



Board of Directors Meeting
December 8, 2022

**Houston Downtown Management District
Board of Directors Meeting
December 8, 2022**

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**MINUTES OF REGULAR MEETING OF
HOUSTON DOWNTOWN MANAGEMENT DISTRICT**

November 10, 2022

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The Board of Directors of the Houston Downtown Management District (the “District”) met in regular session, open to the public, on November 10, 2022, at 12:00 p.m., in-person in the Large Conference Room of the Houston Downtown Management District’s office, located at 1221 McKinney Street, Suite 4250, Houston, TX 77010, and the roll was called of the duly appointed members of the Board, to-wit:

BOARD MEMBERS

Crystal Allen	Roland Kennedy
Leslie G. Ashby	Benjamin Llana
Genora Boykins	Nick Massad III
Clay Crawford	Sherea A. McKenzie
Jacques D’Rovencourt	Kenny Meyer
Marcus Davis	John Mooz
Terry Demchak	Cat Nguyen
Irma Galvan	Randy Pryor
Marian Harper	Edna Ramos
Gilbert A. Herrera	Scott Repass
C.C. Huang	Grace Rodriguez
Angus Hughes	Richard Torres
Toni M. Jackson	Valerie M. Williams
Robbi Jones	Ted Zwieg

and all of the above were present, with the exception of Directors Clay Crawford, Terry Demchak, Marian Harper, C.C. Huang, Kenny Meyer, John Mooz, Cat Nguyen, Scott Repass, Marcus Davis, Sherea McKenzie, and Valerie Williams.

Also present were Kris Larson, President/CEO; Allen Douglas, COO & General Counsel; Jana Gunter, Director of Finance; and staff members Christal Ayala, Jenna Beasley, Kathleen Chisley, Jordan Cutler, Brett DeBord, Scott Finke, Jacque Gonzalez, Keith Gould, Lonnie Hooeboom, Ellen Johnson, James Kennedy, Jamie Perkins, and Shelby Pipken, all with the District; Varun Cidambi, Algenita Davis, Robert Pieroni and Albert Sanchez with Central Houston, Inc.; Michael Nichols with the Coalition for the Homeless; Officer Umberto Cantu with the Houston Police Department; Clark Lord with Bracewell; and Danielle Page from the City of Houston Public Works Department.

WELCOME

Chair Ashby presided over the meeting and welcomed all directors, consultants and other meeting attendees.

Quorum was established and the meeting began at approximately 12:11 PM.

PUBLIC COMMENT

Chair Ashby asked if anyone from the public had comments. There were no public comments.

APPROVAL OF MINUTES

The Board considered approving the minutes of the October 13, 2022 meeting of the board of directors. Upon a motion duly made and seconded, the Board approved the minutes as presented.

ITEMS PERTAINING TO FINANCE AND ADMINISTRATIVE MATTERS

Approval of Financial Statements and Ratification of Expenditures

Chair Ashby called on Robbi Jones, Chair of the Finance & Investment Committee, to present the interim financial statements and check registers for the period of October 31, 2022. Ms. Jones provided the Board with an overview of the October financials and check registers. There were no questions, comments, or discussions.

Upon a motion duly made and seconded, the interim financial statements and check registers for the period of October 31, 2022 were accepted as presented.

Authorize an Expenditure for Legal Fees for Assessment Collections

Chair Ashby called on Jana Gunter to present this item. Ms. Gunter explained that the District engaged Linebarger Goggan Blain & Sampson, LLP for their services to collect outstanding tax assessments. In years past, this expense falls under the \$10,000 approval threshold. This was not the case for the collection of the 2021 assessments due to a large number of property value protests.

Upon a motion duly made and seconded, the Board approved the expenditure for legal fees for Assessment Collection as presented.

REVIEW AND DISCUSSION OF 2023 BUDGETING AND ASSESSMENT RATE AND RELATED ACTION

Presentation and Discussion of draft 2023 Operating and Capital Budgets

Kris Larson presented the draft of the 2023 operating and capital budgets. A lengthy discussion ensued over the District's reserve account, a look ahead to the projected five-year reserve balance, variables over HCAD's property valuations, property owners challenging HCAD's valuations, and how all the aforementioned factors should be taken into consideration

on the District's decision setting the 2023 tax assessment rate. Questions were asked and answered.

Going forward, Leadership and Finance will implement a mid-year review of the budget for the Board and use this as a tool to help determine future budgetary needs and set future District tax assessment rates. Finally, President Larson noted the final operating and capital budgets will be presented for Board approval at the December 8th meeting. No further action was required.

Assessment Rates for 2023 (2022 Tax Year)

Next, President Larson and Ms. Gunter continued the discussion for the proposed 2023 assessment rate. Discussion ensued over the proposed rate, and questions were asked and answered. The suggested 2023 rate for the 2022 tax year is \$0.1175 per \$100 assessed valuation, comprised of \$0.1175 for operating and \$0.01 for capital improvements.

Upon a motion duly made and seconded, the Board members voted unanimously to set the 2023 tax rate for the 2022 tax year to \$0.1175 per \$100 assessed valuation, comprised of \$0.1175 for operating and \$0.01 for capital improvements, as presented.

HOMELESSNESS: SHORT-TERM STRATEGY PRESENTATION

Albert Sanchez, Director of Strategic Initiatives, shared a presentation about addressing the short-term barriers to housing the homeless. The presentation illustrated a 90-day gap between when a person is housed and when the landlord receives the first payment voucher. Mr. Sanchez noted the District has an opportunity to bridge this gap by providing the initial three months' rent. This allows for an immediate move-in for persons approved for housing. Both Mr. Sanchez and Mr. Nichols ensued discussion with the Board and answered questions.

This expenditure is a \$505,000 request with the Coalition for the Homeless to bridge the gap in order for the homeless to receive immediate housing. Upon a motion duly made and seconded, the board approved this expenditure as presented.

PROGRAM AUTHORIZATIONS

Operations

Brett DeBord presented three authorizations to the District Board. The first item brought before the Board was a request for additional funding to a previously approved authorization with the City of Houston. This authorization covers additional expenses for transit and lawn meter water expenses, in an amount not to exceed \$270,000 (an increase of \$50,000 from the prior authorization).

The second item was a request for additional funding to a previously approved authorization with Maintenance to Go for irrigation system repairs and maintenance, in an amount not to exceed \$200,000 (an increase of \$50,000 from the prior authorization).

The Board considered these two requests, and a motion was called and seconded approving both authorizations allotting an additional \$50,000 to cover remaining 2022 expenses

with the City of Houston; and an additional \$50,000 to cover remaining 2022 expenses with Maintenance to Go.

Mr. DeBord's final request was for authorization to purchase a utility golf cart and truck, in an amount not to exceed \$50,000. There was no discussion and questions were not asked. Upon a motion duly made and seconded, the Board approved this request as presented.

Marketing & Communications

Chair Ashby called on Shelby Pipken to present an item. Ms. Pipken presented an authorization to cover the cost of holiday activations with various vendors. No discussion took place and questions were not asked. Upon a motion made and seconded, the Board approved this request as presented.

PROGRAM UPDATES

Operations

Mr. DeBord provided a brief update on Operations matters. No questions were asked and discussion did not take place.

Economic Development Program

Mr. Pieroni provided a brief update on economic development matters. Questions were not asked and discussion did not take place.

Planning, Design and Capital Projects

Mr. Hoogeboom provided an update on Planning, Design and Capital Projects. No questions were asked and discussion did not take place.

Marketing and Communications

Ms. Pipken provided a brief update on the District's Marketing and Communications efforts. Questions were not asked and discussion did not take place.

DIRECTORS' QUESTIONS ON OTHER INITIATIVES

There were no questions.

OTHER BUSINESS

Chair Ashby noted the next Board meeting is scheduled for January 12, 2023 and will be held in person. There being no further business to come before the Board, the meeting was adjourned at 1:37 PM.

Jamie Perkins, Assistant Secretary
Houston Downtown Management District



YTD November 2022 Balance Sheet

Assets

Cash Balance is \$12.7 million

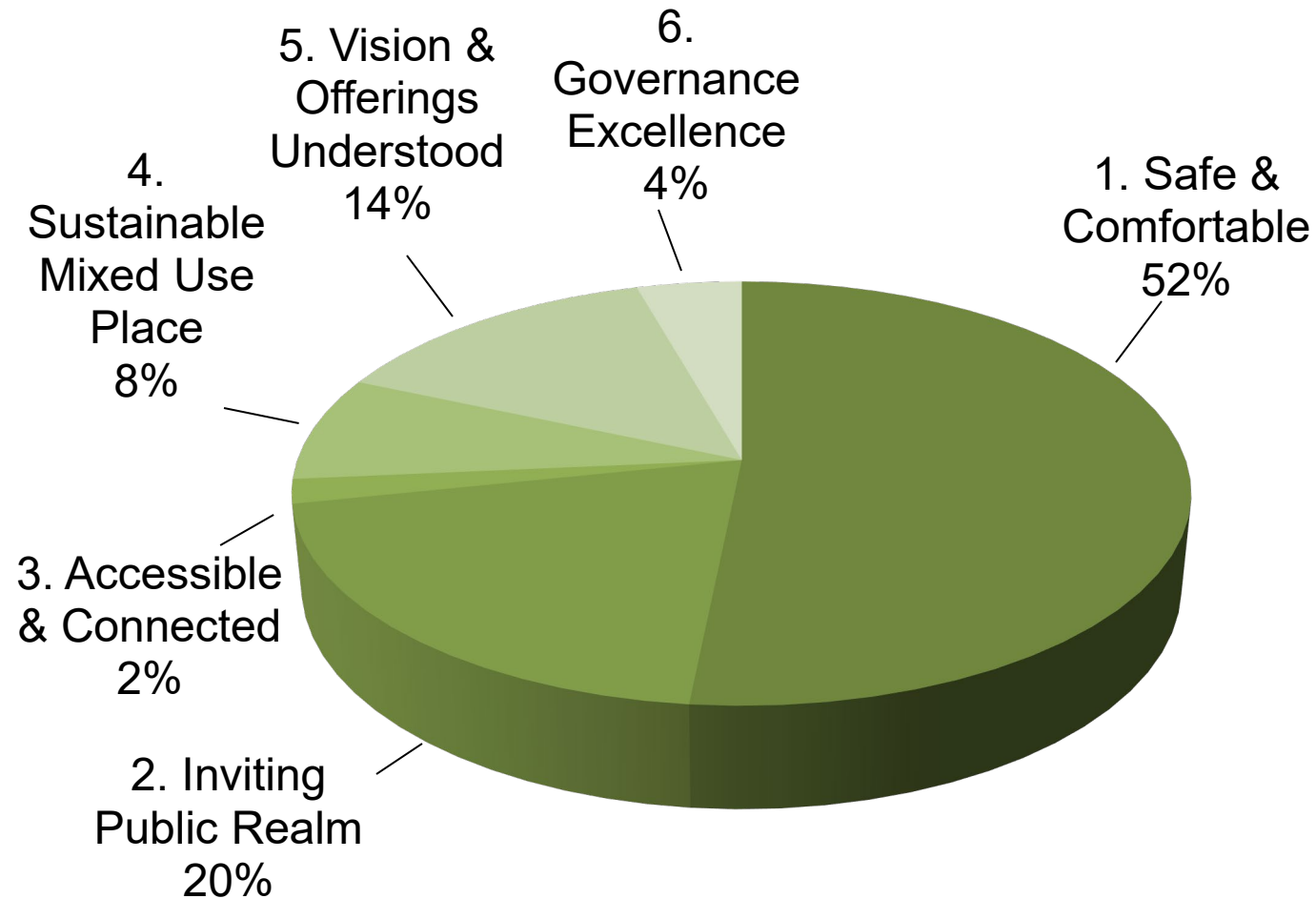
Assessments Due: \$16.4M in 2022 assessments
were invoiced in November

Liabilities

Reserves for Property Value Protests are \$1.8M,
to reflect the Historic Loss Rate of 11.7% since 2015
YTD \$1.2 million in refunds have been returned to property owners due
to lower HCAD property values as a result of protests.



YTD November 2022 Budget

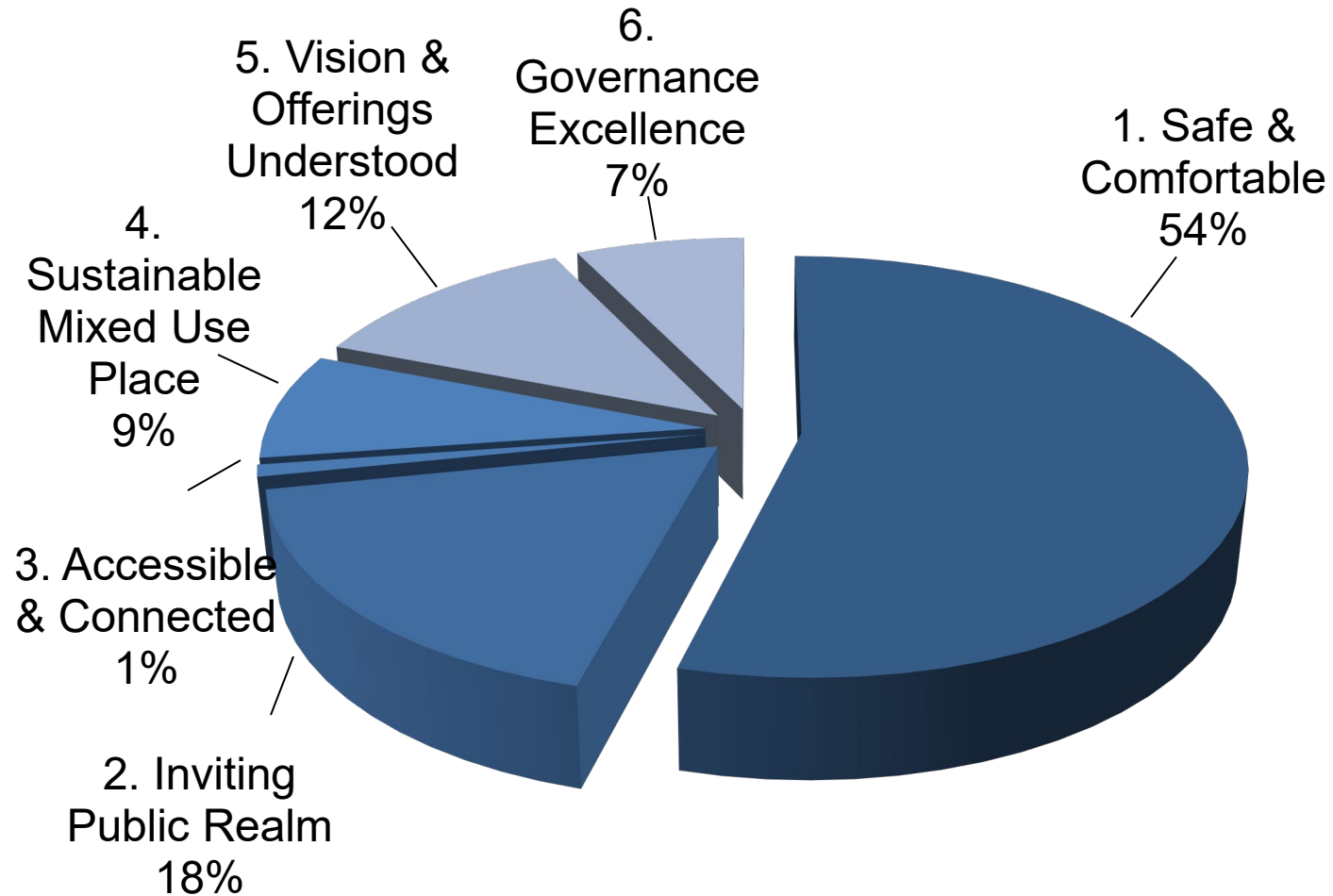


Total: \$18,883,636

Operating: \$16,716,136 Capital: \$2,167,500



YTD November 2022 Spending



Total: \$14,132,959 (\$4.8M below YTD 2022 Budget)

Operating: \$13,354,862 Capital: \$778,097



November 2022 Variance from Budget Highlights

- **Safe & Comfortable - \$1.4M under budget**
 - Safety Guides are under budget by \$562K due to Block by Block having difficulty hiring/retaining staff, Private Security, Off Duty Officers and Pit Program are under budget a combined total of \$120K.
 - Homeless outreach programs are under budget \$627K due to funding for housing programs has not been accessed and Street Lighting is under budget \$87K.
- **Public Realm is Charming - \$988K under budget**
 - Holiday logistics and installation are under budget \$359K due to strategic change to collaborate holiday events with Houston First, Holiday promotions for Retail support are under budget \$112K, Banner/Pole & Pot maintenance and Allen Pkwy maintenance are under budget a combined total of \$113K.
 - Floral Displays under budget \$176K.
 - Maintenance at Trebly Park is under budget \$156K due to rescheduling of opening of park to December because of construction/supply chain delays.
 - Maintenance at Main Street Square is under budget \$82K



November 2022 Variance from Budget Highlights

- Accessible to Region - \$186K under budget
 - Funds designated for the Fort Bend County Park and Ride of \$150K have not been accessed because the bus is not providing services to downtown yet.
 - Wayfinding contractor expense and the Above and Below Map are \$53K under budget.
- Sustainable Mixed-Use Place – \$237K under budget
 - DLI payouts are under budget \$174K due to DLI payouts for 2020-2021 forecasted to be paid out in June, 2022 have not been requested by property owners.
- Vision & Offerings Understood - \$817K under budget
 - Marketing expense is under budget \$180K and funds allocated to the traffic study and streetscape design work is under budget \$550K.



November 2022 Variance from Budget Highlights

- Governance & Service Known for Excellence - \$234K over budget
 - Reserves for refunds of assessments is over budget \$175K due to more property protests than forecasted.
- Capital Improvement - \$1.4 million under budget
 - Public Realm – Banners are under budget \$163K due to a hold on the project until time permits and Prairie Street project is under budget \$225K.
 - Wayfinding & Street Signs are under budget \$215K, Congress St. Bridge project is under budget \$270K and Southeast Sidewalks TxDot project authorized in 2021 is under budget \$546K.



Check register for November, 2022

- Total checks issued in November 2022 were \$1.3M.
 - DPR Downtown Houston LLC - \$226,511 (DLI)
 - Central Houston, Inc. - \$225,963
 - DPR Eighteen25 LLC - \$209,991 (DLI)
 - Marlowe VP, LP - \$200,617 (DLI)
 - BG HoldCo LLC - \$102,525
 - Seal Security Solutions, LLC - \$65,188
 - Central Houston Civic Improvement - \$33,726



To Management
Houston Downtown Management District

Management is responsible for the accompanying financial statements of the Houston Downtown Management District (the District), which comprise the governmental fund balance sheets and statements of net position as of November 30, 2022 and 2021, and the related statements of activities for the months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America and the required supplementary information that the Government Accounting Standards Board (GASB) requires to be presented to supplement the basic financial statements. If the omitted disclosures, and GASB required supplementary information were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The Variance Analysis on page 4 is presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements. The Variance Analysis is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Sincerely,

A handwritten signature in blue ink that reads 'nctp cpas, pllc'.

