: (a) property of the City; (b) property of the County, and property owned by

political subdivisions of the State of Texas and used for public purposes; (c) property owned by a church or by a strictly religious society, and which yields no revenue to such church or religious society, and which is used as an actual place of religious worship or as a dwelling place for the ministry of such church or religious society; (d) property owned by persons or associations of persons which is used exclusively for school purposes; (e) property owned by an association engaged in promoting the religious, educational, and physical development of boys, girls, young men, or young women operating under a state or national organization of like character and used exclusively and necessarily for such purpose, including, but not limited to, property owned by the Austin Independent School District; (f) property owned by institutions of purely public charity; (g) property that was used primarily for recreational, park, or scenic purposes during the immediately preceding calendar year; (h) property owned by public or private utilities that is located in public streets or rights-of-way; (i) property used for residential purposes and fitting the definition of a homestead provided in Section 41.001, Vernon's Texas Code Annotated, Texas Property Code; (j) property owned by The University of Texas and the State of Texas; (k) all hospitals; and (l) the valuation over \$500,000 of all properties liable for assessment.

All property owners assessed in the District automatically become members of the District and others may join by the voluntary payment of dues. The Service Plan reflects the

intention that the District is being created to provide services in a manner that will primarily benefit District members.

After reviewing the testimony and evidence, it is found that the exemptions for excluded classes are reasonable because the excluded property will not receive a benefit from the District sufficient to justify assessments. It is further found that the exemptions are reasonable and necessary to promote the efficient management of the District.

(f) Assessment Roll and Setting of Rate. The City Manager is hereby directed to annually prepare an assessment roll and file said roll with City Clerk, in conformity with the exemptions from assessment established under subparagraph (e) above. The assessment rate shall not exceed \$0.10 per \$100.00 valuation of taxable real property as shown on the tax rolls of the Travis Central Appraisal District.

(g) The recitals set forth in the preamble of the Resolution are found to be true and correct.

Section 2. The East Sixth Street Public Improvement District is hereby authorized and created as a Public Improvement District under the Act in accordance with the findings set forth in this Resolution as to the advisability of the services and improvements. The District shall be subject to the terms, conditions, limitations, and reservations contained in the findings of Section 1 of this Resolution.

Section 3. The City Clerk is directed to give notice of the authorization of

establishment of the District by publishing a copy of this Resolution once in a newspaper of general circulation in the City of Austin. Such authorization shall take effect and the District shall be deemed to be established effective upon the publication of such notice. The District shall automatically dissolve five years from the date of approval of this Resolution unless the District is renewed through the Petition and approval process provided for in the Act, or the District is sooner terminated as provided by law. The power of the City to continue to levy and collect assessments within the District pursuant to the Act will cease and the District will be dissolved on the date that a petition requesting dissolution is filed with the City Clerk of the City of Austin and the petition contains the signatures of at least enough property owners in the District to make the petition sufficient for creation of a public improvement district as provided in Section 372.005(b) of the Act.

Section 4. The City Council designates the Pecan Street Owners Association, a Texas nonprofit corporation, as the advisory body as contemplated by Section 372.008 of the Act.

ADOPTED: _____, 2004

ATTEST: _____

Shirley A. Brown
City Clerk