

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
ECONOMIC DEVELOPMENT DEPARTMENT**

**PUBLIC HEARING
TIME CERTAIN
ITEM NO. 5
2:00PM**

TO: Mayor and City Council

FROM: Ramiro A. Cavazos, Director, Economic Development Department

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono, Christopher J. Brady, Melissa Byrne Vossmer, Peter Zandoni, Milo Nitschke, Malcolm Matthews, Tom Wendorf, Albert Ortiz, Trey Jacobson, File

SUBJECT: Public Hearing and Ordinance for the Re-Establishment of the Downtown Public Improvement District

DATE: June 3, 2004

SUMMARY AND RECOMMENDATIONS

This public hearing is being held to provide input and consider a proposed ordinance for the re-establishment of the Downtown Public Improvement District to provide supplemental services in the downtown area.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

A public improvement district (PID) is a mechanism that permits property owners, within specified boundaries, to levy an additional assessment that may be used for capital improvement or services, which supplement those provided by city government. Chapter 372 of the Texas Local Government Code provides for the creation of PIDs, outlines their uses and regulates how they may operate. If a PID is created to provide supplemental services, a municipality may not target service reductions within the PID boundaries. Provided as Attachment A is map of PID boundaries.

The Downtown Strategic Plan, adopted by the City of San Antonio in 1996, recommended the creation of the Downtown PID as a strategy to enhance the downtown environment. Services included supplemental street/sidewalk cleaning, landscaping and provision of visitor information. In the spring of 1998, an initiative to create a PID was started by a group of downtown property owners and led by the Downtown Alliance.

The Downtown PID was created 1999 for an initial five-year term. The City subsequently contracted with Centro San Antonio Management Corporation (Centro), a Texas non-profit corporation, for the provision of services and improvements within the PID, pursuant to the petition requesting creation of the PID.

Each year Centro holds two meetings in July to solicit property owner input on the services and levels for the next fiscal year. Centro then prepares a Service and Assessment Plan for City Council's approval. That 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 assessment rate of \$0.12 per \$100 value has been maintained for each of the five years of operation.

The first five-year term of the PID will expire on September 30, 2004. A petition requesting that the PID be re-established for an additional five-year term was submitted to the City Clerk's Office on March 3, 2004. It was signed by 55% of the property owners of record and represents over 76% of the property value within the proposed PID boundaries. The petition further requests that Centro continue to manage the delivery of the PID services. If the City Council approves the re-establishment of the PID, a new management contract would be negotiated with Centro and submitted to City Council for approval at a later date.

POLICY ANALYSIS

The proposal for the re-establishment of the PID does not recommend any substantive changes to the services currently being provided by the PID. Currently, through the maintenance program, Centro provides sidewalk sweeping, litter pick-up, light graffiti removal and power washing. The ambassador program provides visitor information and assistance. The landscaping program provides light pole planters, river access stair rail planters and sidewalk planter clusters. The marketing program provides public information and marketing.

A minor change in the boundaries was proposed which included: the Bexar County Courthouse, Justice Center, Plaza de Islas, San Fernando Cathedral and the Municipal Plaza Building. This change in the boundaries would require the approval and financial participation of Bexar County, which is not likely to occur until late summer. To ensure the uninterrupted provision of PID services, the district needs to be re-established before City Council goes into the summer budget work session period. The proposed boundary change cannot be implemented and still maintain the overall schedule, therefore, the original boundaries are proposed to continue unchanged.

The method of PID assessment is proposed to continue according to the value of real property based on a percentage of the appraised value of real property, as determined by the current roll of the Bexar Appraisal District (BAD). Pursuant to State law, the city in which a PID is created must participate financially in the PID at the same level as all other property owners within the PID. The City's assessment has been \$75,500 annually. For purposes of PID assessment, CPS property has been considered City property and assessed at \$16,032. Other exempt jurisdictions may participate, and receive PID services through a contract with the

municipality. VIA Metropolitan Transit has contributed \$30,000 each year to the PID through such a contract.

If established, a PID Service and Assessment Plan will be brought to City Council in September for approval. The assessment rate for that fiscal year will be set at that time. A rate of \$0.11 is being considered for the first year of this reauthorization.


FISCAL IMPACT

The municipality is required to participate financially in the PID at the same rate as other property owners within the PID. BAD does not appraise exempt properties, so an alternative valuation methodology was developed with the assistance of the Asset Management Department and Risk Management, a division of the Human Resources Department. An analysis of the insurance replacement values of City properties, which excludes land values, compares very closely with the BAD totals for similar private properties. This methodology generated increases in City property values consistent with the increase in private property value since 1999. This methodology also ensures that the costs of services are apportioned fairly.


The actual assessment rate will be set by City Council in September, and the projected City contribution to the PID is estimated to be \$77,650.

COORDINATION

This item has been coordinated with the City Attorney's Office, City Clerk's Office, Finance, Public Works, and Parks & Recreation Departments. The Downtown Advisory Board reviewed this item and passed a resolution of support in its March meeting. The City Council Urban Affairs Committee also reviewed a briefing on April 12, 2004 and recommended forwarding the item for full Council consideration.



Ramiro A. Cavazos
Director



J. Rolando Bono
Deputy City Manger

Approved:



Terry M. Brechtel
City Manager

Attachment

