

MEMORANDUM

TO: Austin City Council

FROM: Rosie Truelove,
Board President
Austin Economic Development Corporation



DATE: February 14, 2022

SUBJECT: First Annual Update from Austin Economic Development Corporation

Austin City Council and City Manager,

As the President of the Interim and first full Board of the Austin Economic Development Corporation (AEDC), I am pleased to provide you with an update of milestones and accomplishments for the public development entity you created in October 2020. In its start-up phase, the AEDC has developed its organizational governance with a fully functioning Board of Directors, it has hired the initial leadership team, set up the initial organizational administrative infrastructure, is initiating lead projects identified by Council, has secured additional projects, and established itself as an independent advisor and supporter of stakeholders across a variety of communities. Today, the vessel for inclusive development is organized, staffed with a highly qualified leadership team, and is prepared to advance an increasingly self-supporting business model – one that will solidify our organization’s complete autonomy, public-private engagement, and oversight.

Over the past sixteen months, the AEDC experienced a slower-than-anticipated level of action needed for fully realizing the development of priority projects initially scoped with Council, but it was able to invest seed funding in ways that advanced these projects and supported our partnership with the City of Austin. While the [Interlocal Agreement with the City of Austin](#) has only been active for six months (executed on August 25, 2021), this update is intended to satisfy the report defined in Section 6.6 of the agreement which is due to the City of Austin annually, on February 15th. The attachments provided herein will become more sophisticated over time, as full-time staff are now in place and directing all activity and resources through the infrastructure created while the organization was initially supported by the City. This update highlights the organization’s governance, administrative and portfolio development while also summarizing the financial impact of expediting progress of priority projects during the start-up phase.

Development of Organizational Governance

At the time the organization was created, Austin City Council approved an interim board made-up of City staff and Chairs from the City’s Arts and Music Commissions ([Resolution 20221001-055](#)). Council then approved the nominees to the first full board of AEDC in March 2021 ([Resolution 20210325-026](#)) and has since approved two replacements to the board, including new representatives assuming the remaining term for seats from the [Arts Commission](#) and [Small/Minority Business](#). As aligned with the

mission of the organization and representative of the community it serves, the majority of AEDC's board is made-up of self-identifying minority community members.

AEDC is governed by a "blue-ribbon" board consisting of 20 voting-members who are nominated by the City and other external agencies or partners in the community, each seat representing a key expertise/voice within the landscape of the economic and community development field. Each nominating body is asked to provide nominations meeting the description of the subject matter area, qualifications and skill sets for an ideal nominee. During the final quarter of 2021, AEDC staff met with leadership of nominating bodies that are up for first term renewal in 2022. The process outlined with each includes returning to Austin City Council with our first-year report and request for approval of renewals for the first termed board seats. The first termed board seats for update including nominees from the City of Austin's Arts, Music and Historic Landmark Commissions, as well as nominees from Downtown Austin Alliance and Austin ECHO. Once approved, these seats will have a three-year term. A chart of those standing board members and those nominated by Council approved partners in the community is attached for reference.

2022 AEDC Board Nominees include:

- Carl Settles, City of Austin Arts Commission
- Emmett Beliveau, City of Austin Music Commission
- Bradford Patterson, City of Austin Historic Landmark Commission
- Xavier Peña, Downtown Austin Alliance
- Awais Azhar, Austin ECHO

The board has organized an Executive Committee and Cultural Trust Advisory Committee to support various elements of the organization's program of work, developed a Partnership Working Group with the Urban Renewal Agency to have a Board-to-Board for detailed project work, and, following the recommendations from the City's South Central Waterfront Advisory Board, staff is continuing to discuss roles and responsibilities for a potential South Central Waterfront Committee under the auspices of AEDC.

Organizational Development

As previously noted, the Austin City Council prioritized three projects for immediate engagement and support at the time AEDC was created. Roles for these priority projects are further defined in the Interlocal Agreement with the City of Austin, approved by Council on June 10, 2021 ([Resolution 20210610-011](#)). Since that time, the AEDC Board approved contracting with professional service providers to conduct executive search processes for the President and Chief Executive Officer (CEO), the Chief Operating Officer (COO), and the Chief Transactions Officer (CXO). To expeditiously address projects approved by Council, the Board approved an expansion of the contract with QBL Partners while prioritizing and initiating the search and hire of the CXO to encourage continuity between consultants and full-time staff in the startup process.

