



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 42

Agenda Date: September 21, 2023

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Public Hearing and consideration of an Ordinance approving the levy of a Special Assessment for the Downtown Public Improvement District; levying an assessment rate for the Fiscal Year 2024 at \$0.15 per \$100.00 value of commercial real property in the Downtown Public Improvement District, \$0.09 per \$100.00 value of residential condominiums that do not have a homestead exemption, and \$0.045 per \$100.00 value of residential condominiums that have a homestead exemption.

SUMMARY:

This public hearing is called to consider public comment in conjunction with City Council consideration of an Ordinance approving the levy of a special assessment to fund supplemental services for the Downtown Public Improvement District (PID); establishing an assessment rate at \$0.15 per \$100.00 value of commercial real property in the PID, \$0.09 per \$100.00 value of residential condominiums in the PID that do not have a homestead exemption, and \$0.045 per \$100.00 value of residential condominiums in the PID that do have a homestead exemption; and approving the 2024 Service and Assessment Plan (the Plan) for the PID.

BACKGROUND INFORMATION:

A public improvement district is a mechanism authorized by Chapter 372 of the Local Government Code, known as the Public Improvement District Assessment Act (the Act), that permits the City to levy an additional assessment on property owners within specified boundaries that may be used for capital improvements or services which supplement those provided by city government. The Act also provides for the creation of PIDs, outlines their uses and regulates how they may operate. A PID is created to provide supplemental services to enhance existing services, and a municipality may not reduce the provision of services within the PID boundaries. Attachment I is a map of the PID boundary.

The Downtown PID was created in 1999 for an initial five-year term and was renewed again in 2004 and 2009. It was re-established once more in 2013, with City Council reauthorizing the PID for a ten-year term beginning October 1, 2013, through September 30, 2023. Re-establishment of the PID for an additional ten-year period is being considered by Council as a separate item.

The City contracts with the Centro PID, a non-profit corporation to manage services within the PID. Centro PID provides supplemental core services for the downtown experience, maintenance, beautification and landscaping, hospitality ambassador services; outreach and security services; and programs and other services such as the marketing and promotion of the District, community events and programs, economic development activities including business recruitment and retention activities; project management, planning and research initiatives, and a Capital Improvement Program (CIP) that consists of small capital projects and other special projects of short duration. This plan details the levels of services and improvements for each program during the coming year, sets the assessment rate, includes financial plan/program budget, and provides a five-year forecast.

Actual revenue and expenditures for programs or projects in the PID will vary each year and are detailed in the Annual Services and Assessment Plan ("Plan") which is developed by Centro and approved by the PID Board of Directors before being brought to City Council for consideration annually in September.

ISSUE:

The statute requires Centro PID to prepare a Service and Assessment Plan for City Council consideration and approval. This plan details levels of services and improvements for each program during the coming fiscal year, sets the assessment rate, includes a financial plan/program budget, and provides a five-year forecast.

The Centro PID has developed and is recommending the attached Service and Assessment Plan for 2024 (Attachment II). In summary, the Service and Assessment Plan for 2024 reflects an assessment rate at \$0.15 per \$100.00 value of commercial real property in the PID, \$0.09 per \$100.00 value of residential condominiums in the PID that do not have a homestead exemption, and \$0.045 per \$100.00 value of residential condominiums in the PID that do have a homestead exemption. The value of the FY2024 private assessments is \$5,594,349. This amount, combined with the City and CPS assessments, funding from VIA through an ILA, voluntary assessments, grants, interest, and funding from the FY2023 fund balance support the FY2024 Service and Assessment Plan Budget of \$7,137,000. The Service and Assessment Plan was approved by the

Centro PID Board on Tuesday, September 5, 2023, and per the Act, must also be approved by City Council. The Plan reflects a total annual budget of \$7,137,000 with the following program services:

Core Clean & Safe + Landscaping (\$4,880,000)

