



Recommendation for Action

File #: 21-2372, **Agenda Item #:** 27.

7/29/2021

Posting Language

Approve a resolution adopting the East Sixth Street Public Improvement District Service and Assessment Plan and Budget update for 2022. Related to Item #28.

Lead Department

Economic Development.

Fiscal Note

This item has no fiscal impact.

Prior Council Action:

August 8, 2019 - Council approved Resolution No. 20190808-094 reauthorizing the East Sixth Street Public Improvement District (PID).

June 11, 2020 - Council approved Ordinance No. 20200611-057 setting the assessment rate and approving the proposed 2021 assessment roll for the PID.

July 30, 2020 - Council approved Ordinance No. 20200730-015 adopting the PID Service and Assessment Plan and Budget update for 2021.

June 10, 2021 - Council approved Ordinance No. 20210610-012 setting the assessment rate and approving a proposed 2022 assessment roll for the PID and set a public hearing to consider the 2022 proposed assessment.

For More Information:

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Nicole Klepadlo, Redevelopment Project Manager, Economic Development Department, 512-974-7739.

Additional Backup Information:

This action will approve the proposed PID Service and Assessment Plan and Budget for 2022, as provided to the City by Sixth Street Austin. State law requires City Council approval of the Service and Assessment Plan and Budget, which serves as the basis for the proposed 2022 assessment roll. The PID assessment will provide services in the following areas: Infrastructure and Physical Environment, Public Safety, Communications and Membership, and Marketing, Economic Development, and Fundraising.

The Controller's Office has recently instituted factoring in unpaid assessments from all prior years to calculate the PID budget amount, impacting FY 2021 and FY 2022. The 2022 budget amount takes into account the Controller's Office recognition of outstanding accounts receivables (older than 1 year) deemed to be uncollectible, as required by governmental accounting standards. The adjustment for prior year doubtful accounts is occurring over two years: the current 2021 fiscal year and 2022. Going forward, the recognition of doubtful accounts will be completed annually but the impact in future years should be minimal. In fiscal year 2018, the City started contracting with Travis County to include the PID assessments on the property tax bills.

Collections have improved and the collection rate average is around 98%.

The PID submitted a 2022 budget for the PID in the amount of \$70,931. The amount includes \$46,393 in 2022 assessments (at an 85% collection rate of \$54,576 from the 2022 proposed assessment roll in Exhibit A), \$35,000 annual City contribution in lieu of paying an assessment on City-owned tax exempt property and other City priorities, \$22,612 from reserves maintained for property protests and unpaid taxes to achieve a targeted fund balance, and \$421 from interest accrued and late payments in the PID Account and less \$7,834 in City and County fees and less \$25,661 for unpaid assessments from the 2005-17 and 2021 property tax years.

Approval of the proposed PID Service and Assessment Plan and Budget, and the ordinance adopting an assessment rate and proposed assessment roll, are part of the annual process of approving PID assessments and subject through Council approval in the Fiscal Year 2022 Budget. Appropriation of \$70,931 in the Economic Development Department Special Revenue Fund will require Council authorization. Travis Central Appraisal District has stated it will not adjust property values for 2022; thus, the total assessment is subject to change only due to protests by property owners.

Strategic Outcome(s):

Economic Opportunity and Affordability.