Houston, Texas
December 5, 2022

**Houston Downtown Management District
Governmental Fund Balance Sheets and
Statement of Net Position
November 30, 2022 and November 30, 2021**

	2022			2021		
	HDMD Operating Year to Date	HDMD Capital Year to Date	Total (Memo Only)	HDMD Operating Year to Date	HDMD Capital Year to Date	Total (Memo Only)
Assets						
Cash	\$ 7,615,794	\$ 5,068,648	\$ 12,684,442	\$ 8,935,638	\$ 4,513,536	\$ 13,449,174
Assessments Due	16,590,998	1,412,454	18,003,452	14,858,302	1,382,005	16,240,307
Accounts Receivable	41,355	-	41,355	212,845	4,800	217,645
Prepaid Expense	26,235	-	26,235	26,235	-	26,235
Inventory	-	-	-	-	-	-
Property & Equipment, Net	567,959	2,214	570,173	719,619	16,278	735,897
Right of Use Lease Asset 1313 Main, Net	2,664,169	-	2,664,169	-	-	-
Intercompany Rec/Pay	97,879	(97,879)	-	47,296	(47,296)	-
Total Assets	<u>\$ 27,604,389</u>	<u>\$ 6,385,437</u>	<u>\$ 33,989,826</u>	<u>\$ 24,799,934</u>	<u>\$ 5,869,324</u>	<u>\$ 30,669,258</u>
Liabilities						
Accounts Payable & Accrued Expenses	\$ 543,715	\$ 43,000	\$ 586,715	\$ 1,010,689	\$ 35,000	\$ 1,045,689
Lease Liability 1313 Main	2,778,459	-	2,778,459	-	-	-
Deferred Revenue & Reserve for Refunds	1,674,038	142,472	1,816,510	1,572,042	146,119	1,718,161
Total Liabilities & Deferred Revenue	<u>4,996,211</u>	<u>185,472</u>	<u>5,181,683</u>	<u>2,582,731</u>	<u>181,119</u>	<u>2,763,850</u>
Fund Balances						
Unreserved, Undesignated	21,808,178		21,808,178	21,417,203		21,417,203
Unreserved, Designated for Catastrophy	800,000		800,000	800,000		800,000
Reserved for Capital Projects		6,199,965	6,199,965		5,688,205	5,688,205
	<u>22,608,178</u>	<u>6,199,965</u>	<u>28,808,143</u>	<u>22,217,203</u>	<u>5,688,205</u>	<u>27,905,408</u>
Total Liabilities, Deferred Revenue & Fund Balances	<u>\$ 27,604,389</u>	<u>\$ 6,385,437</u>	<u>\$ 33,989,826</u>	<u>\$ 24,799,934</u>	<u>\$ 5,869,324</u>	<u>\$ 30,669,258</u>

Houston Downtown Management District
Statement of Activities
Eleven Months Ended November 30, 2022

	Operating YTD Actual	Capital YTD Actual	Total YTD Actual	YTD Budget	Fav (Unfav) Variance
Revenues					
Assessment Revenue	\$ 15,141,762	\$ 1,288,661	\$ 16,430,423	\$ 15,097,251	\$ 1,333,172
Operations Revenue	476,890	-	476,890	460,355	16,535
Project Revenue	114,176	-	114,176	151,458	(37,282)
Other Income	70,783	-	70,783	45,833	24,950
Interest Income	136,304	67,538	203,842	14,667	189,175
Total Revenues	\$ 15,939,915	\$ 1,356,199	\$ 17,296,114	\$ 15,769,564	\$ 1,526,550
Expenses					
Downtown Feels Safe & Comfortable at All Times					
Collaboration to Maintain Low Crime Rate	\$ 2,142,313	\$ -	\$ 2,142,313	\$ 2,820,225	\$ 677,912
Reduced Presence of Homeless & Street Persons	582,042	-	582,042	1,201,303	619,261
Downtown Sidewalks are Comfortably Lighted	114,634	-	114,634	201,120	86,486
Downtown Clean & Well-Kept Appearance	4,240,597	-	4,240,597	4,225,658	(14,938)
Remove Signs of Disorder in Downtown	48,009	-	48,009	37,837	(10,172)
Prepare for Emergencies	98,389	-	98,389	107,603	9,214
	7,225,984	-	7,225,984	8,593,746	1,367,762
Public Realm is Charming, Inviting, Beautiful & Celebrates the Life of the City					
Key Pedestrian Streets are Inviting	359,045	-	359,045	528,970	169,926
Public Spaces Managed, Programmed, & Delightful	895,380	-	895,380	1,207,658	312,278
Place of Civic Celebration	1,109,208	-	1,109,208	1,614,937	505,729
	2,363,632	-	2,363,632	3,351,565	987,933
Accessible to Region & Easy to Get Around					
Effective Transit Access More Places, More Hours	10,223	-	10,223	160,204	149,982
Convenient Circulation Without Personal Vehicle	-	-	-	-	-
Easy To Find Way Around	83,781	-	83,781	127,947	44,166
Connect Neighbors & Districts Inside/Outside Downtown	9,471	-	9,471	9,625	154
Convenient, Understandable & Managed Parking	18,093	-	18,093	9,676	(8,417)
	121,568	-	121,568	307,453	185,885
Vibrant, Sustainable Mixed-Use Place					
Best Place to Work in Region	370,991	-	370,991	372,039	1,049
Exciting Neighborhoods to Live In	682,482	-	682,482	885,749	203,267
Competitive Shopping Place	15,995	-	15,995	16,225	230
Remarkable Destination for Visitors	25,354	-	25,354	57,640	32,286
	1,094,821	-	1,094,821	1,331,654	236,833
Downtown's Vision & Offering Understood By All					
Market to Region	1,014,878	-	1,014,878	1,195,207	180,329
Promote Downtown's Ease of Use	29,935	-	29,935	25,809	(4,125)
Vision/Development Framework Understood By All	438,431	-	438,431	1,045,650	607,219
Tools to Assist Continued Redevelopment	64,725	-	64,725	56,032	(8,693)
Develop & Maintain Information to Support Downtown	35,080	-	35,080	76,974	41,893
	1,583,049	-	1,583,049	2,399,672	816,623
District Governance & Service Known for Excellence					
Engage Stakeholders in Decision Making	860,329	17,021	877,350	664,764	(212,586)
Communications to Owners, Tenants & Others	44,482	-	44,482	31,232	(13,250)
Preservation of Districts' Capital Assets	43,976	-	43,976	36,050	(7,926)
	948,787	17,021	965,808	732,046	(233,762)
Capital Improvement & Expenditures					
Downtown Feels Safe & Comfortable	-	-	-	-	-
Public Realm is Charming, Inviting, & Beautiful	-	265,363	265,363	667,500	402,137
Accessible to Region & Easy to Get Around	-	148,145	148,145	1,177,000	1,028,855
Vibrant, Sustainable Mixed-Use Place	-	92,925	92,925	86,000	(6,925)
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	271,664	271,664	237,000	(34,664)
	-	778,097	778,097	2,167,500	1,389,403
Total Expenses	\$ 13,337,841	\$ 795,118	\$ 14,132,959	\$ 18,883,636	\$ 4,750,677
Depreciation Expense	79,752	12,036	91,788	89,974	(1,814)
Excess of Revenue Over Expenses GAAP Basis	\$ 2,522,322	\$ 549,045	\$ 3,071,367	\$ (3,204,045)	\$ 6,275,412

Houston Downtown Management District
Statement of Activities
Eleven Months Ended November 30, 2022 and November 30, 2021

	Operating YTD Actual	Capital YTD Actual	2022 Total YTD Actual	2021 Total YTD Actual	Fav (Unfav) Variance
Revenues					
Assessment Revenue	\$ 15,141,762	\$ 1,288,661	\$ 16,430,423	\$ 15,097,251	\$ 1,333,172
Operations Revenue	476,890	-	476,890	397,623	79,267
Project Revenue	114,176	-	114,176	163,934	(49,758)
Other Income	70,783	-	70,783	67,288	3,495
Interest Income	136,304	67,538	203,842	13,385	190,457
Total Revenues	\$ 15,939,915	\$ 1,356,199	\$ 17,296,114	\$ 15,739,480	\$ 1,556,633
Expenses					
Downtown Feels Safe & Comfortable at All Times					
Collaboration to Maintain Low Crime Rate	\$ 2,142,313	\$ -	\$ 2,142,313	\$ 2,180,714	\$ 38,401
Reduced Presence of Homeless & Street Persons	582,042	-	582,042	1,055,086	473,045
Downtown Sidewalks are Comfortably Lighted	114,634	-	114,634	92,255	(22,379)
Downtown Clean & Well-Kept Appearance	4,240,597	-	4,240,597	3,788,657	(451,940)
Remove Signs of Disorder in Downtown	48,009	-	48,009	37,533	(10,476)
Prepare for Emergencies	98,389	-	98,389	107,410	9,021
	7,225,984	-	7,225,984	7,261,655	35,671
Public Realm is Charming, Inviting, Beautiful & Celebrates the Life of the City					
Key Pedestrian Streets are Inviting	359,045	-	359,045	312,405	(46,640)
Public Spaces Managed, Programmed, & Delightful	895,380	-	895,380	859,693	(35,687)
Place of Civic Celebration	1,109,208	-	1,109,208	1,330,002	220,794
	2,363,632	-	2,363,632	2,502,100	138,468
Accessible to Region & Easy to Get Around					
Effective Transit Access More Places, More Hours	10,223	-	10,223	163,104	152,882
Convenient Circulation Without Personal Vehicle	-	-	-	33,331	33,331
Easy To Find Way Around	83,781	-	83,781	86,770	2,989
Connect Neighbors & Districts Inside/Outside Downtown	9,471	-	9,471	9,959	489
Convenient, Understandable & Managed Parking	18,093	-	18,093	7,035	(11,059)
	121,568	-	121,568	300,200	178,632
Vibrant, Sustainable Mixed-Use Place					
Best Place to Work in Region	370,991	-	370,991	290,175	(80,815)
Exciting Neighborhoods to Live In	682,482	-	682,482	629,798	(52,684)
Competitive Shopping Place	15,995	-	15,995	28,306	12,312
Remarkable Destination for Visitors	25,354	-	25,354	46,873	21,520
	1,094,821	-	1,094,821	995,153	(99,668)
Downtown's Vision & Offering Understood By All					
Market to Region	1,014,878	-	1,014,878	1,091,945	77,068
Promote Downtown's Ease of Use	29,935	-	29,935	23,805	(6,130)
Vision/Development Framework Understood By All	438,431	-	438,431	650,357	211,926
Tools to Assist Continued Redevelopment	64,725	-	64,725	82,467	17,742
Develop & Maintain Information to Support Downtown	35,080	-	35,080	34,336	(745)
	1,583,049	-	1,583,049	1,882,910	299,861
District Governance & Service Known for Excellence					
Engage Stakeholders in Decision Making	860,329	17,021	877,350	653,517	(223,833)
Communications to Owners, Tenants & Others	44,482	-	44,482	30,023	(14,460)
Preservation of Districts' Capital Assets	43,976	-	43,976	37,049	(6,926)
	948,787	17,021	965,808	720,589	(245,219)
Capital Improvement & Expenditures					
Downtown Feels Safe & Comfortable	-	-	-	-	-
Public Realm is Charming, Inviting, & Beautiful	-	265,363	265,363	145,000	(120,363)
Accessible to Region & Easy to Get Around	-	148,145	148,145	421,051	272,907
Vibrant, Sustainable Mixed-Use Place	-	92,925	92,925	94,344	1,419
Downtown's Vision & Offering Understood By All	-	-	-	-	-
Capital Replacement Expenditure	-	271,664	271,664	166,445	(105,219)
	-	778,097	778,097	826,841	48,744
Total Expenses	\$ 13,337,841	\$ 795,118	\$ 14,132,959	\$ 14,489,448	\$ 356,489
Depreciation Expense	79,752	12,036	91,788	102,605	10,817
Excess of Revenue Over Expenses GAAP Basis	\$ 2,522,322	\$ 549,045	\$ 3,071,367	\$ 1,147,428	\$ 1,923,939

Houston Downtown Management District Variance Analysis Eleven Months Ended November 30, 2022

Operating Budget

Revenue

1) Assessment revenue is \$1.3M higher than projected due to forecast reflecting assessments earned on 2021 property values. Operations revenue is over budget \$21K in Metro bus stop cleaning and under budget (\$6K) in trash program subscriptions. Project revenue is over budget \$13K for Market Square Park, and under budget (\$50K) in DRA project reimbursements for Allen Parkway due to timing. Other Income is over budget \$19K in Bingo proceeds, salary reimbursements \$43K to Central Houston, Inc. for 2021, not included in the 2022 budget and miscellaneous income is under budget (\$37K). Interest income is ahead of budget \$189K due to more favorable rates than projected.

Expenses

2) Goal 1a-Collaboration to Maintain Low Crime Rate-Under budget (\$562K) in Downtown Public Safety Guides, (\$6K) in Law Enforcement Support, (\$31K) in PIT Program, (\$58K) in Private Security and under budget (\$25K) in staffing.

3) Goal 1b-Reduced Presence of Homeless & Street Persons-Under budget (\$627K) in homeless outreach programs. Over budget \$8K in staffing.

4) Goal 1c-Downtown Sidewalks are Comfortably Lighted-Under budget (\$87K) in Street Lighting Expense, amenities and maintenance.

5) Goal 1d-Downtown Noted for Cleanliness & Well-Kept Appearance- Over budget \$51K in Street Teams cleaning sidewalks and bus stops, \$20K in Paver repair and maintenance, and \$79K in the Operations center due to write-offs of the work-in-process costs for the generator and amortization of the Right of Use Lease asset for 1313 Main. Under budget (\$74K) in Trash Collection, (\$37K) in Landscaping and tree maintenance, and (\$24K) in staffing.

6) Goal 1e-Remove Signs of Disorder - Over budget \$8K in graffiti abatement and \$2K in staffing.

7) Goal 1f-Prepare for Emergencies-Under budget (\$12K) in Emergency Operations Center-monitoring equipment, generator and staffing. Over budget \$3K in staffing.

8) Goal 2a-Key Pedestrians Streets are Inviting - Under budget (\$176K) in floral displays and over budget \$6K in staffing.

9) Goal 2b-Key Public Spaces Programmed and Delightful-Under budget (\$156K) in Trebly Park maintenance, (\$82K) in Main Street Square maintenance, (\$2K) in Market Square Park maintenance(\$38K) in Event programming and (\$35K) in staffing.

10) Goal 2c-Place of Civic Celebration-Under budget (\$50K) in seasonal banner program, (\$26K) in banner/pot maintenance, (\$37K) on Allen Parkway Maintenance reimbursed by DRA, (\$359K) in holiday logistics and installation and (\$112K) for Retail Support - Holiday Promotions. Over budget \$25K in Art Blocks programming and \$52K in staffing.

11) Goal 3a-Effective Transit Access More Places-Under budget (\$150K) due to the Fort Bend County Park and Ride is not providing services to downtown.

12) Goal 3c-Easy to Find Way Around-Under budget (\$23K) for Wayfinding contractor expense and (\$30K) for the Above & Below Map. Over budget \$8K in staffing.

13) Goal 3e-Convenient, Understandable & Managed Parking-Over budget \$8K in staffing.

14) Goal 4b-Exciting Neighborhoods To Live In-Under budget (\$174K) due to DLI payouts for years 2020-2021 forecasted to be paid out in June, 2022 have not been requested by property owners. Under budget (\$30K) in staffing.

15) Goal 4d-Remarkable Destination for Visitors-Under budget (\$32K) in staffing.

16) Goal 5a-Market to Region-Under budget (\$180K) in marketing expenditures.

17) Goal 5b-Promote downtown's ease of use-Over budget \$4K in staffing.

18) Goal 5c-Vision/Development - Under budget (\$300K) committed to a traffic study not yet funded, (\$250K) for streetscape design work and under (\$61K) in staffing. Over budget \$4K in landscape architectural consulting fees.

19) Goal 5d-Tools to Assist Continued Redevelopment - Over budget \$9K in staffing.

20) Goal 5e-Develop & Maintain Information to Support Downtown - Under budget (\$42K) in staffing.

21) Goal 6a-Complete engagement by all stakeholders in District - Over budget \$175K in reserves for refunds of assessments due to property value protests, contract services for legal, audit and assessment collection and marketing and communications, \$5K in operations, \$11K in planning design & construction, \$3K in economic development and \$18K in staffing.

22) Goal 6b-Communication to Owners, Tenants & Others - Over budget \$13K in staffing.

23) Goal 6c-Preservation of District's Capital Assets - Over budget \$8K in insurance expense due to renewals coming in higher than forecasted.

Capital Budget

24) Under budget (\$163K) for banners, (\$15K) for Trebly Park furnishings and (\$225K) for the Prairie Street project.

25) Under budget (\$65K) for vehicular and pedestrian wayfinding, (\$150K) for updated street signs, (\$270K) for the Congress St. Bridge project and under budget (\$546K) for southeast sidewalks TxDOT project. Over budget \$2K for bicycle facilities/connections.

26) Over budget \$28K in Retail Challenge grants due to a payment forecasted for 2021 was paid in 2022 and under budget (\$21K) due to DLI payments forecasted to be paid in June, 2022 have not been requested by property owner.

27) Over budget \$39K in capital replacement expenditure due to Main Street fountain repairs, under budget (\$3K) in assessment collection fees.