- Maintenance – Includes sidewalk cleaning, pressure washing, and graffiti abatement services performed by uniformed Centro PID crews.
- Beautification and landscaping – Include servicing light-pole mounted planters throughout the district, stair-rail planters along the River Walk and clusters of sidewalk planters throughout the PID.
- Hospitality Ambassador Program – Provides information to downtown visitors about the various downtown sites.
- Safety and security – Include Quality of Life ambassadors who will provide a visible presence to improve safety in the District and the continuation of supplemental morning SAPD Bike Patrol hours in the district.
- Management services – Includes oversight of the District Operations office space, administrative support and overhead necessary for the daily operations of the PID.

Marketing, Planning & Management (\$1,832,000)

- Marketing, promotion, and event programming related to the District, the Corporation's brands, and the downtown area.
- Economic Development program that includes a continued collaboration with Greater: SATX, the City's Economic Development Department, and the San Antonio Chamber of Commerce to attract and retain businesses in Downtown San Antonio and may directly recruit businesses.
- The Centro PID utilizes current staff resources to provide strategic support, project management oversight and research support for key initiatives.
- The management agreement provides for the administrative oversight of the Centro PID to include administrative support staff to perform key functions including clerical, accounting, bookkeeping, human resources and legal; monitor the performance of said subcontractors; recruit, hire, pay and supervise the work force that the Corporation will utilize to furnish the services and programs defined in the Plan.

Other Expenditures (\$425,000)

- Small capital projects which could include the replacement of aged maintenance equipment; leasehold improvements to correct conditions of operation offices; public restroom maintenance; and shade structures.
- Funding is allocated for special projects within the District such as Bond projects, long-range urban development, and advocacy for areas like the Broadway Cultural Corridor and Zona Cultural; placemaking events; public art installations; and "Centro Park" programming and holiday lighting including an ice rink.

ALTERNATIVES:

If the City Council does not approve the Plan, the Centro PID may not carryout supplemental services within the PID. The downtown property owners may look to the City to fund these enhanced services which they have received since 1999.

FISCAL IMPACT:

The method of PID assessment is based on the value of real property as determined by the Bexar Appraisal District. The total estimated value of taxable real property in the PID for FY 2024 is \$3,827,659,156. This represents a 9.72% increase in the total assessed value of the PID from FY 2023.

The assessment rate for each year is set in the PID's Service and Assessment Plan. This year the Centro PID is recommending the assessment levy at \$0.15 per 100.00 value for commercial real property. Residential condominiums are \$0.09 per \$100.00 value of residential condominiums that do not have a homestead exemption and \$0.045 per \$100.00 value of residential condominiums that have a homestead exemption. The initial request from Centro was to maintain the residential assessment at .09 for all condominiums regardless of whether or not the property had a homestead exemption. Centro Leadership and Councilmember Kaur met with condominium property owners to better understand concerns regarding the PID. After discussion, Centro revised the residential assessment to reflect a tiered system for those owners with a homestead exemption.

For FY 2024, the City's contribution to the PID is \$596,077 and is based on the insured value of City owned property within the PID boundaries. This includes facilities such as Municipal Plaza, City Hall, City Tower and Garage, International Center, St. Mary's St and Convention Center parking garages, Plaza de Armas, Spanish Governor's Palace, Fire Station #1, EMS Supply, Casa de Mexico, Market Square and Market Square garage, Central Library and parking garage, and La Villita.

The PID budget also includes \$294,000 from VIA participation in the PID. These funds provide for the pressure washing of bus stops. In addition, CPS will provide a voluntary contribution of \$64,000 for FY 2024 which will escalate 3% annually. These funds are programmed within the Service and assessment plan and are supported by separate ten-year Interlocal Agreements to be approved by City Council along with the ten-year contract with Centro to Manage the PID.

This ordinance has no fiscal impact.

RECOMMENDATION:

Staff recommends approval of the 2024 PID Service and Assessment Plan to fund services and improvements for the Downtown Public Improvement District.