Today, as profiled in an attachment to this update, the organization consists of three staff members. Executive staff of AEDC includes:

- Theresa Alvarez, President and CEO (February 2022)
- David Colligan, Chief Operating Officer (February 2022)
- Anne Gatling Haynes, Chief Transactions Officer (September 2021)

Two additional projects to the Interlocal Agreement with the City of Austin (approved as [Addendum No. 4](#) and [Addendum No. 5](#)) will provide funding for another position focused on Community Relations to

support the execution of work. This position and future job postings will be posted under the [Public Notice section](#) of the AEDC website. However, it should be noted that the organization is not projected to grow staffing resources at the rate initially scoped with Council due to budgetary constraints and the need for additional revenue generating projects.

Staff solicited, identified, and contracted with external resources for professional services in the startup process. The following services are now autonomous functions under the management of AEDC:

- Banking and Financial Services
- Payroll and Bookkeeping
- Human Resources
- Holistic Legal Services

The organization continues to reference administrative functions from the City of Austin to mirror best practices and coordinate on common reporting needs and touchpoints. For example, AEDC and the City operate under the same fiscal year and the organization has mirrored the City's chart of accounts for budgeting and auditing. Staff is in the process of reviewing peer organizations previously reviewed with Council to develop its own policies and procedures based on best practices for operating at the "speed of business." Future procurement and contracting opportunities are posted under the [Public Notice section](#) of the AEDC website, as well as widely distributed.

Portfolio Development

The organization is leading with the community values sewn into its fabric by Council and looking for meaningful, yet efficient ways to engage. Both the board of the organization and our executive committee currently hosts a monthly meeting to take up action and hear from community members or potential stakeholders. While the organization's scope and calibration for engagement will be refined over time, measured activity captured to date includes directly emailing more than 600 persons for the development and launch of the Cultural Trust, distributing each solicitation and job posting to more than 130 organizations in the community, hosting more than 100 people in convenings/info sessions and office hours, and publicly accessible videos. Our board has also activated themselves, helping to expand the capacity of staff by presenting at Board and Commission meetings, participating in advisory committees and directly engaging in projects and the communities they are intended to serve.

At the time the Council explored the options for creating the organization, City staff and consultants hosted multiple forums with community stakeholders to return recommendations for the types of entity needed to support a holistic economic development vision. As noted in the report of recommendations from QBL Partners ([Memo and Recommendations from July 31, 2020](#)), there were three types of activities from stakeholder and council discussions around which the new organization should focus its efforts for inclusive real estate development:

- **Lease Administration:** AEDC will manage properties on behalf of the City. The City will retain title. AEDC will be paid out of proceeds from the property and will follow all City rules for procurement and disposition. The City retains title.
- **Transaction Support:** AEDC will perform a transaction (lease, sale, purchase) on direction from the City. AEDC will follow all City procurement and disposition requirements, as applicable. AEDC must comply with all Texas law and will obtain appropriate licenses and certifications including a Broker's license. AEDC will never have any property interest. Payments to AEDC will be made from the transaction.
- **Public Development:** The transfer of property to AEDC will be done with an explicit contractual requirement to achieve a public purpose. AEDC will take title to the property.

However, if AEDC does not use the property for the public purpose, the City will revert the property. If AEDC must abide by all City procurement rules, even should it determine to perform a further disposition—any such further disposition must still comply with achieving the public purpose.

The formative documents for the public development corporation were drafted with these considerations for activity and approved by Mayor and Council. AEDC’s scope of services were further defined through Section 6.2 of the Council approved Interlocal Agreement with the City of Austin:

- Real Estate Transactional Services: Brokerage and transactional services, acquisition and leasing, land valuation and best use analyses, marketing and solicitation services.
- Real Estate Management and Administration: Property management, lease management, operation, and maintenance.
- Public Development Services: Planning, promotion, negotiation, financing, and development of public development projects as identified from time to time by the parties.
- Additional Services: Consulting, technical advisory or other professional services; administration of economic development or grant programs.