HOUSTON DOWNTOWN MANAGEMENT DISTRICT

AP Check Register (Current by Bank)

Check Dates: 11/1/2022 to 11/30/2022

Check No.	Date	Vendor ID	Payee Name	Amount
BANK ID: A - OPERATING ACCT-JPMORGAN				101.000
* 35176	11/01/22	1200	CENTRAL HOUSTON, INC	\$225,962.68
*				
35177	11/01/22	11/1/22 1200		
35178	11/01/22	11/1/22 1200		
35179	11/01/22	11/1/22 1200		
35180	11/01/22	11/1/22 1200		
35181	11/01/22	11/1/22 1200		
35182	11/01/22	11/1/22 1200		
35183	11/01/22	11/1/22 1200		
35184	11/01/22	11/1/22 1200		
35185	11/01/22	11/1/22 1200		
35186	11/01/22	11/1/22 1200		
35187	11/01/22	11/1/22 1200		
35188	11/01/22	11/1/22 1200		
35189	11/01/22	11/1/22 1200		
35190	11/03/22	1225	CENTRAL HOUSTON CIVIC IMPROVEM	\$33,726.41
35193	11/01/22	999919	1509 CONGRESS LLC	\$404.10
35194	11/01/22	999923	1800 TEXAS LLC	\$427.21
35195	11/01/22	999922	1820 CONGRESS	\$55.12
35196	11/01/22	99944	214 MAIN PURCHASE LLC	\$5.62
35197	11/01/22	99886	BG HOLDCO LLC	\$102,525.35
35198	11/01/22	999932	BLOCK 98 HOUSTON LLC	\$1,157.32
35199	11/01/22	999931	G K K LIN LP	\$120.83
35200	11/01/22	999925	HBP BLOCK 114 LLC	\$807.82
35201	11/01/22	99894	HCP MOP HOUSTON TX LLC	\$8,255.86
35202	11/01/22	99973	HYCO INDUSTRIAL LTD	\$188.07
35203	11/01/22	4014	HYCO INDUSTRIAL,LTD	\$256.51
35204	11/01/22	999935	J MICHAEL EPSTEIN	\$452.35
35205	11/01/22	999933	LAM BLOCK 100 LTS	\$248.11
35206	11/01/22	99931	LCE LAW OFFICE BUILDING INC	\$288.11
35207	11/01/22	5648	LINEBARGER GOGGAN BLAIR	\$2,187.50
35208	11/01/22	99951	LYRIC CENTRE ENTERPRISES	\$3,101.41
35209	11/01/22	99950	LYRIC CENTRE LLC	\$7,429.48
35210	11/01/22	5990	MACEY FAMILY PROPERTIES II LTD	\$252.87
35211	11/01/22	5911	MACEY FAMILY PROPERTIES, LTD	\$557.26
35212	11/01/22	99949	MCKINNEY CBD HOUSTON LLC	\$7,371.81
35213	11/01/22	99929	REGENCY MAIN LLC	\$13,305.28
35214	11/01/22	99930	REGENCY MAIN PARKING LLC	\$1,679.25
35215	11/01/22	8153	ROYAL INVESTORS BINZ,LLC	\$3,569.79
35216	11/01/22	99995	SCD BLOCK 317 LLC	\$1,332.63
35217	11/01/22	8352	SHOOTER AND LINDSEY,INC.	\$1,691.26
35218	11/01/22	999930	STAR OWNER LLC	\$3,217.85
35219	11/01/22	999934	TEXAS AVENUE DEVELOPMENT QOF	\$124.79
35220	11/01/22	999936	CWS LOFTS 150 LP	\$10,898.20
35221	11/01/22	999937	FRANKLIN PARKING LLC	\$953.02
35222	11/18/22	6020	MARLOWE VP, LP	\$200,617.00
35223	11/18/22	99932	DPR DOWNTOWN HOUSTON LLC	\$226,511.00
35224	11/18/22	99936	DPR EIGHTEEN25 LLC	\$209,991.00
* 1925718	11/23/22	3716	1133 STUDIOS	\$4,766.00
*				
* 1925726	11/23/22	5701	LONNIE HOOGEBOOM	\$670.93
*				
* 1925736	11/23/22	0009	THOMAS PRINTWORKS	\$1,111.19
*				

HOUSTON DOWNTOWN MANAGEMENT DISTRICT

AP Check Register (Current by Bank)

Check Dates: 11/1/2022 to 11/30/2022

Check No.	Date	Vendor ID	Payee Name	Amount
BANK ID: A - OPERATING ACCT-JPMORGAN				101.000
* 1925745	11/23/22	6298	JORDAN CUTLER	\$48.84
*				
* 1925752	11/23/22	9988	LVA4 HOUSTON GREENSTREET LP	\$19,996.30
*				
* 1925760	11/23/22	5987	MAINTENANCE TO GO	\$2,573.80
*				
* 1925770	11/23/22	6103	METROPOLIS	\$8,000.00
*				
* 1925776	11/23/22	8151	SEARCH HOMELESS SERVICES	\$12,816.10
*				
* 1925781	11/23/22	8373	SP PLUS PARKING	\$1,386.00
*				
* 1925788	11/23/22	8609	TOUCH & AGREE PROPERTY	\$2,496.00
*				
* 1925795	11/23/22	9089	WE 68 LLC	\$3,972.50
*				
* 1925797	11/23/22	9140	WEINGARTEN ART GROUP	\$3,606.23
*				
* 1925815	11/23/22	9045	WESTERN FIRST AID & SAFETY	\$197.29
*				
1925816	11/10/22	9842	RONNIE COLEMAN JR.	\$550.00
* 570420	11/17/22	6077	BARTLETT TREE EXPERTS	\$5,670.00
*				
* 570426	11/17/22	3288	BRACEWELL	\$1,250.00
*				
* 570433	11/17/22	0490	ASSOCIATED LANDSCAPE SERVICES	\$2,882.91
*				
* 570439	11/17/22	1597	CLUTCH CONSULTING GROUP LLC	\$3,800.00
*				
* 570444	11/17/22	8168	SEAL SECURITY SOLUTIONS, LLC	\$65,188.00
*				
* 570449	11/17/22	0363	ALLYSON LOPEZ	\$93.00
*				
* 570458	11/17/22	9819	BRYAN K BENNETT	\$1,195.00
*				
* 570462	11/17/22	9827	BRYAN MALLOCH	\$1,500.00
*				
* 570467	11/17/22	1543	CITY OF HOUSTON	\$987.75
*				
* 570470	11/17/22	3550	HARDY & HARDY	\$3,550.00
*				
* 570476	11/17/22	3813	HOUSTON CATERING CONCEPTS	\$4,419.10
*				
* 570482	11/17/22	7767	KENNYGREWIT	\$1,881.87
*				
* 570486	11/17/22	5710	LVA 4 HOUSTON GREENSTREET LP	\$1,281.14
*				
* 570488	11/17/22	5703	MICHAEL LOESSIN	\$500.00
*				
* 570490	11/17/22	7525	PARTYPERKS	\$749.99
*				
* 570492	11/17/22	7783	PUBLIC CONTENT, LLC	\$7,500.00
*				
* 570494	11/17/22	0843	THE BLACK SHEEP AGENCY	\$10,395.00
*				
* 570498	11/17/22	0009	THOMAS PRINTWORKS	\$331.02
*				

HOUSTON DOWNTOWN MANAGEMENT DISTRICT

AP Check Register (Current by Bank)

Check Dates: 11/1/2022 to 11/30/2022

Check No.	Date	Vendor ID	Payee Name	Amount
BANK ID: A - OPERATING ACCT-JPMORGAN				101.000
* 570500	11/17/22	9220	YOUNG AUDIENCES,INC.	\$395.00
*				
* 8237475	11/09/22	1801	DIRECTV	\$96.98
*				
* 8237485	11/09/22	8355	STERLING EXPRESS SERVICES, INC	\$132.00
*				
* 8237492	11/09/22	9067	WASTE MANAGEMENT OF TEXAS, INC	\$160.80
*				
* 8237503	11/09/22	0490	ASSOCIATED LANDSCAPE SERVICES	\$32,511.92
*				
* 8237521	11/09/22	0363	ALLYSON LOPEZ	\$40.00
*				
* 8237524	11/09/22	0352	ALWAYS IN SEASON DECORATING	\$960.71
*				
* 8237531	11/09/22	1790	BRETT DEBORD	\$1,315.04
*				
* 8237544	11/09/22	2046	DUSTY McCARTNEY	\$378.33
*				
* 8237553	11/09/22	3548	HAMILTON PLUMBING SERVICE	\$2,785.00
*				
* 8237563	11/09/22	3630	HOME DEPOT CREDIT SERVICES	\$537.95
*				
* 8237572	11/09/22	3813	HOUSTON CATERING CONCEPTS	\$5,709.29
*				
* 8237582	11/09/22	4441	IT EQUIPMENT FINANCING,LLC	\$304.73
*				
* 8237591	11/09/22	4571	JIMMY TRAN	\$515.00
*				
* 8237598	11/09/22	5211	KEITH GOULD	\$38.19
*				
* 8237603	11/09/22	5540	LINCOLN COLWELL	\$1,770.00
*				
* 8237613	11/09/22	5700	LONE STAR FLAGS AND FLAGPOLES	\$2,637.00
*				
* 8237615	11/09/22	5961	MELISSA TAYLOR	\$1,575.00
*				
* 8237619	11/09/22	7400	PFEIFFER & SON, LTD	\$3,130.37
*				
* 8237626	11/09/22	7763	POTBELLY SANDWICH WORKS	\$290.29
*				
* 8237631	11/09/22	8034	RC SOLUTIONS, INC.	\$780.00
*				
* 8237646	11/09/22	8992	SHELBY ROTH	\$2,788.35
*				
* 8237650	11/09/22	8552	TEXAS OUTHUSE, INC.	\$295.40
*				
* 8237656	11/09/22	8562	TEXAS WASTE COMPANY	\$1,692.30
*				
* 8237664	11/09/22	3948	THE HARRIS CENTER FOR	\$10,331.67
*				
* 8237678	11/09/22	8609	TOUCH & AGREE PROPERTY	\$3,819.00
*				
* 8747908	11/14/22	8353	SPLICE OF LIFE PRODUCTIONS LLC	\$1,691.26
*				
* 82376461	11/09/22	8353	SPLICE OF LIFE PRODUCTIONS LLC	\$2,154.76
*				

BANK A REGISTER TOTAL: \$1,317,002.87

HOUSTON DOWNTOWN MANAGEMENT DISTRICT

AP Check Register (Current by Bank)

Check Dates: 11/1/2022 to 11/30/2022

Check No.	Date	Vendor ID	Payee Name	Amount
BANK ID: A - OPERATING ACCT-JPMORGAN				101.000
BANK ID: B - CAPITAL ACCT-JPMORGAN				102.000
570508	11/17/22	4001	HUITT~ZOLLARS, INC	\$17,149.00
* 570513	11/17/22	6143	MILLSAP WATERPROFFING, INC	\$7,986.00
*				
BANK B REGISTER TOTAL:				\$25,135.00
GRAND TOTAL :				\$1,342,137.87

AMENDMENT TO INFORMATION FORM OF
HOUSTON DOWNTOWN MANAGEMENT DISTRICT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

We, the undersigned, constituting a majority of the members of the Board of Directors of Houston Downtown Management District (the "District"), do hereby make, execute and affirm this Amended Information Form in compliance with TEXAS WATER CODE § 49.455 and TEXAS ADMIN. CODE §293.92. We do hereby certify as follows:

1. The most recent rate of the assessment levied by the District on property within the District is \$0.1175 per \$100 of assessed valuation.

2. The form Notice to Purchasers required by Texas Water Code, Section 49.452, to be furnished by a seller to a purchaser of real property in the District is attached hereto as Exhibit "A" and incorporated herein for all purposes.

WITNESS OUR HANDS this 8th day of December 2022.

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned, a Notary Public, on this day personally appeared

known to me to be the persons and officers whose names are subscribed to the foregoing instrument and affirmed and acknowledged that said instrument is correct and accurate to the best of their knowledge and belief, and that they executed the same for the purposes and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 8th day of December 2022.

Notary Public, State of Texas

(SEAL)

After recording, return to: Jamie Perkins at Houston Downtown Management District, 1221 McKinney St., Suite 4250 Houston, TX 77010.

NOTICE TO PURCHASERS

The real property, described below, that you are about to purchase is located in the Houston Downtown Management District (the "District"). The District has taxing authority separate from any other taxing authority, and may, subject to voter approval, issue an unlimited amount of bonds and levy an unlimited rate of tax in payment of such bonds. The District has not yet levied taxes but the most recent projected tax rate is \$ 0 on each \$100 of assessed valuation. The total amount of bonds, excluding refunding bonds and any bonds or any portion of bonds issued that are payable solely from revenues received or expected to be received under a contract with a governmental entity, approved by the voters and which have been or may, at this date, be issued is \$ 0, and the aggregate initial principal amounts of all bonds issued for one or more of the specified facilities of the District and payable in whole or in part from property taxes is \$ 0.

The District has the authority to adopt and impose a standby fee on property in the District that has water, sanitary sewer, or drainage facilities and services available but not connected and which does not have a house, building, or other improvement located thereon and does not substantially utilize the utility capacity available to the property. The District may exercise the authority without holding an election on the matter. As of this date, the most recent amount of the standby fee is \$0.00. An unpaid standby fee is a personal obligation of the person that owned the property at the time of imposition and is secured by a lien on the property. Any person may request a certificate from the District stating the amount, if any, of unpaid standby fees on a tract of property in the District.

The District has the authority to levy an assessment on property within the District. The District may exercise this authority without holding an election on the matter. As of this date, the amount of the assessment is \$.1175 (\$.1175 for services and minor capital improvements and \$.01 for major capital improvements) per \$100 of valuation for the real property and any improvements thereon, as reflected on the tax rolls of the Harris County Appraisal District for 2022, in the District, in accordance with the provisions of the District's Service Plan, adopted on November 12, 2020.

The District is located in whole or in part within the corporate boundaries of the City of Houston. The taxpayers of the District are subject to the taxes imposed by the municipality and assessments or taxes imposed by the District until the District is dissolved. By law, a district located within the corporate boundaries of a municipality may be dissolved by municipal ordinance without the consent of the district or the voters of the district.

The purpose of this District is to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety and public welfare. The cost of these services and improvements is not included in the purchase price of your property.

The legal description of the property you are acquiring is as follows:

(description of property)

SELLER:

(Date)

Signature of Seller

PURCHASER IS ADVISED THAT THE INFORMATION SHOWN ON THIS FORM IS SUBJECT TO CHANGE BY THE DISTRICT AT ANY TIME. THE DISTRICT ROUTINELY ESTABLISHES ASSESSMENT RATES DURING THE MONTHS OF SEPTEMBER THROUGH DECEMBER OF EACH YEAR, EFFECTIVE FOR THE UPCOMING YEAR. PURCHASER IS ADVISED TO CONTACT THE DISTRICT TO DETERMINE THE STATUS OF ANY CURRENT OR PROPOSED CHANGES TO THE INFORMATION SHOWN ON THIS FORM.

The undersigned purchaser hereby acknowledges receipt of the foregoing notice at or prior to execution of a binding contract for the purchase of the real property described in such notice or at closing of purchase of the real property.

PURCHASER:

(Date)

Signature of Purchaser

(APPROPRIATE ACKNOWLEDGMENTS)

NOTE: After recording, please return to: _____



Downtown
Redevelopment
Authority



Collaborative Committee Assignment Preference Form

Name: _____

Board Affiliation:

- Central Houston, Inc.
- Downtown Redevelopment Authority
- Houston Downtown Management District

Background:

As introduced in our recently adopted strategic alignment plan, the organization is moving to a more inclusive and collaborative committee model to replace some of our existing programmatic committees. Each of the current boards have committee structures that are being realigned to better match the strategic plan work program. This restructuring enables intentional collaboration among members from the different boards in pursuit of shared objectives. It will also provide members the benefit of hearing perspectives from other stakeholders to help inform recommendations to their respective boards.

**Existing CHI, DRA, and HDMD executive and fiduciary committees, such as audit, 401k investment, finance, DBE, nominating, and personnel, remain in place.*

Preference:

Please write a "1" and "2" to indicate your first and second preferred options from the committees listed below:

- ___ ENHANCE DOWNTOWN COMMITTEE (GOAL 2 - Clean, safe & beautiful)
- ___ CONNECT DOWNTOWN COMMITTEE (GOAL 3 - Public realm design and activation)
- ___ THRIVE DOWNTOWN COMMITTEE (GOAL 4 - Economic development)
- ___ STAKEHOLDER ENGAGEMENT COMMITTEE (GOAL 5 - Marketing, events, programs and communications)
- ___ No preference / surprise me.
- ___ I prefer to not join a committee at this time.



Houston Downtown Management District 2023 Schedule of Board of Directors Meetings

All meetings are scheduled to be held from 12:00 - 1:30 p.m. at the District's offices located inside the Lyondell Basell Tower, 1221 McKinney Street, Exchange Conference Rooms B&C.

January 12	July 13
February 9	August 10
March 9	September 14
April 13	October 12
May 11	November 9
June 15	December 14

Other 2023 Meetings

- Executive Committee meets monthly at 11:00 a.m., prior to board meeting

For additional information, contact:

Jamie Perkins
Assistant Secretary and
Records Management Officer

Thank You



MEMORANDUM

December 8, 2022

To: Board of Directors
Houston Downtown Management District

From: Kris Larson

Re: 2023 Budget Memo

Revenue

On October 27, 2020, a virtual format Public Hearing was conducted for the purpose of giving testimony regarding the details and benefits to property owners of the District's 2021-2025 Service and Improvement Plan. As a result of the hearing, the Plan came before the Board of Directors on November 20, 2020 and was adopted. As you may recall, the new Plan called for total spending of \$100.3 million over the five-year period, divided into \$93.8 million for operations and \$6.5 million for capital improvements at a maximum rate of 15 cents per \$100 of assessed value. The District has changed its method of assessment to measure property values annually based on the HCAD property values in each year of the Plan and the Board of Directors will set the assessment rate annually, subject to the maximum rate cap. In addition, the new Plan calls for approximately \$1 million of the surplus fund balance to be utilized in each of the five years.

The 2023 budget was prepared using the six goals outlined in the 2021-2025 Service and Improvement Plan and is similar in scope to the budget adopted for 2022 with the exception that we have added maintenance responsibility for the recent improvements completed on Bagby Street as well as maintenance and programming for Trebly Park. The draft budget prepared for your review reflects an assessment rate increase of 1 cent approved by the Houston Downtown Management District board on November 10, 2022. The increase results in 12.75 cents per \$100 of assessed value, with the split of 11.75 cents to operating expenditures and 1 cent to capital improvements. We have provided for potential valuation adjustments achieved through protests/litigation of approximately \$1.171M, which assumes a 11.7% loss rate on those properties currently in dispute. We project net assessment revenue to be \$16.4 million for 2023.

The status of properties in litigation continues to be significant. For tax year 2022, approximately \$10.1 billion, or nearly 72% of the property value in downtown, is under protest. For tax year 2021, \$1.4 million in refunds has been issued. \$858K more than what was issued during 2021 for tax year 2020. We will add to the reserves \$1.5 million to take care of the protests for tax year 2022, for a total reserve balance of \$1.8 million. We will continue to monitor the litigation status each month and will increase or decrease the reserve as appropriate to provide for assessment refunds.

