



MEMORANDUM

TO: Mayor and Council
THRU: J. Rodney Gonzales, Assistant City Manager
FROM: Denise Lucas, Director
Development Services Department
DATE: September 17, 2020
SUBJECT: Use of Revenue Generated from Land Management Team

Item 62 on the September 17 Council Agenda is a resolution which directs the City Manager to research and identify ways to support key industry sectors, specifically live music and art venues, restaurants and bars, and childcare. In the Council Work Session on September 15, Council discussed an amendment to this resolution which would create a dedicated fund using, among other fees, payments from alley and street vacation sales and revenue from encroachment agreements from Downtown development projects located outside the Rainey Street Historic District and Subdistrict.

The purpose of this memo is to provide clarification on fees received for processing applications for alley vacation sales, street vacation sales, encroachment agreements, and easement releases. The services required to process these applications are performed by the Land Management Team of the Office of Real Estate Services. Like other City fees, to the extent that these the fees are for services performed by the City, they are based on the cost to provide the services and are not in excess of those costs. Currently the fees for processing these applications serve as General Fund revenue because the Land Management Team is funded from the General Fund. Effective October 1, the Land Management Team and the associated services will transfer to the Development Services Department (DSD). In accordance with the transfer, the fees for these services will flow to DSD's Enterprise Fund rather than the General Fund. Projected revenue from these fees is incorporated into DSD's FY21 budget adopted by Council on August 12, 2020.

As an Enterprise Fund department, DSD's fees are set at the cost of providing services to customers. DSD intends to review the current cost of service for the Land Management Team activities, similar to other DSD activities, to ensure the fees are set at the appropriate level.

The dollar amounts associated with the appraised value for alley and street vacation sales is a General Fund revenue, and license agreement fees are a revenue for the Austin Transportation Department. This memo is only to clarify the flow of fee revenues associated with processing

applications for alley vacation sales, street vacation sales, encroachment agreements, and easement releases.

Copy: Spencer Cronk, City Manager