Today, the organization’s Program of Work consists of a variety of active projects that were initially discussed with Mayor and Council at the time AEDC was created and projects that have been approved since the execution of the Interlocal Agreement with the City of Austin. As previously mentioned, the organization experienced a slower-than-anticipated level of action needed for fully realizing the development of priority projects initially scoped with Council, but it was able to invest seed funding in ways that advanced these projects and supported our partnership with the City of Austin. The following projects make-up AEDC’s current Program of Work:

<u>Project</u>	<u>Scope of Service(s)</u>	<u>Description</u>	<u>Budgetary Impact</u>
South Central Waterfront	Real estate transactional services and Additional services to manage TIRZ district	Leveraging public-private partnerships, tools, and programs in the redevelopment of this 118-acre area to realize the 2016 Vision of accessible economic and community benefits over next 20 years.	2020-21 Investment in consulting, technical advisory and professional services to support City. Future revenue collection to be based on fees for service. AEDC needs additional funding to continue supporting direct expenses until revenues generated until transactional services are rendered.
Cultural Trust for Creative Space	Additional Services/Program Management, Real estate transactional services, Public Development Services and Real estate management and administration	Permanently hardwiring the soul of our city into its development and growth through the integration of a diverse, affordable, and dynamic arts, culture, and music scene in Austin.	Investment in consulting, technical advisory and professional services to launch solicitation process for identifying potential investments. Revenue collection based on closing transactions and activating space(s). AEDC will realize

some reimbursement(s) of direct expenses but no revenues revolving until site(s) under control by the City and activated for management and administration.

Urban Renewal – Blocks 16 & 18	Real estate transactional services, Public Development Services and Real estate management and administration	Within the context of the development of the African American Cultural Heritage District, facilitating the disposition of two parcels on behalf of the Urban Renewal Agency into signature mixed-use developments that provide thriving small businesses, cultural anchors and distinctive affordable housing that reinforce the cultural identity of the district.	Investment in consulting, technical advisory and professional services to launch solicitation for negotiation and development. Direct expenses for pre-development work reimbursed from City. Revenue collection based on closing transactions and activating space(s). AEDC will realize reimbursement(s) of direct expenses but no revenues until site(s) developed and activated for management and administration.
I-35 – Connecting Equitably	Initially scoped as Additional services, Real Estate Analysis	Identifying and developing implementation strategies for projects that would mitigate potential displacement along key nodes of the I-35 expansion corridor, coordinated with the City of Austin’s lead design team of the ‘Cap and Stitch’ proposal, providing inclusive and equitable connections across the corridor to celebrate and secure the unique fabric of East Austin.	Investment in consulting, technical advisory and professional services for community engagement to develop inclusive strategies. AEDC will realize reimbursement(s) of direct expenses but no additional revenues anticipated under current scope of work.
Public Asset Inventory*	Additional services	Assessing existing resources and future opportunities from the City and across AEDC’s affiliate organizations to drive more collaborative and inclusive development.	No revenue generated until future project(s) and roles are scoped and approved.

* Previously discussed with Council, needing formal ILA articulation.

Financial Summary

Attached is an updated copy of the AEDC budget with an end of year projection that result in a negative balance of approximately \$62,000. There are several factors that contribute to this balance and, due to a status of the application for the organization to be established as a non-profit, leadership is not yet able to leverage outside funding sources or contributions to help resolve.

This organizational snapshot results in a request from the Board for Council to consider additional resourcing, as the initial budget reviewed with Council and stakeholders for the organization's growth and development has proven to be too ambitious for a startup organization when considering the pace of the projects initially scoped and the lag in time to establish revenue from such projects. Most of the projects scoped are real estate projects with revenues coming at the close of transaction. Further, these projects require investment and proper due diligence which could include outreach and predevelopment, feasibility and competitive processes, and approvals all leading up to the actual transactions.

Next Steps

The board and staff recommend meeting with you individually or collectively to discuss the content of this update and, the request to consider additional resourcing and the capacity for additional revenue-generating projects in advance of seeking Council action in March 2022. Full-time staff transitioning into roles with the organization looks forward to continuing more regular meetings with each of your offices to learn more about your priorities and to request your introductions to additional projects or with private development in your districts.

Thank you for your continued support of the advancement of AEDC, including the time and energy you devote to enhancing an inclusive Austin. We look forward to ongoing collaboration. Should you have any questions or interest in discussing any updates, please contact the newly seated AEDC President and CEO, Theresa Alvarez at 512-844-2972 or theresa@austinedc.org, or David Colligan, AEDC Chief Operating Officer, at 512-431-6271 or david@austinedc.org.

Attachment(s):

1. Standing and Nominated Board Members, February 2022.
2. AEDC Executive Team, February 2022.
3. AEDC FY 21-22 Budget with End of Year Projection