MEMORANDUM

December 8, 2022

Page 2 of 8

In addition to the assessment revenue, the District expects to receive the following other sources of revenue: \$180K from the trash subscription program, \$275K from METRO bus shelter cleaning, \$60K from Main Street fountain maintenance reimbursements, \$175K from Cotswold fountain maintenance reimbursements by Houston First, \$43K from Market Square Park kiosk rent, \$204K from the Downtown Redevelopment Authority for Trebly Park utilities at \$54K and Allen Parkway maintenance at \$150K, and \$90K from the Theatre District for reimbursement of staff dedicated to supporting the Theater District. Total partner funding equals \$1 million and interest income is forecasted to be \$360K.

The result is total sources of revenue for 2023 is \$24.2 million (\$6.9 million higher than 2022 projected revenue) on a total property valuation of \$14.0 billion.

Process

The 2023 budget represents the third year of the new Plan and addresses the priorities discussed with stakeholders during the Service and Improvement Plan development.

During the month of October 2022, we conducted meetings with the Board's committees: Public Safety & Maintenance, Marketing & Communications, Planning & Design and Capital Projects. We received feedback from each on the draft department budgets as presented by each of the program directors. Those comments have been incorporated into the 2023 budget and the draft budget was then presented at the November 10, 2022 HDMD Board meeting. Additionally, a virtual townhall meeting was held on November 30, 2022, which provided the opportunity for Downtown stakeholders to provide feedback on the draft budget.

Expenditures

Highlights of next year's budget include:

Public Safety

The number of public safety guides has reduced to 34, with 2 leads and a supervisor to meet the deployment needs of the residential areas in downtown. The total budget for public safety guides is \$2.0M. This service contract was bid in 2021 and the contract was awarded to Block by Block. While there has been a decrease in the number of personnel, the organization has put a program in place to raise the wages over time for both the safety guide and street team personnel to support the organization's goal to pay a "living wage" to our Block by Block team members. The impact increases the costs for 2023 by approximately \$100K for both safety guide and street team personnel.

The number of Off-Duty HPD Officers has been set at 4 full-time equivalent positions. This allows four-hour shifts of 2-4 officers, seven days a week. We have continued to evaluate the scheduling of Off-Duty Officers and have concluded that a small complement of officers that are loyal and reliable is better than a higher number of positions that turn over frequently or

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underperform. Consequently, our budget for Off-Duty Officers is \$328K slightly lower than the 2022 budget of \$337K.

To supplement the Off-Duty Officers and provide coverage for late night downtown activities, the District entered a contract for private security officers with S.E.A.L. Security. Two officers with a patrol car are assigned to four different shifts covering 7am to 3am, seven days a week. Dedicated walking patrols cover Main Street and the Historic District in addition to patrols in marked vehicles throughout downtown. The total budget for S.E.A.L. security is \$900K up from 2022 budget of \$775K due to an increase in the hourly rate of \$32 to \$37.65

In 2022, the PIT program assisted the District in working with the homeless who were addicted to kush. During the pandemic those impacted by kush declined significantly and continues to do so. This has allowed the District to no longer need the assistance of PIT, a \$125,000 reduction in the annual budget.

The total 2023 budget for Public Safety is \$3.0M.

Homelessness

We currently contract for an Outreach Coordinator, Peer Specialist and Case Manager dedicated to downtown through SEARCH. We have also engaged Harris Center to provide a Mental Health Case Manager dedicated to downtown to connect us with direct access to mental health resources, partnered with a Certified Mental Health law enforcement officer to work outreach with the Harris Center team. The intensive case management and collaboration between Harris Center and SEARCH is an approach that seems to be working. In addition, SEARCH is conducting night outreach regularly to better connect with individuals that may be mobile and hard to find during the daytime. We provide program support directly to the Coalition for the Homeless in addition to participation in the housing programs. Total cost of SEARCH, Harris Center, and the Coalition for 2023 is \$536K slightly up from \$527K in 2022. The 2023 budget anticipates a commitment of \$150K to support H3 housing or similar programs.

The total 2023 budget for Homeless Initiatives is \$900K down from \$1.3M in 2022 due to funding of the CCHP program led by the Coalition for the Homeless (as part of an overall program of \$65 million) to provide housing and supportive services for those in encampments and "hot spots" in the downtown area was not fully utilized in 2022.

Street Lighting

The conversion to LED lighting continues to decrease the budget for the enhanced street lighting differential to be reimbursed to the City of Houston.

The total 2023 budget for lighting enhancements is \$165K, down \$45K from 2022.

Street Team

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The 2023 budget provides funding for 44 Street Team associates, an operations manager, an operation's assistant, a full-time maintenance technician, a dispatcher, a training coordinator, a supervisor and 2.5 team leads. The current budget reflects a decrease of 4 associates from 2022. The total budget for Street Teams and equipment (contracted through Block by Block) is \$2.1M equal to 2022 budget. In addition, contractors are retained for pressure washing, bird abatement, port-o-can maintenance, and hand washing stations, totaling \$452K down \$58K from the 2022 budget.

The budget for the trash collection program is \$449K offset by revenue of \$180K.

Paver Repairs

The 2023 budget provides \$350K in funding for paver repairs, up \$50K from 2022 to replace pavers removed by Public Works to make repairs. We have made no provision for Bagby or Trebly Park as these are recent capital projects and will have a period of warranty. This contract was bid in 2021 and was awarded to Gulf Coast Pavers.

Landscaping, Tree Maintenance and Water

The District has extensive landscaping needs and maintains approximately 3,000 trees throughout downtown. The cost to maintain these assets is budgeted at \$815K up \$115K from 2022 budget. The water budget was increased by \$55K to cover 2 lawn meters on Bagby and 5 transit meters throughout. The city water usage rate has increased 5% to 6%. Maintenance and repair has increased by \$50K to support the contract with Houston First to maintain Cotswold Fountains and will be reimbursed.

Operations Center Facility

During 2018 a 15-year lease was signed for the Operations Center facility at 1313 Main, upgrading the operational capabilities and expanding the space to 12,500 square feet. The District also utilizes a warehouse for storage of attic stock and equipment near downtown. In 2023, total rent for the facility and the warehouse equals \$310K and other facility operating costs are \$99K.

Graffiti Removal

Every year the District removes thousands of stickers and graffiti in the public realm of the downtown area. Eliminating this type of urban blight is a key function of the Street Team and \$30K is budgeted in 2023 for this effort.

Emergency Planning

The 2023 budget allows for a contract to provide temporary emergency power through a vendor if needed. The budget for emergency planning is \$15K.

Public Realm Spaces

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Floral displays are beautiful and extensive along Main Street, Dallas Street, Crawford Island and in the McKinney/Lamar pots. Colors are changed three times a year and supplemental plants are added in the cases where the plants have been damaged. Total budget for floral “around” downtown is \$530K. The budget was increased by \$40K to provide for Bagby Street improvements. This does not include floral plantings in Market Square Park, Main Street Square, or Trebly Park which are included in the maintenance budgets for those areas.

Maintenance costs for Market Square Park, including park attendants, landscaping/floral, maintenance, supplies, kiosk repairs/utilities and programming is \$414K. Maintenance costs for Main Street Square including these similar categories totals \$475K, but the District receives a reimbursement from the surrounding properties of \$60K for fountain maintenance. In 2023, \$80K was allocated to support a Main Street Farmers Market. Maintenance and programming costs for the new Trebly Park are \$372K. Maintenance costs for the Cotswold fountains are added to the 2023 budget of \$175K and will be fully reimbursed by Houston First.

The cost of the Holiday Décor in 2023 is \$850K and it is the last year of the lease agreement. The decorations include LED trees, twinkle lights, pole décor and installations at Market Square Park. The décor on Main Street from Dallas to Texas and Bagby Street make a big visual impact on this high-traffic corridor. Total cost of collaborative and holiday programming is \$185K. In 2023, Bigger Art Bigger Change Project – SAM 2.0 will be funded at \$282K and provide 7 more murals within the District reflecting the last 7 of 17 sustainable goals presented by the United Nations.

Banner, pole/pot, and Allen Parkway maintenance is budgeted at \$120K and \$150K is reimbursed by the Downtown Redevelopment Authority for Allen Parkway.

Circulation/Wayfinding

An interlocal agreement signed in 2020 between the District and Fort Bend County provides operating support to a new park and ride service from Ft. Bend County estimated at \$150K per year for three years. The launch of this park and ride service is expected to resume the 1Q 2024, after being delayed because of COVID, with the bus fleet delivered 3Q-4Q 2023. This program was not funded during 2022. In 2023, \$150K is budgeted representing the second payment of three. We currently have a wayfinding maintenance agreement for the 64 vehicular and 109 pedestrian wayfinding signs and have budgeted \$55K wayfinding upkeep.

Living & Economic Development

The 2023 Economic Development program has moved from Central Houston Civic Improvement to the District to more properly reflect the initiatives of the program and the expenses related to it. For 2023, the budget is \$402K. It includes \$100K for Marketing, \$75K for Retail Store recruitment support, \$75K for Cluster Collaboration and \$20K for Retention/Expansion. The 2023 budget includes \$1.1M for grant payments related to the

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Downtown Living Initiative as new projects have been completed and are appearing on the District tax roll. In addition, \$30K has been budgeted for Learn Central School information.

Marketing

The 2023 marketing plan will focus on the campaign theme: We are Downtown. The \$425K for the advertising campaign includes television spots, digital and social media, and funds for creative & strategy. An additional \$431K was allocated to include original video production, the *downtown* magazine reboot, promotional items, field guide and PR consultants. Promotion costs for Trebly Park has been included at an additional \$20K.

The marketing budget also includes a new initiative working in conjunction with the Theater District Houston to create a “placemaking” marketing program focusing on the Theater District amenities. Theater District Houston has approached us with the request to add a new full-time position of the District, supported by a modest programming budget, which would be funded by Theater District Houston. A corresponding revenue item has been reflected in the budget of \$90K.

The total 2023 marketing budget is \$946K and reflects a decrease of approximately \$500K from the 2022 budget.

Planning

The 2023 planning budget reflects \$250K to continue the development work with TxDOT on the NHHIP civic opportunities project and \$300K to for planning and expenses related to the North San Jacinto traffic study. The total 2023 planning budget is \$550 and reflects a decrease of approximately \$266K from the 2022 budget due to postponing the downtown lighting master plan forecasted to cost \$250K.

Governance

District governance includes expenditures for assessment collection, legal, accounting/auditors, administration contractor fees, insurance, District website and administrative personnel. There is no material change in the budget for administration and governance from 2022. The total 2023 budget is \$1.3 million. Staffing costs remain at approximately 17% of total expenditures and have increased over the 2022 budget by \$300K due to 5 new positions. They include the Director of Strategic Initiatives, Albert Sanchez and Economic Development Project Manager, David Gwin, both hired in late 2022. The remaining 3 positions are 2 marketing coordinators focused on graphic design and placemaking, and 1 planning project manager.

Overall, total operating expenditures are budgeted at \$19.8 million, an increase from the 2022 budget of approximately \$1.1M (5.6%). This reflects the District’s expectations of more downtown activity as “return to office” continues to improve and placemaking opportunities increase. It should be noted that the total budgeted 2023 expenditures track very closely with

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our expectations of total spending on operations approved in the five-year Service and Improvement Plan.

Based on 2022, the expenditure budget for 2023 presents an optimistic outlook with the expectation of increases in the downtown workforce, business travel, visits to restaurants/bars, arts, sports, and entertainment venues, etc. over the course of the year. Marketing, programming and to a certain extent cleaning mirror these expectations. However, while we are trying to be realistic with our forecasting, the financial position of the District is strong and provides considerable flexibility to adjust with the ever-changing environment.

Capital Projects

The Capital Projects committee met and recommended the following new projects for 2023:

New Irrigation & Landscape Smart System Implementation -\$375K
 Landscape Enhancements – Urban Canopy- \$200K
 Storefront & Streetscape Design & Construction – More Space Main Street 2.0 - \$870K
 Storefront & Streetscape Design & Construction – Improved Pedestrian Connections - \$500K
 Banners \$335K
 Trebly Park (Misc. Furnishings) \$13K
 Southeast Sidewalks Improvement Project (local match) \$1,356K
 Sidewalk Infill Projects (Matching grant) \$200K
 Pedestrian Wayfinding Upgrades \$95K
 Retail Catalytic Grants \$250K

There are some carryover projects from 2022 that also have been budgeted and included above:

Replacement banners / banner repairs - \$163K
 Southeast Sidewalks Consultant Huitt-Zollars - \$173K
 Southeast Sidewalks Improvement Project (local match) - \$533K
 Pedestrian Wayfinding Upgrades - \$95K

Also included in the capital projects budget is the capital portion of the Downtown Living Initiative grants of \$78K, assessment collection fees of \$4K, and an allowance for capital replacement expenditures of \$250K.

Total capital projects expenditures for 2023 are \$4.5 million and we anticipate utilizing the \$3.1 million of the carryover fund balance to balance the budget.

Operating Fund Balance

The District has built up a surplus fund balance through the years driven by conservative revenue assumptions and careful spending. There are a couple of major development projects under construction and the District will see the benefit of increased values for 2023 and beyond. We have designated \$800K of our fund balance to be held for catastrophic circumstances but

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estimate \$11.7 million is undesignated and unreserved in the operating fund to be carried into 2023.

Houston Downtown Management District
Final 2023 Operating Budget Summary
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	2021-2025 Service Plan Avg. Annual	2022 Budget	2022 Projected	2023 Budget	2023 Budget vs. 2022 Projected	2023 Budget vs. 2022 Budget
Revenues						
Assessment revenue	\$17,065,269	\$13,812,379	\$15,141,762	\$15,141,762	\$0	\$1,329,383
Total Other Revenue	\$575,000	\$743,000	\$747,203	\$1,026,500	\$279,297	\$283,500
Interest	\$200,000	\$12,500	\$205,175	\$240,000	\$34,825	\$227,500
Utilization of Surplus Fund Balance	\$933,333	\$4,130,757		\$3,346,600	\$3,346,600	(\$784,156)
Total Funds Available	\$18,773,602	\$18,698,636	\$16,094,140	\$19,754,862	\$3,660,722	\$1,056,227
Expenses						
Goal 1. Downtown feels comfortable and safe at all times						
1a. Collaboration to maintain low crime rate	\$3,545,000	\$3,278,655	\$2,600,743	\$3,424,045	\$823,302	\$145,390
1b. Reduced presence of homeless & street persons	\$1,366,645	\$1,310,512	\$691,251	\$1,015,130	\$323,879	(\$295,382)
1c. Downtown's sidewalks are comfortably lighted	\$346,917	\$211,222	\$124,736	\$209,526	\$84,790	(\$1,696)
1d. Downtown noted for cleanliness and well kept appearance	\$4,591,002	\$4,867,931	\$4,877,869	\$4,992,788	\$114,919	\$124,857
1e. Remove conditions of disorder in downtown	\$36,794	\$41,277	\$51,449	\$87,321	\$35,872	\$46,044
1f. Prepare for and respond to emergencies	\$113,011	\$116,931	\$107,717	\$128,767	\$21,050	\$11,836
Total Goal 1:	\$9,999,369	\$9,826,526	\$8,453,765	\$9,857,577	\$1,403,812	\$31,050
Goal 2. Public realm is charming, inviting, beautiful and celebrates the life of the city						
2a. Key pedestrian areas are inviting	\$633,388	\$532,513	\$362,365	\$644,323	\$281,958	\$111,810
2b. Public spaces: managed, programmed and delightful	\$1,604,230	\$1,328,657	\$1,016,379	\$1,800,904	\$784,525	\$472,247
2c. Place of civic celebration	\$1,325,646	\$1,693,295	\$1,187,566	\$1,761,228	\$573,662	\$67,933
Total Goal 2:	\$3,563,264	\$3,554,465	\$2,566,310	\$4,206,455	\$1,640,145	\$651,990
Goal 3. Accessible to region and easy to get around						
3a. Effective transit access: more places, more hours	\$179,766	\$161,132	\$11,150	\$172,227	\$161,077	\$11,095
3b. Convenient circulation without a personal vehicle	\$26,282	\$0	\$0	\$0	\$0	\$0
3c. Easy to find way around	\$140,344	\$132,306	\$88,140	\$131,316	\$43,176	(\$990)
3d. Connect neighborhoods and districts inside/outside downtown	\$31,538	\$10,500	\$10,346	\$95,111	\$84,765	\$84,611
3e. Convenient, understandable and managed parking	\$34,166	\$10,556	\$18,973	\$7,386	(\$11,587)	(\$3,170)
Total Goal 3:	\$412,096	\$314,494	\$128,609	\$406,040	\$277,431	\$91,546
Goal 4. Vibrant, sustainable mixed use place						
4a. Best place to work in region	\$370,893	\$405,861	\$404,812	\$621,326	\$216,514	\$215,465
4b. Exciting neighborhoods to live in	\$854,153	\$896,318	\$693,050	\$1,143,640	\$450,590	\$247,322
4c. Competitive shopping place	\$26,282	\$17,700	\$17,470	\$20,311	\$2,841	\$2,611
4d. Remarkable destination for visitors	\$65,178	\$62,880	\$30,594	\$16,480	(\$14,114)	(\$46,400)
Total Goal 4:	\$1,316,506	\$1,382,759	\$1,145,926	\$1,801,757	\$655,831	\$418,998
Goal 5. Downtown's vision and offerings are understood by all						
5a. Market to region	\$1,181,727	\$1,313,862	\$1,133,533	\$1,305,386	\$171,853	(\$8,476)
5b. Promote downtown's ease of use	\$52,563	\$28,156	\$32,281	\$94,672	\$62,391	\$66,516
5c. Vision/ development framework understood by all	\$1,085,432	\$1,067,982	\$460,763	\$725,281	\$264,518	(\$342,701)
5d. Tools to assist continued redevelopment	\$84,101	\$61,126	\$69,819	\$26,687	(\$43,132)	(\$34,439)
5e. Information to support development, investment and marketing of downtown	\$42,051	\$83,971	\$42,078	\$21,596	(\$20,482)	(\$62,375)
Total Goal 5:	\$2,445,874	\$2,555,097	\$1,738,474	\$2,173,622	\$435,148	(\$381,475)
Goal 6. District governance and service known for excellence						
6a. Board and administration: engage stakeholders in decision making	\$870,399	\$933,070	\$1,112,802	\$1,153,062	\$40,260	\$219,992
6b. Communications to owners, tenants and others	\$39,659	\$34,072	\$47,322	\$52,550	\$5,228	\$18,478
6c. Preservation of the District's capital assets	\$126,257	\$98,153	\$43,973	\$103,800	\$59,827	\$5,647
Total Goal 6:	\$1,036,315	\$1,065,295	\$1,204,097	\$1,309,412	\$105,315	\$244,117
Total Expense	\$18,773,424	\$18,698,636	\$15,237,181	\$19,754,862	\$4,517,681	\$1,056,227
Revenue in Excess (Deficit) Expense	\$178	\$0	\$856,959	\$0	(\$856,959)	\$0

FY22 DLI grant carryforward is 282,736

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					Revenue			
Analysis of functional expenses		Out of Pocket Expense	% of Bdgt	Admin Contractor Expense	% of Bdgt	Budget Total	Partner Funding	Net Expense
Goal 1. Downtown feels safe and comfortable at all times		\$8,707,467	44.1%	\$1,150,110	5.8%	\$9,857,577	\$455,000	\$9,402,577
1a	Collaboration to maintain low crime rate	2,999,500	15.2%	424,545	2.1%	3,424,045	0	3,424,045
	Contract labor- public safety guides	2,035,000						
	Off duty + private security/ + PIT team program	964,500						
1b	Reduced presence of homeless & street persons	900,000	4.6%	115,130	0.6%	1,015,130	0	1,015,130
	Homeless planning and services	900,000						
1c	Downtown's sidewalks are comfortably lighted	165,000	0.8%	44,526	0.2%	209,526	0	209,526
	Street lighting operating charge	50,000						
	Utility expense-special lighting/amenities	30,000						
	Lighting repair & maintenance	85,000						
1d	Downtown noted for cleanliness & well-kept appearance	4,597,967	23.3%	394,821	2.0%	4,992,788	455,000	4,537,788
	Contract labor- cleaning	1,965,000						
	Contract labor - special events	10,000						
	Contract labor- flagging	35,000						
	Contract labor- trash collection	350,000					180,000	
	Bus stop cleaning	150,000					275,000	
	Recycling program	25,000						
	Portable restroom servicing	30,000						
	Trash bags/truck insurance	327,000						
	Rat/bird abatement	84,500						
	Landscape contractor	230,000						
	Landscape water	275,000						
	Tree maintenance contractor	110,000						
	Irrigation maintenance & repair contractor	200,000					0	
	Paver repair contractor	350,000						
	Operations center expense	343,467						
	Storage yard and warehouse	55,000						
	Vehicle & cleaning equipment related expense	58,000						
1e	Remove signs of disorder in downtown	30,000	0.2%	57,321	0.3%	87,321	0	87,321
	Contract labor-graffiti abatement	30,000						
1f.	Prepare for emergencies	15,000	0.1%	113,767	0.6%	128,767	0	128,767
	Expense of Emergency Operations Center	15,000						
Goal 2. Public realm is charming, inviting, beautiful and celebrates the life of the city		\$3,683,000	18.6%	\$523,455	2.6%	\$4,206,455	\$481,500	\$3,724,955
2a	Key pedestrian streets are inviting	530,000	2.7%	114,323	0.6%	644,323	0	644,323
	Contractor floral accent planting and care	530,000						
	Vacant space/window activation	0						
2b	Public spaces: managed, programmed and delightful	1,566,000	7.9%	234,904	1.2%	1,800,904	331,500	1,469,404
	Main Street Square fountain plantings	55,000						
	Main Street fountain repairs	60,000						
	Main Street Square fountain maintenance	120,000					60,000	
	Main Street Square electricity	20,000						
	Main Street Square attendant	140,000						
	Main Street Square events & programming	80,000						
	Cotswold Fountain Maintenance	100,000					175,000	
	Cotswold Fountain Repairs	75,000						
	Market Square Park landscaping	97,000						
	Market Square Park operations	40,000						
	Market Square Park attendant	140,000						
	Market Square Park events & programming	125,000					30,000	
	Market Square Park kiosk utilities	12,000					12,500	
	Trebley Park Accent Plants & Landscape Contractor	30,000						
	Trebley Accent Plants - Contractor & Materials	27,000						
	Trebley Park Attendant	140,000						
	Trebley Park Repairs, Supplies & Misc.	10,000						
	Trebley Park - Utilities	65,000					54,000	
	Trebley Park Programming and Events	100,000						
	Trebley Event Contractor	0						
	Other Events	130,000						
2c	Place of civic celebration	1,587,000	8.0%	174,228	0.9%	1,761,228	150,000	1,611,228
	Street banners & pole repair contractor	120,000						
	Allen Parkway maintenance	150,000					150,000	
	Holiday logistics and installation	850,000						
	Holiday season promotion expense	185,000						
	Main Street Square art program	272,000						
	Art consultant	10,000						

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Analysis of functional expenses					Revenue		
	Out of Pocket Expense	% of Bdgt	Admin Contractor Expense	% of Bdgt	Budget Total	Partner Funding	Net Expense
Goal 3. Accessible to entire region all of the time and easy to get around	\$235,000	1.2%	\$171,040	0.9%	\$406,040	\$0	\$406,040
3a Effective transit access: more places, more hours	150,000	0.8%	22,227	0.1%	172,227	0	172,227
Ft. Bend Park and Ride	150,000						
3b Convenient circulation without personal vehicle	0	0.0%	0	0.0%	0	0	0
Circulator operation	0						
Consulting to pursue additional transportation funding	0						
3c Easy to find way around	85,000	0.4%	46,316	0.2%	131,316	0	131,316
Wayfinding system maintenance contractor	55,000						
Create and update informational maps	30,000						
3d Connect neighborhoods and districts inside/ outside downtown	0	0.0%	95,111	0.5%	95,111	0	95,111
Streetscape project coordination	0						
3e Convenient, understandable and managed parking	0		7,386		7,386	0	7,386
Parking program updates	0						
Goal 4. Vibrant, sustainable mixed-use place	\$1,525,806	7.7%	\$275,951	1.4%	\$1,801,757	\$0	\$1,801,757
4a Best place to work in region	402,400	2.0%	218,926	1.1%	621,326	0	621,326
CHI business development program	132,400						
Marketing	100,000						
Recruitment	75,000						
Retention/Expansion	20,000						
Cluster Collaboration Fund	75,000						
CHCI sustainability program	0						
4b Exciting neighborhoods to live in	1,123,406	5.7%	20,234	0.1%	1,143,640	0	1,143,640
Downtown Living Initiative Grants	1,093,406						
Open space, park & recreational offerings	30,000						
School, educational options	0						
4c Competitive shopping place	0	0.0%	20,311	0.1%	20,311	0	20,311
Retail core planning consultants	0						
Signage and advertising	0						
Recruitment consultant	0						
4d Remarkable destination for visitors	0	0.0%	16,480	0.1%	16,480	0	16,480
	0						
Goal 5. Downtown's vision and offerings understood by all	\$1,495,500	7.6%	\$678,122	3.4%	\$2,173,622	\$90,000	\$2,083,622
5a Market to region	945,500	4.8%	359,886	1.8%	1,305,386	90,000	1,215,386
Email blast	0						
Downtown web portal	75,000						
Downtown magazine	75,000					0	
Marketing/ event expense	100,500						
Marketing/Treble Park	20,000						
Marketing/Theater District	90,000					90,000	
Creative and strategy	75,000						
Distribution	0						
Media & Advertising	350,000					0	
Promotional Items	70,000						
Summer Intern Program	0						
PR consultants	90,000						
5b Promote downtown's ease of use	0	0.0%	94,672	0.5%	94,672	0	94,672
	0						
5c Vision/ development framework understood by all	550,000	2.8%	175,281	0.9%	725,281	0	725,281
Update of Downtown Framework- consultants	0						
Transportation infrastructure planning- consultants	300,000						
Major projects planning- consultants	250,000						
Streetscape technical consultants	0						
5d Tools to assist continued redevelopment	0	0.0%	26,687	0.1%	26,687	0	26,687
Help potential new redevelopment projects	0						
5e Develop/ maintain information to support development, investment and marketing of downtown	0	0.0%	21,596	0.1%	21,596	0	21,596

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Analysis of functional expenses	Out of Pocket Expense		Admin Contractor Expense		Revenue		
		% of Bdgt		% of Bdgt	Budget Total	Partner Funding	Net Expense
Goal 6. District governance and service known for excellence	\$565,250	2.9%	\$744,162	3.8%	\$1,309,412	\$0	\$1,309,412
6a Board and administration: engage stakeholders in decision making	460,450	2.3%	692,612	3.5%	1,153,062		1,153,062
Legal Counsel	32,000						
Accountant and auditor	50,000						
Assessment collector	60,000						
Administration contractor fee	60,000						
Insurance	43,550						
General out-of-pocket expenses	214,900						
6b Communications to owners, tenants and others	1,000	0.0%	51,550	0.3%	52,550	0	52,550
Downtown District Communication Quarterly	0						
Downtown District website	1,000						
6c Preservation of District's capital assets	103,800	0.5%	0	0.0%	103,800	0	103,800
Depreciation expense	103,800						
Grand Totals	\$16,212,023	82%	\$3,542,839	18%	\$19,754,862	\$1,026,500	\$18,728,362

Houston Downtown Management District
Final Draft 2023 Capital Budget
 December 8, 2022

	2021-2025 Improvement Plan (5 years)	2022 Budget	2022 Projected	2023 Budget
Revenues				
Net Assessment revenue	\$6,094,739	\$1,284,872	\$1,288,661	\$1,288,661
Project revenue	\$0	\$0	\$0	\$0
Interest	\$50,000	\$3,500	\$75,632	\$120,000
Utilization of Surplus Fund Balance	\$333,333	\$0	\$0	\$0
Prior Fund Balance	\$0	\$5,597,480	\$4,658,353	\$5,182,744
Total Funds Available	\$6,478,072	\$6,885,853	\$6,022,646	\$6,591,404
Expenses				
Goal 1 Downtown feel safe & comfortable				
Street lighting enhancements	\$1,000,000	\$0	\$0	\$0
Irrigation & Landscape Smart System Implementation		\$0	\$0	\$375,000
Additional Trash Receptacles		\$0	\$0	\$0
Total Goal 1:	\$1,000,000	\$0	\$0	\$375,000
Goal 2 Public realm is charming, inviting, beautiful & celebrates life of city				
Landscape improvements	\$550,000	\$260,000	\$260,256	\$200,000
2022 Prairie Street project/2023 More Space Main Street 2.0	\$0	\$265,000	\$40,000	\$1,370,000
Banners	\$0	\$162,500	\$0	\$335,000
Public space amenities	\$0	\$20,000	\$5,107	\$13,000
Texas Avenue pole skirts	\$0	\$0	\$0	\$0
Total Goal 2:	\$550,000	\$707,500	\$305,363	\$1,918,000
Goal 3 Accessible to region & easy to get around				
Lighted street/parking signs	\$500,000	\$0	\$0	\$0
Improved pedestrian connections	\$3,000,000	\$902,000	\$88,126	\$1,556,387
Wayfinding signage	\$300,000	\$275,000	\$60,019	\$95,349
Total Goal 3:	\$3,800,000	\$1,177,000	\$148,145	\$1,651,736
Goal 4 Vibrant, sustainable mixed use place				
Downtown Living Initiative Grants	\$0	\$76,000	\$55,425	\$79,500
Retail catalytic grants	\$0	\$10,000	\$37,500	\$250,000
Total Goal 4:	\$0	\$86,000	\$92,925	\$329,500
Goal 5 Downtown's vision & offerings are understood by all				
Technical assistance grants	\$0	\$0	\$0	\$0
Total Goal 5:	\$0	\$0	\$0	\$0
Goal 6 District governance & excellence known for excellence				
Capital replacement	\$1,125,000	\$257,000	\$293,468	\$254,400
Total Goal 6:	\$1,125,000	\$257,000	\$293,468	\$254,400
Total Expenditures	\$6,475,000	\$2,227,500	\$839,901	\$4,528,636
Revenue in Excess (Deficit) Expense	\$3,072	\$4,658,353	\$5,182,745	\$2,062,768

Houston Downtown Management District
Board of Directors' Meeting
December 8, 2022

Consent Agenda

The board of directors hereby authorizes the following items and furthermore hereby authorizes the President/CEO to execute agreements as necessary for same. Requests are attached for each item on the agenda.

- Authorize expenditure for customized trash bags
- Authorize agreement and expenditure for trash collection management
- Authorize agreements and expenditures for deep cleaning pressure washing on sidewalks
- Authorize agreement and expenditures for bus stop pressure washing
- Authorize expenditure for Operations Center rent (1313 Main)
- Authorize expenditure for Operations Center voice and data service
- Authorize expenditure for Operations Center parking spaces
- Authorize expenditure for transient and lawn meter water costs
- Authorize agreement and expenditures for irrigation repairs
- Authorize expenditures for tree maintenance
- Authorize expenditures for electrical costs for Operations Center, warehouse and various streetscape amenities
- Authorize expenditure for Main Street Square electrical expenses
- Authorize expenditure for utility costs related to Market Square
- Authorize expenditure for utility costs related to Trebly Park
- Authorize agreement and expenditure for bird abatement
- Authorize expenditure for off-duty HPD police program coordinators
- Authorize expenditure for warehouse rent
- Authorize expenditure for public restrooms facilities
- Authorize agreement and expenditures for banner program
- Authorize agreement and related expenditure for recycling program
- Authorize agreement and expenditures for wayfinding maintenance

ACTION ITEM	Authorize 2023 expenditure with All American Poly for customized trash bags.
SERVICE PLAN	2021-2025
Account Code	828.255
Budget & Year	\$32,000 2023
REQUEST	Not to exceed \$32,000
DESCRIPTION	This action allows the District to purchase customized blue trash bags and clear bags to be utilized for trash removal, tipping of trash receptacles and the curbside trash program.
DISCUSSION	The Street Team associates use these trash bags to remove litter and debris from the sidewalks, encampments and bus stops as well as tip trash receptacles that are overflowing. The District also has a curbside trash program that services approximately 95 small businesses. The businesses place their trash in the blue bags and the garbage truck removes all the bags between the hours of 2pm - 9pm and 4:30am – 7am.
M/WBE Participation	All American Poly is not a DBE. All American Poly was awarded the contract that included a DBE search and proposals.

ACTION ITEM	Authorize agreement and related 2023 expenditures to LJC Janitorial Service for trash collection management services.
SERVICE PLAN	2021-2025
Account Code	828.256
Budget & Year	\$25,000 2023
REQUEST	Not to exceed \$25,000
DESCRIPTION	LJC Janitorial Service is a liaison between the District and the City of Houston for the Curbside Trash Program and trash collection operations.
DISCUSSION	<p>LJC Janitorial Service works with the City of Houston to coordinate issues associated with the garbage truck and the process of disposing of the trash collected downtown. LJC also monitors the Block By Block personnel and assists with safety training.</p> <p>Mr. Caldwell has his hours verified by HDMD staff and submits them in writing on a monthly basis.</p>
DBE Participation	LJC Janitorial Service is a self certified MWBE contractor.

ACTION ITEM	Authorize agreements and 2023 expenditures for deep cleaning pressure washing of sidewalks.
SERVICE PLAN	2021-2025
Account Code	821.203
Budget & Year	\$ 150,000 2023
REQUEST	Not to exceed \$75,000
DESCRIPTION	This action allows the District to contract with companies to provide deep cleaning pressure washing for sidewalks needing special attention.
DISCUSSION	Block By Block has a crew to perform cold water pressure washing. The District wants to improve the level of cleanliness of the sidewalks by hiring a company to concentrate on problem areas to remove stains utilizing hot water with a chemical application.
M/WBE Participation	District currently utilizes DBE contractors.

ACTION ITEM	Authorize agreement and 2023 expenditure with Touch & Agree Property Management & Maintenance Services for METRO bus stop pressure washing.
SERVICE PLAN	2021-2025
Account Code	821.203
Budget & Year	\$ 150,000 2023
REQUEST	Not to exceed \$75,000
DESCRIPTION	Touch & Agree is the District's sub-contractor for the METRO bus stop cleaning contract.
DISCUSSION	Touch and Agree will continue to perform the pressure washing duties of the METRO bus stop cleaning contract. Touch & Agree will pressure wash 128 stops once a week on Sunday, Monday and Tuesday nights between 6:00pm – 3:00am.
M/WBE Participation	Touch & Agree is a certified DBE.

ACTION ITEM	Authorize 2023 expenditure to LVA4 Houston GreenStreet, LP for rent for the Operations Center.
SERVICE PLAN	2021-2025
Account Code	822.250
Budget & Year	255,000 2023
REQUEST	Not to exceed \$255,000
DESCRIPTION	The District's Operations Center relocated to 1313 Main in April 2019. The District will pay approximately \$255,000 for the 12,500 sq. ft. space in 2023.
DISCUSSION	The Operations Center houses the Operations staff and all the employees of Block By Block, the contractor that manages the Street Team and Downtown Public Safety Guide Programs. It also provides a street level space for anyone to walk in and receive information about downtown. All the equipment and vehicles needed for daily Street Team activities are stored in the annex space that opens up from the garage.
M/WBE Participation	LVA4 Houston GreenStreet, LP is not a DBE.

ACTION ITEM Authorize 2023 expenditures with AT&T for voice and data service.

SERVICE PLAN 2021-2025
 Account Code 822.255
 Budget \$23,000 2023

REQUEST Not to exceed \$ 23,000

DESCRIPTION This action allows payment for the internet and data service for the Operations Center. With the availability of fiber, the District now has a faster internet service to Operations and voice and data sharing services between its offices at 1221 McKinney and 1313 Main.

DISCUSSION Since inception of the Operations Center, staff and management have desired unified day-to-day voice & data sharing systems. With the introduction of fiber, the District now has unified the voice and data sharing services between its offices at 1221 McKinney and 1313 Main.

DBE Participation AT&T is not a DBE vendor.

ACTION ITEM	Authorize 2023 expenditures with Raffle Parking for the Operations Center parking spaces
SERVICE PLAN	2021-2025
Account Code	822.254
Budget & Year	\$11,000 2023
REQUEST	Not to exceed \$11,000
DESCRIPTION	Expenditure covers the costs associated with the four parking spaces in the garage at 1301 Main.
DISCUSSION	In the Operations Center lease, there is a clause that the garage provides the District four reserved parking spaces for District vehicles to park throughout the day and overnight.
M/WBE Participation	Raffle Parking does not qualify as a DBE.

ACTION ITEM	Authorize 2023 expenditures with the City of Houston for transient and lawn meter water costs.
SERVICE PLAN	2021-2025
Account Code	831.258
Budget & Year	\$275,000 2023
REQUEST	Not to exceed \$275,000
DESCRIPTION	The District maintains all the trees and landscaping installed within the Cotswold Projects, Transit Streets Projects, Main Street METRO Rail Project, South East Sidewalks Project, Dallas Street, and Bagby Street. The water utilized to irrigate the landscaping and trees is metered and the District pays the City of Houston monthly for each meter.
DISCUSSION	The District has 23 lawn meters and 3 transient meters that are utilized to water the landscaping materials that were installed under the above-mentioned projects. To achieve a high standard of landscaping, the trees and groundcover need water to thrive in an urban environment.
M/WBE Participation	City of Houston is not a DBE.

ACTION ITEM	Authorize agreement and 2023 related expenditure with Maintenance To Go, Inc. for irrigation system repairs and maintenance.
SERVICE PLAN	2021-2025
Account Code	833.201
Budget & Year	\$200,000 2023
REQUEST	Not to exceed \$200,000
DESCRIPTION	This expenditure allows for the continued maintenance and repair of the vast irrigation systems throughout the District.
DISCUSSION	The District routinely performs needed repairs and maintenance of the irrigation systems that supply water to all the trees, planter beds and planter pots. As per the Maintenance Agreement with the City of Houston, the District is obligated to maintain the irrigation systems that were installed as part of the Metro's Transit Street Projects, District's Cotswold Projects, and other projects implemented by the Downtown Redevelopment Authority such as the Bagby Street Improvements Project.
DBE Participation	Maintenance To Go, Inc. is a certified DBE company.

ACTION ITEM	Authorize 2023 expenditures for tree trimming and maintenance throughout the downtown area.
SERVICE PLAN	2021-2025
Account Code	831.259
Budget & Year	\$110,000 2023
REQUEST	Not to exceed \$110,000
DESCRIPTION	These expenditures are for the contractors to perform tree trimming and maintenance throughout downtown.
DISCUSSION	The District has a maintenance obligation to trim trees within the Downtown District for clearance of street light poles. Our landscape contractors will be trimming branches within 4 feet of light poles. The District will also add or replace trees, ground cover and gravel as needed.
M/WBE Participation	Plan to utilize DBE contractor(s).

ACTION ITEM	Authorize 2023 expenditures to Reliant Energy and TXU Energy for electricity costs at the Operations Center, warehouse and for the various amenities throughout the District.
SERVICE PLAN	2021-2025
Account Code	812.201, 822.252, 822.253
Budget & Year	\$140,000 2023
REQUEST	Not to exceed \$100,000
DESCRIPTION	Reliant Energy is the electricity provider for the Operations Center, warehouse and the meters installed throughout downtown for the street amenities. We signed an agreement with TXU Energy to lock in pricing starting in 2023.
DISCUSSION	<p>The Operations Center is utilized by the District staff, Street Teams, Downtown Public Safety Guides and the security officers. The warehouse is located at 3711 Polk and stores wayfinding, trash bags, holiday decorations, electrical fixtures, etc.</p> <p>The District has 37 electrical meters to power the irrigation systems, wayfinding signage, pedestrian and festoon lighting, electrical receptacles, holiday décor, and illuminated banner poles.</p>
M/WBE Participation	Reliant Energy & TXU Energy are not a DBE.

ACTION ITEM	Authorize 2023 expenditure to City of Houston for Main Street Square electrical expenses.
SERVICE PLAN	2021-2025
Account Code	835.203
Budget & Year	\$20,000 2023
REQUEST	Not to exceed \$20,000
DESCRIPTION	The District is responsible for annual energy costs related to the operations of Main Street Square. The electrical costs are primarily related to the operation of the fountain and the street lights.
DISCUSSION	These electrical costs for Main Street Square include power for the pump motors, the computer systems, air supply, the air conditioner for the vault, and lighting at the square. The District and the adjacent property owners share the electrical costs. The District pays fifty percent (50%), and our two partners pay twenty-five percent (25%) each. The amount budgeted is calculated using the City of Houston's rate per kilowatt-hour.
DBE Participation	City of Houston is not a DBE.

ACTION ITEM	Authorize 2023 expenditure to City of Houston for utility costs related to Market Square Park.
SERVICE PLAN	2021-2025
Account Code	837.203
Budget & Year	\$12,000 2023
REQUEST	Not to exceed \$12,000
DESCRIPTION	The expenditure is for electricity utility bills associated with the operation of the food kiosk at Market Square Park.
DISCUSSION	Under the District's operating agreement with the City for Market Square Park, the District is responsible for the electricity for the food kiosk. The City reads the meter and then bills the District. The District invoices Niko Niko's, the kiosk operator for reimbursement of the bill.
M/WBE Participation	City of Houston is not a DBE.

ACTION ITEM	Authorize 2023 expenditures for utility costs related to Trebly Park.
SERVICE PLAN	2021-2025
Account Code	839.203
Budget & Year	\$45,000 2023
REQUEST	Not to exceed \$45,000
DESCRIPTION	The expenditure will include the gas, electric and water utility bills associated with the operation of Trebly Park.
DISCUSSION	The District will pay all the costs of the gas, electricity and water usage for the operation of the park's amenities. The District will bill back the utility costs associated to the operation of the restaurant to the tenant, Tout Suite, on a monthly basis.
M/WBE Participation	N/A

ACTION ITEM	Authorize agreement and related 2023 expenditure to Urban Bird Services for bird abatement services.
SERVICE PLAN	2021-2025
Account Code	825.200
Budget & Year	\$72,000 2023
REQUEST	Not to exceed \$72,000
DESCRIPTION	This expenditure is paying the costs for Urban Bird Services to perform bird monitoring, dispersal and abatement throughout downtown.
DISCUSSION	This service helps alleviate the problem of large migratory bird population which causes bird dropping issues on the streets and sidewalks. Property managers and the District pressure wash and scrub the stains off the sidewalks but the birds come right back the next night. Urban Bird Services will work at night and use high powered, long-range avian lasers to disperse roosting in the trees. Urban Bird Services is the largest provider of Bird & Bat services in Texas. The service is set up on a month-to-month basis.
M/WBE Participation	Urban Bird Services is not a DBE.

ACTION ITEM	Authorize 2023 expenditure to Bryan Bennett and Mike Loessin to be the Off Duty Police Program Coordinators.
SERVICE PLAN	2021-2025
Account Code	816.200
Budget & Year	\$30,000 2023
REQUEST	Not to exceed \$30,000
DESCRIPTION	The expenditure pays Bryan Bennett to be the coordinator for the Off Duty Police Program and Mike Loessin to be the coordinator for the officers at designated areas of concern.
DISCUSSION	The Off Duty Police Program was created to add uniformed police presence to the streets. The District manages the program to assist the Downtown Public Safety Guides with monitoring and responding to negative public behaviors that add to the perception of crime and the environment in the public streets. The coordinators schedule the officers to fulfill the shifts the District has created. The amount paid to the coordinators is 10% of the total labor hours the officers in the program work.
M/WBE Participation	N/A

ACTION ITEM	Authorize 2023 expenditure with WE 68 for leasing warehouse space.
SERVICE PLAN	2021-2025
Account Code	822.252
Budget & Year	\$55,000 2023
REQUEST	Not to exceed \$55,000
DESCRIPTION	This action provides the monthly rent for the warehouse lease at 3711 Polk with HBS Warehouse Associates for 2023.
DISCUSSION	The District receives large deliveries and stores holiday decorations, banners, brackets, trash bags, wayfinding signage and electrical materials in the 4,750 square foot facility.
M/WBE Participation	HBS Warehouse is not a DBE.

ACTION ITEM	Authorize 2023 expenditures for servicing public restrooms.
SERVICE PLAN	2021-2025
Account Code	821.205
Budget & Year	\$30,000 2023
REQUEST	Not to exceed \$30,000
DESCRIPTION	Expenditures cover the costs associated with installation and service of port-a-cans placed within the Downtown District to provide public restrooms.
DISCUSSION	<p>Currently, the District has five port-a-cans providing a public restroom to users and visitors of downtown. The District pays for 7 day a week service and the locations are monitored by the Street Teams.</p> <p>The port-a-cans are located at: 600 Bagby 800 Smith (Tranquility Park) 1200 Prairie (The Beacon) 1900 Runnels 1900 Ruiz</p> <p>Other viable locations are being pursued to provide public restroom options in other areas of downtown due to the reports and complaints of urination in certain locations.</p>
M/WBE Participation	TBD

ACTION ITEM	Authorize agreement and related 2023 expenditures with Lone Star Flags & Flagpoles for the 2023 Banner Program.
SERVICE PLAN	2021-2025
Account Code	834.200
Budget & Year	\$90,000 2023
REQUEST	Not to exceed \$90,000
DESCRIPTION	Expenditures cover the costs associated with installation, maintenance and takedown of District banners that are displayed through the end of 2023 including the holiday banners.
DISCUSSION	The costs associated with this action will allow Lone Star Flags to maintain the banners including removals and re-installations due to damage or weather-related events, as necessary.
M/WBE Participation	Lone Star Flags & Flagpoles is a self certified MWBE contractor.

ACTION ITEM	Authorize agreement and 2023 expenditures for providing recycling services to participants in the Curbside Trash Program.
SERVICE PLAN	2021-2025
Account Code	828.257
Budget & Year	\$25,000 2023
REQUEST	Not to exceed \$25,000
DESCRIPTION	The contractor will provide recycling at least 2 days a week for the participants in the Downtown District's curbside trash program.
DISCUSSION	The Downtown District has been responsible for the trash collection in downtown since 1993. One portion of our trash collection operation is a curbside trash program that serves approximately ninety-five (95) small to mid-sized businesses in downtown, predominately in the Historic District. Subscribers pay for this service, and we offer recycling to all participants. The recycled materials include paper, cardboard, plastic and aluminum materials. The current agreement expires in January 2023 so we will receive competitive pricing from vendors to compare terms and costs.
DBE Participation	TBD

ACTION ITEM	Authorize agreement and related 2023 expenditures with NEC Signage and Architectural Products for pedestrian and vehicular wayfinding maintenance.
SERVICE PLAN	2021-2025
Account Code	841.200
Budget & Year	\$55,000 2023
REQUEST	Not to exceed \$55,000
DESCRIPTION	Expenditures will cover costs associated with dispatching contractor to assess and provide maintenance for wayfinding systems.
DISCUSSION	Routine and as-needed maintenance activities are planned to continue through 2023. Scope of work will cover the 66 large vehicular signs which were refurbished in 2015 and the 105 smaller pedestrian signs installed in 2016. Maintenance activities include polishing and cleaning of various sign components, a light check for electrified signs as well as a system wide comprehensive report which will be used for determining if further repairs are required.
DBE Participation	NEC Signage and Architectural Products does not qualify as a DBE.

AUTHORIZATIONS – OPERATIONS, PUBLIC SAFETY & MAINTENANCE

- Authorize expenditure for the Street Team and Downtown Public Safety Guide Programs
- Authorize agreements and expenditures for private security patrols & security cameras
- Authorize agreement and expenditure for landscape services
- Authorize agreement and related expenditure for floral plantings and maintenance
- Authorize agreement and expenditure for paver repairs
- Authorize agreements and expenditures for homeless outreach services

ACTION ITEM	Authorize 2023 expenditures to Block By Block to manage the Street Team and Downtown Public Safety Guide Programs.
SERVICE PLAN	2021-2025
Account Code	821.800, 822.800, 823.800, 824.800, 828.800, 859.800, 836.800
	837.800, 818.800, 817.800, 839.800
Budget & Year	Total of \$5,100,000 2023
REQUEST	Not to exceed \$5,100,000
DESCRIPTION	This item covers the expenses for the Street Team Program and Public Safety Guide Program. These associates are employed, managed and trained by Block By Block.
DISCUSSION	<p>The Street Team Program has helped enhance the image of the downtown area through litter removal, graffiti removal, mowing grass, weed removal and power washing of the sidewalks. The Trash Collection personnel remove and dispose of the trash collected throughout the District. The park attendants at Market Square Park, Main Street Square & Trebly Park are responsible for cleaning and maintaining the parks at an elevated standard. The Guides provide information and assistance to all users of downtown and proactively assess, monitor and report situations or issues that need to be addressed to make downtown an enjoyable experience.</p> <p>The District completed a RFP for the Street Teams and Public Safety Guide Programs in November 2020. 2023 is the third year of the three-year agreement with two possible annual renewals.</p>
DBE Participation	Block By Block is not a DBE, however they are the District's labor contractor and have committed to achieve a 20% DBE goal through sub-contractors and vendors.

ACTION ITEM Authorize agreements and related 2023 expenditures with S.E.A.L. Security Services, Inc for private security and security cameras.

SERVICE PLAN 2021 - 2025
 Account Code 816.222
 Budget & Year \$920,000 2023

REQUEST Not to exceed \$920,000

DESCRIPTION S.E.A.L. Security Services will provide four teams of two officers to patrol and walk downtown 7 days a week from 7am -3am. The private security teams will provide additional support to the complex issues of civility ordinance violations and support our Downtown stakeholders with morning, afternoon, and late-night safety presence.

S.E.A.L. Security Services will also provide 2 mobile cameras and monitoring that provides a crime deterrent tool to be utilized in hot spot areas.

DISCUSSION After early success with the initial SEAL pilot program, we continued to experience public safety issues and stakeholder concerns surrounding vagrants and illegal activity within Downtown during all hours of the day. An additional SEAL team was added in 2021 to perform foot patrols in their assigned areas during the late afternoon and evening hours. This program and the personnel deployments are constantly monitored to adapt and respond to ever changing conditions of the environment. Continuing these efforts will provide a uniformed security presence that will address the concerns regarding public safety throughout the District.

The security cameras are a crime deterrent tool that can be utilized by the police when events are captured on video. The cameras can be moved to different locations as areas of concerns change.

DBE Participation S.E.A.L. Security Services is not a DBE.

ACTION ITEM	Authorize a one-year agreement extension and related 2023 expenditures with Associated Landscape Services LC to perform landscape services and maintenance.
SERVICE PLAN	2021-2025
Account Code	831.257, 837.205, 839.205
Budget & Year	Total of \$304,000 2023
REQUEST	Not to exceed \$304,000
DESCRIPTION	These expenditures are for the contractor to perform maintenance on the landscaping that the District is responsible for maintaining under the maintenance agreements with the City of Houston, METRO and TXDOT. The scope also includes enhanced maintenance at Market Square Park, Main Street, and Trebly Park once completed. The major duties performed include tree trimming for clearance, mowing grass, trimming asian jasmine, removing weeds and trash and reporting any issues related to irrigation or problems with the landscaping.
DISCUSSION	The District completed a Landscape Maintenance RFP in 2020. The initial term was for one year with up to four 1-year extensions. 2023 would be the second one-year extension.
M/WBE Participation	Associated Landscape Services is not a DBE.

ACTION ITEM	Authorize a one-year agreement extension and related 2023 expenditures with Color Specialists Landscaping, Inc. for floral plantings and maintenance.
SERVICE PLAN	2021-2025
Account Code	832.200, 837.200 835.205 839.200
Budget	\$530,000, \$50,000 \$55,000 \$30,000
REQUEST	Not to exceed \$665,000
DESCRIPTION	Color Specialists Landscaping Inc. will provide seasonal color and maintenance for Market Square Park, Trebly Park, Main Street, Dallas Street, Bagby Street, Crawford Island and McKinney/ Lamar/ Prairie planter pots.
DISCUSSION	<p>Color Specialists will provide weekly maintenance at all the seasonal color locations as well as labor and materials necessary to install new seasonal color three times a year. Services also include fertilizing, mulching, and disease control, including insecticides, fungicides, and herbicide treatments.</p> <p>The District completed a Landscape Maintenance RFP in 2020. The initial term was for one year with up to four 1-year extensions. 2023 would be the second one-year extension.</p>
DBE Participation	Color Specialists Landscaping, Inc. is a certified MWBE contractor.

ACTION ITEM	Authorize a one-year agreement extension and related 2023 expenditures with Gulf Coast Pavers, Inc. for paver repair work.
SERVICE PLAN	2021-2025
Account Code	833.200
Budget & Year	\$350,000 2023
REQUEST	Not to exceed \$350,000
DESCRIPTION	Expenditures will cover costs to repair paver crosswalks and sidewalks at various locations within the District.
DISCUSSION	<p>The District is obligated by the maintenance agreement with the City of Houston to maintain and repair pavers in the crosswalks and sidewalks that were installed as part of the Transit Street, Cotswold, and Bagby Street Projects. The District is also required to re-installs pavers where the City makes utility repairs.</p> <p>The District completed a Paver Maintenance RFP in 2020. The initial term was for one year with up to four 1-year extensions. 2023 would be the second one-year extension.</p>
DBE Participation	Gulf Coast Pavers is not a DBE.

ACTION ITEM	Authorize agreements and 2023 expenditures with SEARCH & Harris Center for Mental Health and IDD to provide outreach services and assistance.
SERVICE PLAN	2021-2025
Account Code	851.200
Budget & Year	\$900,000 2023
REQUEST	Not to exceed \$440,000
DESCRIPTION	SEARCH provides support services and Rapid Re-Housing for Downtown's homeless population. The Harris Center provides support services and long-term housing to homeless individuals with mental illness and intellectual disability.
DISCUSSION	<p>SEARCH is a provider of services to the homeless community including outreach, needs assessment, case management and housing assessment. In performing their mission, Downtown Public Safety Guides (DPSGs) will encounter homeless who need these services and are willing to accept assistance. SEARCH staff works to build rapport and provide ongoing case management services with Downtown individuals jointly identified by the DPSGs and SEARCH outreach staff as being homeless. Case Management services focus on individual needs that may be a barrier to one's transition off the street including addressing ongoing health, identification, income, or other factors. The Peer Specialist, who has a background in experiencing homelessness or addiction, can assist with relating to individuals experiencing similar issues.</p> <p>The District and The Harris Center will collaborate in a process to identify and engage adults with mental illness who are homeless in the downtown area by providing ongoing mental health treatment through intensive crisis intervention and wraparound care coordination services. This partnership includes the implementation and management of a Licensed Care Clinician who will provide intensive home and community-based crisis services and Care Coordination services to adults with mental illness. A Peer Specialist position will be added to the program to assist with follow up appointments so the clinician can spend more time for on-street outreach.</p>
DBE Participation	S.E.A.R.C.H., is a non -profit service provider. Harris Center is the state designated local Mental Health Authority for Harris County.

AUTHORIZATION – ECONOMIC DEVELOPMENT PROGRAM

- Authorize agreement and expenditure for Placer.ai
- Authorize agreement and expenditure for CoStar

ACTION ITEM	Authorize 2023 expenditures to Placer.ai
SERVICE PLAN	2021-2025
Account Code	621.500
Budget & Year	\$15,000 2023
REQUEST	Not to exceed \$15,750
DESCRIPTION	This action authorization will cover the cost for Placer.ai.
DISCUSSION	Strategic Alignment Plan Goal 4.9: The Downtown Houston Management District is committed to being the go-to organization for Downtown market research and intelligence. Placer.ai is the industry leader in accurate, reliable, accessible and privacy-preserving compliant location analytics.
DBE Participation	Placer.ai is not a DBE.

ACTION ITEM	Authorize 2023 expenditures to CoStar
SERVICE PLAN	2021-2025
Account Code	621.500
Budget & Year	\$15,000 2023
REQUEST	Not to exceed \$15,750
DESCRIPTION	This action authorization will cover the cost for CoStar.
DISCUSSION	Strategic Alignment Plan Goal 4.9: The Downtown Houston Management District is committed to being the go-to organization for Downtown market research and intelligence. CoStar is the industry leader in information, analytics and marketing services to the commercial property industry in the United States, Canada, the United Kingdom, France, Germany, and Spain.
DBE Participation	CoStar is not a DBE.

AUTHORIZATIONS – ADMINISTRATION

- Authorize expenditure for administration contractor
- Authorize expenditure for accounting services
- Authorize expenditure for liability and property risk coverage
- Authorize expenditure for audited financial statements for FY22
- Authorize expenditure for legal counsel

ACTION ITEM	Authorization of schedule of Maximum/Minimum Annual Charges and Rates for Central Houston, Inc. as administration contractor and expenditure with Central Houston, Inc. for same.
SERVICE PLAN	2021-2025
Account Code	All personnel account codes.
Budget & Year	\$3,622,364 2023
REQUEST	Not to exceed \$3,803,483
DESCRIPTION	On August 29, 1995, HDMD directors approved an agreement with Central Houston, Inc. to serve as administration contractor for the District and providing the District's staff. The agreement provides for annual approval by the District board of a Schedule of Maximum/Minimum Annual Charges and Rates. Following is Exhibit D, the schedule for the year 2023. Billings monthly will be at the rates and within the limits set forth. A detailed reconciliation is made at the end of the actual expense versus provisional rates in the attached schedule. The rates in the attached schedule are based on the draft 2023 Central Houston operating budget to be presented to the Central Houston board on December 8.
DISCUSSION	In place since operations inception in 1992, this method of staffing provides HDMD with flexibility and economies over time and between service plans.
DBE Participation	N/A, Central Houston is a 501(c)(6) non-profit corporation.

**HDMD Reimbursement for Year 2023
(Exhibit D of CHI/HDMD Admin.
Agreement)**

Expense Item	Budget Total	Minimum	Maximum
		-5.00%	5.00%
Salaries	\$2,439,574	\$2,317,595	\$2,561,553
Less: Part-time & contract	\$340,000	\$323,000	\$357,000
Indirect Rate	26.92%		
Indirect Personnel Expense	\$565,090	\$536,836	\$593,345
Overhead Rate	25.05%		
Less: Off-Duty Officers	\$291,200	\$276,640	\$305,760
Overhead Expense	\$538,173	\$511,264	\$565,082
Direct Expenses	\$8,500	\$8,075	\$8,925
Fee Rate	2.00%		
Fee	\$71,027	\$67,476	\$74,578
Total	\$3,622,364	\$3,441,246	\$3,803,483

ACTION ITEM	Authorize 2023 expenditure with NCTP-CPAs accounting firm for monthly review of financial statements and quarterly sales tax returns.
SERVICE PLAN	2021-2025
Account Code	913.600
Budget & Year	\$50,000 2023
REQUEST	\$21,000
DESCRIPTION	Outside CPAs have provided monthly balance sheet and statement of activities financial statement reviews for the District, as well as providing supplemental accounting assistance as required.
DISCUSSION	NCTP-CPAs has been the District's CPA for the past several years. Ms. Minnie Carriaga has prior experience working with the District during their tenure at McConnell & Jones on the audit team and they have an exceptional understanding and depth of knowledge regarding the operations and capital improvement programs of the District.
DBE Participation	Certified DBE vendor.

ACTION ITEM Authorize 2023 expenditure with Texas Municipal League Intergovernmental Risk Pool for renewal of liability and property risk coverage.

SERVICE PLAN 2021-2025
Account Code 920.601, 920.602, 920.604, 920.605 and 920.607
Budget & Year \$51,550 2023

REQUEST Not to exceed \$54,000

DESCRIPTION Risk coverage as detailed below for the policy year 1/1/2023 – 12/31/2023. These are preliminary numbers and reflect last year’s premiums.

DISCUSSION

Elected Coverage	Limit	Deductible	Premium
General Liability includes Cyber Liability & Data Breach Response	10,000,000 (10M Annual Aggregate) 1,000,000	0 0	11,500
Errors & Omissions	1,000,000 (2M Annual Aggregate)	1,000	17,000
Automobile Liability including Automobile Medical Payments	1,000,000 25,000	0	3,000
Real & Personal Property includes Fine Arts Schedule and Boiler & Machinery	2,213,810 181,500 100,000	250 25,000 (Fire & Flood)	12,000
Mobile Equipment	129,572	250	1,500

DBE Participation TMLIRP is a governmental risk pool.

ACTION ITEM	Authorize President/CEO to execute an agreement for engagement of Carr, Riggs & Ingram, CPAs and Advisors and to authorize expenditure for the 2022 year-end audit.	
SERVICE PLAN	2021-2025	
Account Code	913.600	Accounting/ audit expense
Budget & Year	\$50,000	2022
REQUEST	Not to exceed \$25,500	
DESCRIPTION	The request for the 2022 audit expenditure authorization includes both professional fees and an allowance for expenses.	
DISCUSSION	The District went through a RFQ process in December of 2020 and received proposals from four CPA firms. The proposals were reviewed by the Audit Committee and the decision was made to award the engagement to Carr, Riggs & Ingram, CPAs and Advisors for a three year period covering audits for 2020, 2021 and 2022. This will be the third year for Carr, Riggs as the District's independent auditor. Carr, Riggs has extensive experience in governmental accounting and has been the auditor for the Downtown Redevelopment Authority for many years.	
DBE Participation	CRI CPA's and Advisors is not a certified DBE.	

ACTION ITEM	Authorize 2023 expenditure with Bracewell for general counsel services.
SERVICE PLAN	2021-2025
Account Code	912.600
Budget & Year	\$32,000 2023
REQUEST	\$32,000
DESCRIPTION	General counsel services provided include Meeting Services (Board of Directors) and General Counsel Representation, primarily consisting of advice on procurement, contract, statute compliance matters and levying assessments. During years when the Legislature is in session (as will be the case this year) additional legal services may be required.
DISCUSSION	<p>Bracewell launched their public finance practice group in 2012 with the addition of 24 attorneys, including Barron Wallace and Clark Lord, both having deep public finance experience and providing continuity to the transition from V&E for their clients. The group has extensive experience in the legislative and regulatory process as it impacts public finance issues and provides excellent support to in-house counsel and administration.</p> <p>Currently, the District is paying \$1,100 per month for board meeting services, which includes the presence of one attorney and one legal assistant, plus incidental direct reimbursements. For General Counsel Representation, fees range from \$250 to \$750 per hour for counsel and \$150 to \$315 for paralegal and administrative assistant personnel.</p>
DBE Participation	No

**MEMORANDUM**

December 8, 2022

TO: Board of Directors

FROM: Brett DeBord, Director of Operations and Capital Projects

RE: Operations Update

EVENT PROGRAMMING UPDATE: (Ellen Johnson, Programming & Events Manager)**Holiday Season:**

In partnership with the Houston Food Bank, Houston Tool Bank and Meals on Wheels, Houstonians can now donate globally this holiday season at the Giving Machine. Imagine swiping your credit card at a vending machine—but instead of buying a candy bar for yourself, you're buying a goat for a family in a developing country. Or a pair of socks. A polio vaccine. Or 100 meals for the food bank. That's the Giving Machine. Stop by Bravery Chef Hall located at 409 Travis to give back!

On December 2nd, we kicked off our new holiday event this season, Holidays Around the World. Every Friday this season (except Dec. 9th) from 6-9 pm, join us at Market Square Park and enjoy live music, watch live artists create artwork that showcases the holiday and visit the information tent for more information and giveaways.

Dec 2: Hanukkah, Dec 16: Las Posadas, Dec 23: Kwanzaa, Dec 30: Osaka

Return to Office:

Our most popular Return to Office event, Lobbies and Libations, will end with a bang Wednesday, Dec. 7th. Enjoy lite bites from McCormick & Schmick's, dance to two different bands and partake in some Christmas cocktails.

This is the most popular return to office event. We've had excellent feedback from this event and received several requests from buildings to host in the Spring.

Spring 2023 Planning:

The Spring season is approaching quickly, and we are looking forward to an exciting season. A few highlights: We are planning on kicking off our new weekly Farmers Market in late April. Two events returning to Market Square Park this April, Heartmade Art Market and Puppies for Breakfast.

MEMORANDUM

December 8, 2022

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FACILITIES UPDATE: (Scott Finke, Operations Manager)**Holiday Decor:**

All the holiday décor and twinkle light installations throughout downtown were completed by November 17th. Block By Block monitors and reports any damages or light outages on a daily checklist. Our contractors try to repair the issues the same day or as soon as possible. The holiday décor and twinkle lights will be displayed until after the New Year.

Street Light Outages:

A street light outage check was completed last week for the entire District and the outages have been reported to CenterPoint and the City of Houston. We will monitor the outages and follow up with each agency until the lights are repaired.

QUALITY CONTROL UPDATE: (Keith Gould, Quality Control Manager)**Landscaping:**

Color changeouts were completed for the Fall/Winter season for Main Street medians, Main Street trough planters, Main Street Square Fountain, Crawford Island, and Bagby Street. Trees were pruned and trimmed on 11 block faces throughout the District to provide more clearance over sidewalks. 17 new trees are scheduled to be planted in December. Irrigation watering times were reduced to 3 times per week due to the cooler temperatures. Staff received a software demonstration from Tree Keeper and will assess their software compared to Tree Plotter and Arbor Scope.

Block By Block:

Block By Block has scored a 4.01 for the month of November, which is a significant drop from the previous month's score of 4.2, which is the lowest score since December 2019. A major reason for the drop was the Astros parade that brought hundreds of thousands of fans into Downtown. Block By Block did a great job at pushing litter and debris into the streets for the City of Houston to use their street sweepers to remove the trash. Ambassadors need to do a better job of detail cleaning and not passing up small litter to pick up the big litter. Leaves are starting to drop throughout the District, and Block By Block is tasked with removing the leaves with the ATLV's and Billy Goats. Graffiti removal rose to 1,336 which is an increase from 1,053 the previous month. Much of the graffiti is occurring on private property buildings, to which staff promptly notifies the property owners of the need to remove the graffiti. Trash removed from Downtown reached 150.86 tons for the month of November, which is a decrease from 159.81 in October.

Homeless Encampments:

More homeless have begun to congregate along Chartres under 59 at Congress and Commerce due to colder weather. Homeless are reminded that tents are not allowed on sidewalks in those locations. There is a big increase in the number of feedings that are

MEMORANDUM

December 8, 2022

Page 3 of 4

taking place in the parking lot at 1900 Commerce which causes the surrounding areas to become more littered. A temporary fence was installed around the median at Bagby Underpass to prevent homeless from sleeping there, and a permanent fence will be installed in December. The Beacon still requires multiple cleanings a week due to the number of individuals bedding down. More homeless are beginning to bed down on the other side of Prairie and around the corner onto San Jacinto. Rainy weather has also caused more homeless to be bedding down at 500 Fannin again. HPD addresses the bedding down once the rain stops.

CONSTRUCTION AND CAPITAL PROJECTS: (Dusty McCartney, Construction Manager)**Bagby Street Improvement Project:**

The Contractor is substantially complete with the planter rails that encompass the tree wells along Bagby from Clay to Rusk. This will not only help protect the landscaping and irrigation but provide a nice addition to the journey down Bagby Street. The contractor is finishing the installation of the tree grates surrounding the large existing oak trees at Sam Houston Park.

Trebley Park Project:

Trebley Park is substantially complete, and the park site is open to the public. The restaurant is scheduled to be open to the public on or around December 17th and the tenant, Tout Suite is extremely excited. The contractor will continue to work on the last remaining items on the punch list during this time. The Trebley Park project had its share of challenges, but we couldn't have asked for a harder working group of engineers, architects, and construction workers to get the job done. We look forward to enjoying the newly defined block in southeast downtown that will provide residents and guests a great place to eat, relax and enjoy ongoing events for years to come.

PUBLIC SAFETY AND EMERGENCY RESPONSE: (James Kennedy, Public Safety Manager)**Downtown Public Safety Guides:**

The number of total engagements for the month of November was 16,068 which is a slight dip compared to the 18,324 engagements in October. There were 9,241 ambassador engagements in November compared to 9,778 engagements in October. Although there was a slight drop in total ambassador engagements, November numbers continue to be on par with pre-pandemic numbers from the past. The number of quality-of-life engagements in November was 6,080 which is a noticeable dip compared to October's 7,378 engagements. This reflects our efforts to be more proactive in engaging our known hotspot areas, along with improved strategic deployment tactics. We will continue to track this effort to ensure we are accurately deterring quality-of-life issues.

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Off Duty HPD:

The number of engagements for our off-duty team remained fairly even when compared to last month, with 938 in November compared to 985 in October. The number of ambassador engagements rose slightly in November to 286 compared to 250 in October. Similar to the DPSG numbers, the quality-of-life engagements dipped from 183 in October to 159 in November.

SEAL Private Security:

Burglaries of a Motor Vehicle (BMV) continue to be a major concern with our Downtown stakeholders, primarily in private garages. There have been many calls centered around BMVs or suspicious persons loitering near parking lots. We also have deployed SEAL officers to patrol many of the events in Downtown to provide an extra presence of safety for our patrons. There has been an increase in individuals sleeping on sidewalks overnight in certain areas, which has led to a significant rise in calls for service to wake those individuals up in the morning and to ensure they are not bedding down too early in the evening.

Positive Interactions

193,337

Total

Homeless Count

413

Average

Sidewalk Cleaning

4.24

Average

Garbage Disposed (Tons)

1549

Total

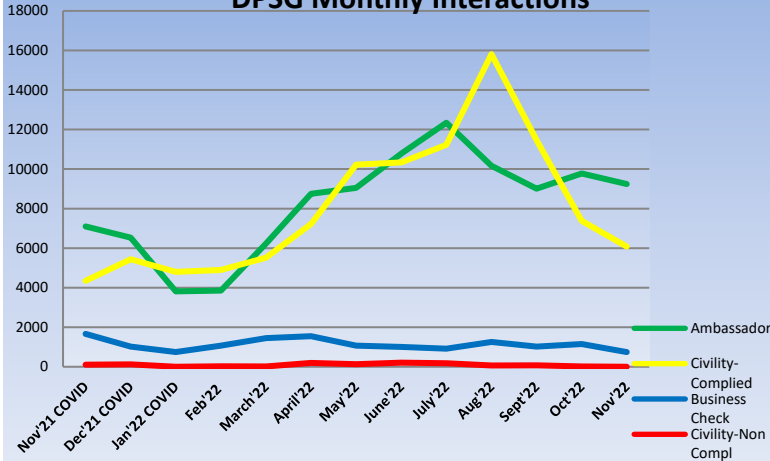
Reliability Report

79%

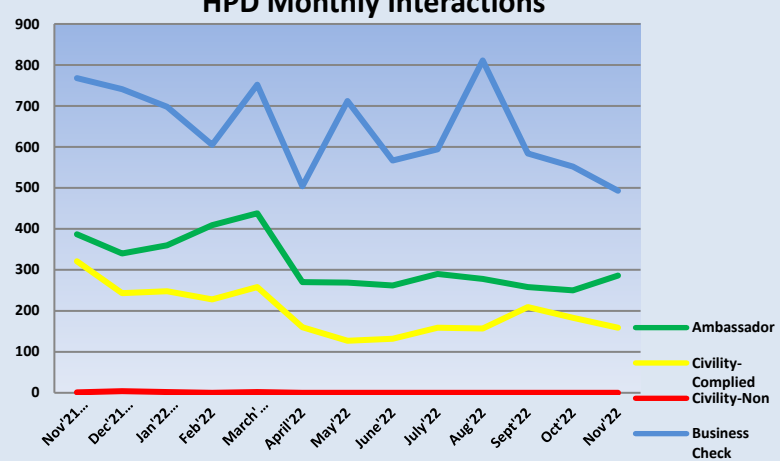
Average

Safety & Quality Control

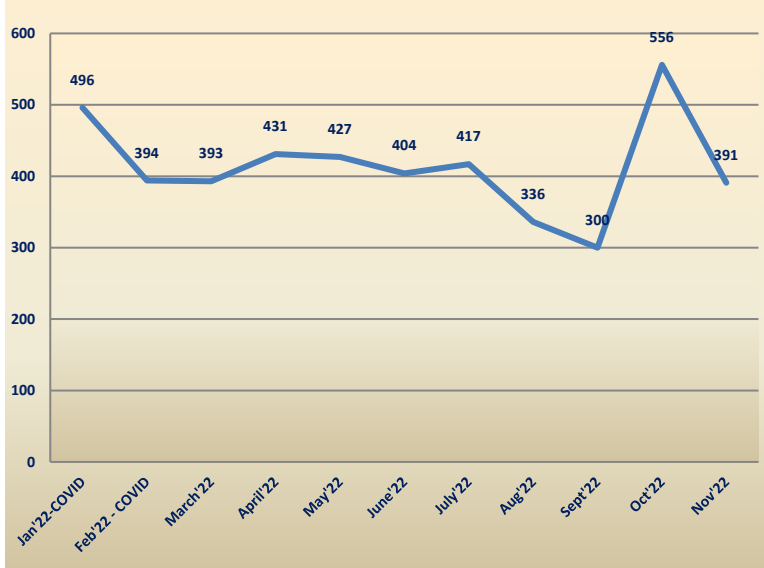
DPSG Monthly Interactions



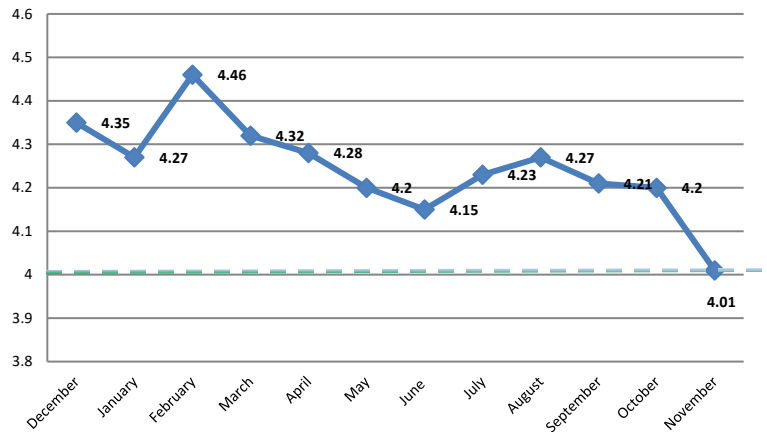
HPD Monthly Interactions



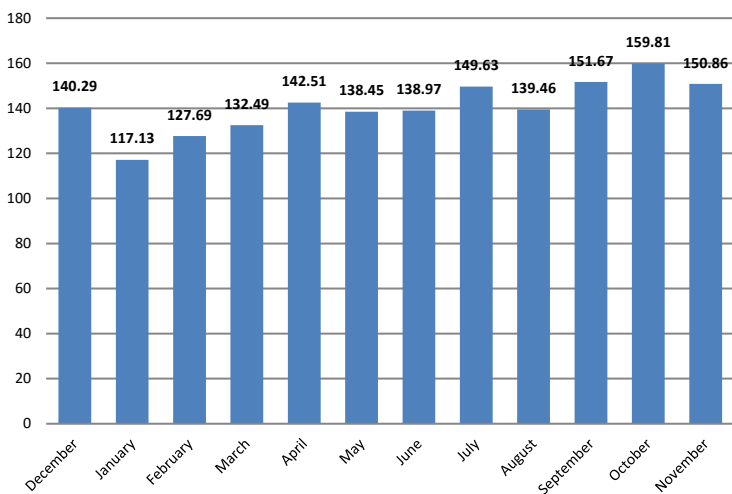
Homeless Count



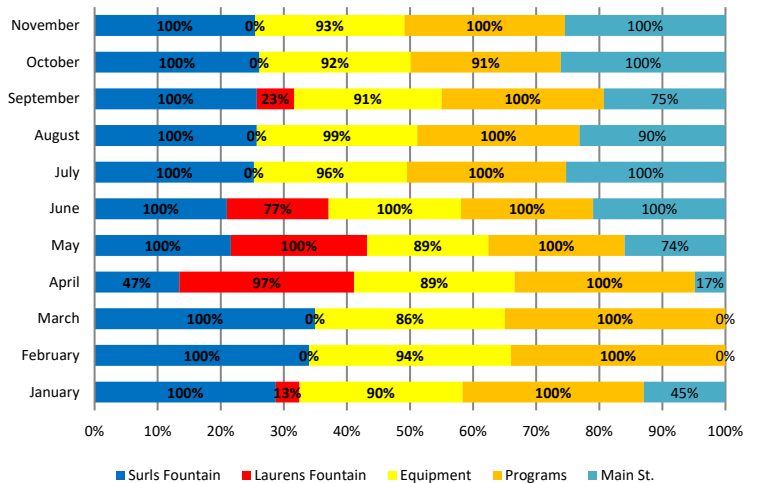
Sidewalk Cleaning



Garbage Disposed (Tons)



Reliability





MEMORANDUM

December 8, 2022

TO: Board of Directors

FROM: Lonnie Hoogeboom & Brett DeBord

RE: Planning & Design and Capital Projects Update

2023 Planning & Design and Capital Projects – Budget Summary

At the October 27, 2022, meeting of the Planning & Design and Capital Projects (PD&CP) Committee and subsequently in a November 3, 2022 virtual meeting, the Committee's Board members and staff reviewed potential 2023 projects and conducted a project prioritization exercise to identify budget expenditures for the Board's consideration, as presented in draft form at the November 10, 2022 Board meeting. (See the November 7, 2022 PD&CP Memorandum to the Board for more complete project descriptions). No subsequent modifications to the draft 2023 budget for PD&CP have been advanced in the interim. As enumerated below, the following PD&CP 2023 initiatives are summarized and presented for inclusion in the 2023 Final Budget and for consideration by the Board of the Downtown District.

2023 Planning & Design Projects

Fort Bend Park & Ride Service	\$ 150,000
NHHIP Planning Civic Opportunities	\$ 250,000
Downtown Enhanced Lighting Plan	\$ 250,000
2023 Commute Survey	\$ 50,000
General PD&CP	\$ 37,500
TOTAL Expenses (Planning & Design Projects)	\$ 737,500

2023 Capital Projects

Storefront & Streetscape Improvements – Main Street	\$ 870,000
Storefront & Streetscape Activation – Z-Corridor	\$ 500,000
Irrigation & Landscape Smart System Implementation	\$ 375,000
Southeast Sidewalks – Construction Contingency	\$ 561,800
Landscape – Urban Tree Canopy	\$ 200,000
Retail Catalytic Grants	\$ 250,000
Sidewalk Infill Projects	\$ 200,000
Banners Program	\$ 335,000

2022 Carry Forward Capital Projects – 2023 Budget Commitments

Trebly Park – Miscellaneous Furnishings	\$ 13,000
Southeast Sidewalks – Engineering Consultant	\$ 172,627
Southeast Sidewalks – TxDOT Agreement	\$ 621,960
Pedestrian Wayfinding Upgrades	\$ 95,349

MEMORANDUM

December 8, 2022

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Recurring Capital Project Expenses – 2023 Budget Commitments

DLI Grants	\$ 79,500
Capital Replacement	\$ 250,000
Assessment Collection Fees	\$ 4,400
Depreciation	\$ 16,200
TOTAL Expenses (Capital Projects)	\$ 4,544,836

NOTE: The District's 5-year Capital Budget per the *2021-2025 Service and Improvement Plan & Assessment Plan* is \$6,475,000 or \$1,295,000 annually.

Project Status Updates

North Houston Highway Improvement Project (NHHIP): Resolution of the FHWA “pause order” and the Harris County suit continues to be anticipated in the upcoming months. Scheduled for December 7, 2022, staff will host a second high-level meeting with TxDOT, Midtown Redevelopment Authority, Alameda/OST Redevelopment Authority, and Greater Southeast (Third Ward) Management District to refine the administrative process and potential funding contributions for the development of the Civic Opportunities in Segments 3A and 3B. These inter-agencies meetings are expected to continue for the remainder of 2023. Staff will also continue regular meetings with TxDOT project executives and managers throughout the coming year as Segments 3C and 3D are expected to resume planning and engineering activities toward procurement of the design-build contractor(s).

More Space: Main Street: At the request of the City Planning & Development and Houston Public Works (HPW) through the Mayor’s Office, staff has drafted a Request for Proposal (RFP) for urban design consultants to develop streetscape standards for Main Street, between Rusk and Franklin Streets, in order to continue the City’s More Space Program. The current temporary program – implemented by the City and the District in response to pandemic-related small business impacts – expires in March 2023. However, the temporary program is expected to be extended by the City as the District develops a more permanent solution to close the northern stretch of Main to vehicular traffic while improving the streetscape with more unified design standards for outdoor dining and related activations. City staff will process the associated amendments to pertinent ordinances for sidewalk cafes, encroachments, and removal of abandoned or derelict facilities. The District will evaluate how best to activate the streetscape to accommodate pedestrians, cyclists, light rail transit, emergency response vehicles, and sidewalk café operations, bearing in mind past public and private investments for Main Street and for the More Space Program.

The advertising phase for the RFP is scheduled for December 15-29, with Proposals due on February 2, 2023. Following an evaluation process and review in Collaborative Committee, it is anticipated a design consultant will be presented for District Board consideration at the March 9, 2023 meeting. Pending Board authorization, the design phase of and stakeholder engagement for More Space: Main Street will then continue through October 2023.

MEMORANDUM

December 8, 2022

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Southeast Sidewalks: On August 4, 2022, staff issued to TxDOT the Design Summary Report (DSR). On October 24, 2022, 90% of construction documents (dated March 15, 2022) were re-submitted to TxDOT, and TxDOT comments were reviewed on November 21, 2022. Following that review, staff requested a two-week duration to complete the 95% submittal, due December 16, 2022. By subsequent TxDOT requirements regarding survey controls and area drainage mapping, additional documentation time has been granted by TxDOT through December with the 95% submittal scheduled for no later than February 3, 2023, and contractor letting set for July 2023.

North Canal: On November 30, 2022, staff participated in a one-on-one meeting with the project manager for HPW and the project consultant, HDR. This meeting was the first significant project update since the staff meeting with Steve Costello, the City's Chief Recovery Officer on August 11, 2022. Since the City's Phase I / Preliminary Engineering Report (PER) interagency conference on March 17, 2022, HPW has advanced the project towards full engineering set to commence in February 2023. The primary change since the PER regards a southward shift in the canal's alignment, thereby avoiding a property-building transaction of the Lofts at San Jacinto and Wood Street. The project generally remains on schedule for contractor procurement in late-2024 / early-2025 and construction through 2027.

Irrigation & Landscape Smart System Implementation: Pending Board approvals of the 2023 Budget and as a 1Q-2023 capital project, staff is preparing documents for equipment acquisition and initial installation for a test phase of the proposed irrigation and landscape smart technology system. Based on the initial implementation, subsequent phases are scheduled for two installments in the second half of 2023. This new technology will allow staff to monitor the District's landscape assets through irrigation sensors. Disruptions in irrigation service will be remotely monitored and detected, thereby improving response times and maintenance service contracts as issues arise. Future maintenance and related funding of these scheduled capital improvements will be administered by the Operations Team and the related Goal 2 Collaborative Committee.

PD&CP Committee: No December 2022 meeting is scheduled. Going forward, this Committee will integrate with the new Collaborative Committee structure, with the majority of Planning, Design and Capital Project initiatives oriented toward Goal 3 of the *Strategic Alignment Plan*. Further information regarding Collaborative Committee volunteer assignments and the annual committee meeting schedule will be provided to Board members in the coming weeks.



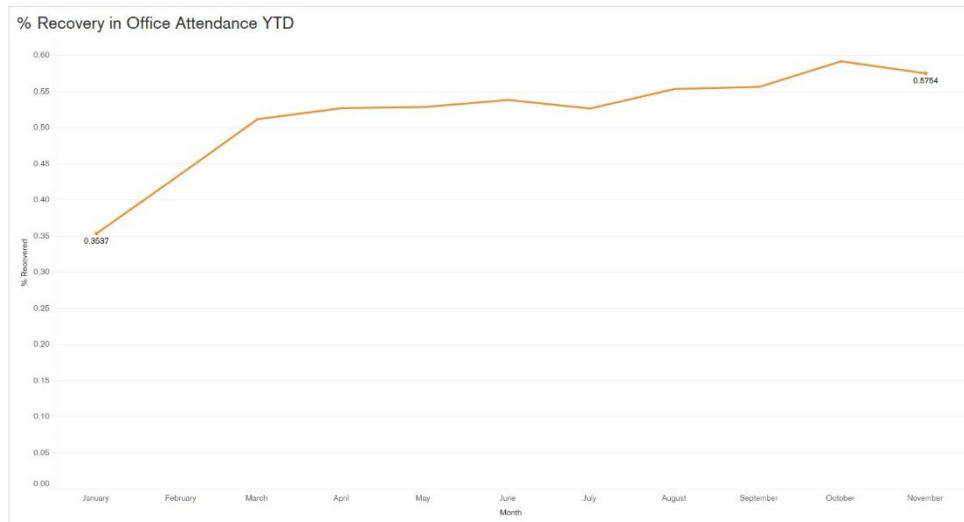
MEMORANDUM

December 8, 2022

TO: Board of Directors
FROM: Robert C. Pieroni
RE: Economic Development Program Update

Update on the Office Market: Like many major U.S. in the post-pandemic world, Downtown’s office market continued to face a long road to recovery. However, newer office buildings in Downtown have thrived despite the overall market struggle, confirming the flight-to-quality trend and the existence of a split office sector between older and newer office products. The market overall remains plagued by an elevated vacancy rate 23.5% (Regional Average 19%; Regional Class A Average 23.7%) and sluggish demand. Leasing activity in Downtown is below levels seen in pre-pandemic years, 2.26M square feet of year-to-date leasing activity in 186 deals.

Return-to-office: November posted its first slight drop after three consecutive months of growth. The month closed with an average RTO rate of 57.5% (-2.2% drop), the second highest since the onset of the pandemic, including a peak day of 71% on Tuesday, November 15th. The monthly Downtown RTO average is 47.6, almost 10% higher than the National average of the 10 largest metros, according to Kastle access control systems.



MEMORANDUM**December 5, 2022**

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Policy & Program Development: Request for Proposals Downtown Office Conversion Feasibility

Pursuant to the DRA board's recommendation, staff posted an RFP on October 13 seeking proposals for a consulting firm to conduct third-party feasibility studies on select buildings participating in exploring adaptive reuse of vacant office space. A pre-proposal conference was held on October 27 for interested parties, with subsequent addenda issued on November 7. All Proposals were to be received on or before December 1, 2022, at 5:00 PM. The proposals will be reviewed and evaluated by the DRA selection committee. The findings and recommendations of the selection committee will be presented to the full DRA Board of Directors for its consideration and final approval, upon which contract negotiations with the selected consultant will commence.

Highlight: The feasibility studies are intended to provide staff with a range of office tower types in Downtown to analyze the costs associated with converting office structures to residential, institutional and/or hospitality uses. The feasibility studies will lay the groundwork for the DRA to create an incentive program for conversion projects Downtown.

Residential: Downtown Houston's multifamily market solidified its status as a true live/work/play environment in recent years, and residents pay a notable premium \$2.38-SF/MO to live Downtown. Occupancy remains slightly lower than the regional at 86.1%, this is partly due to the supply-heavy additions of 515 new units currently under construction. In 2022, Downtown Houston had three new residential projects completed: McKee City Living (120 units), High Street Residential (309 units), and Brava (373 units). Despite the supply increase the 12-month absorption continues to impress, as Downtown has seen 398 (59.3% Increase) units rented over the past 12 months.

Highlight: Downtown Houston's newest luxury apartment tower, Parkside Residences, is open, soaring 43 stories. Dallas-based real estate developer High Street Residential is hoping its hospitality-inspired approach, plus the tower's location near the popular Discovery Green Park will help fill the 309-unit development.

Hospitality: Downtown continues to draw locals and out-of-town visitors alike with its vibrant entertainment and hospitality district. In fact, Downtown had over 3 million visitors in the month of November. The peak day was Monday, November 7th with 303.8K visitors. The Downtown hospitality market is comprised of 8,400+ hotel rooms spread across 28 properties, including large convention hotels, luxurious five-star accommodations and beautiful historic options. In the month of November (October Data*) hotel occupancy reached 60.9%, which is 83.1% recovered from a 5-year November pre-pandemic average (2015-2019). Other key performance indicators continued with tremendous growth: Average Daily Rate (ADR) \$242.09 (Oct. 21: \$199.90); Revenue Per Available Room (RevPAR) \$147.33 (Oct. 21: \$102.81); and Monthly Revenue \$38,598,765 (Oct. 21: \$26,222,859).

MEMORANDUM

December 5, 2022

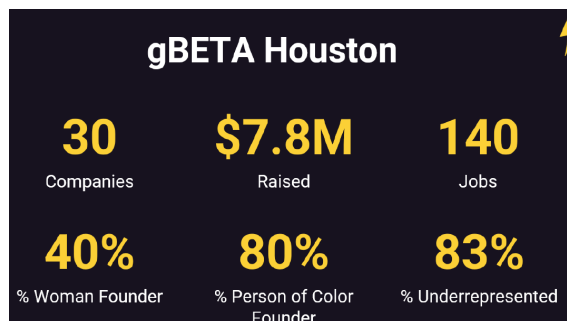
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Highlight: The economic impact of this year's Astros World Series playoff run is estimated at \$10.3-million for Downtown Houston. *Source: Economic Development Department*

Downtown Launchpad Program Highlight: On November 17th, gener8tor's pre-accelerator program, gBETA, hosted its 2022 public showcase event at the Downtown Launchpad. The program concluded with 10 top-tier Houston entrepreneurs pitching their startups to a crowd of over 100 investors, mentors, and friends. On November 30, gener8tor hosted the Italian Global Startup Program showcase event at Downtown Launchpad. Similar to the Houston program, the Italian entrepreneurs showcased their growing startups and their efforts to expand into the Houston and US market.

Highlight: Adidas finally announced the Cultivate & BLOOM Impact Accelerator program that they helped develop and are actively managing for them: adidas Cultivate & B.L.O.O.M. Program Elevates Black and Latinx Entrepreneurs to Accelerate Their Growth & Impact. This is the third program they have run for Adidas, connecting diverse entrepreneurs with mentors including Lena Waithe and Felicia Hatcher, upskilling them through business development trainings, and providing *each* entrepreneur with \$100,000 in non-dilutive funding for a total of \$800,000 deployed to black female founders in this recent cohort!

Impact Hub hosted — and sold out — the first TEDxHouston Countdown event this October at POST: TEDxHouston | TED (photos of the event are here -- CC free to use for any noncommercial purposes: TEDx Houston | Flickr). In the spirit of TED's Countdown initiative, our speakers focused on championing and accelerating climate and sustainability solutions.



Publications Update: December publications included the Downtown Economic Recovery Monthly Monitoring Update.

MEMORANDUM

December 8, 2022

TO: Board of Directors

FROM: Jordan Cutler and Jenna Beasley

RE: Marketing/Communications Update

2022 Marketing & Communications

Overarching goal: Communicate a sense of urgency for Houstonians to experience the community of people, places and stories that make up Downtown through visual storytelling that has direct, specific, and immediate calls-to-action. Provide comprehensive info on what to do, where to go and how to get there; build the size of the audience that interacts with Downtown; and increase awareness and engagement of Downtown through communications, marketing, and programming.

Public Relations

Downtown media coverage for November had a **total circulation of 56.7M** valuing at **\$680,930**. Story highlights include a variety of media covering *City Lights*, *Downtown Holiday Magic* from television segments with Ruben Dominguez to online guides across most of our Houston media outlets. In addition, Greater Houston Partnership wrote about the newest greenspace addition, Trebly Park.

Speaking of...

Trebly Park Opening

Trebly Park has made its long-awaited debut on the block bounded by Bell, Fannin, Leland and San Jacinto Streets. It is currently in a soft opening phase but is already slated to be a very popular addition to Downtown. Be sure to stop by and check out the holiday art installations, they're pretty sweet! 😊

What you'll find:

- **Tout Suite** – the locally born, bed, and beloved all-day café by La Vie de St Concepts – will serve as the park's resident coffee house, bakery, and full-service restaurant (opening later this month).



MEMORANDUM

December 8, 2022

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- **Whale Bone Dinner Party** – a whimsical sculpture/play area by artist Chiaozza, the installation that toys with the idea of self-discovery on a remote island after being lost at sea.
- **Public Art** – a public art program that includes a gateway installation that can rotate every few years, starting with Porta Pigementa – a floating installation by Berlin artist Tomislav Topic.
- **Purposeful Programming** – visitors can expect a great schedule of events such as movies, live music, book clubs, networking, and professional meetups, to name a few.
- **Plus**, event space and big & small dog runs!

Resident Survey

Following a Central Houston round table with several Downtown residents and in alignment with the Downtown Living Initiative and the Strategic Alignment Plan, the Marketing & Communications department (in collaboration with Economic Development) released a survey to all Downtown residents. Through the survey results, we received insight on ways to increase resident engagement, feedback on public safety, and more. We look forward to sharing the results in the future.