

## AGENDA



Thursday, March 20, 2008

**Economic Growth & Redevelopment Services  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 2**

**Subject:** Authorize negotiation and execution of a Utilities Contribution Agreement with the Film Society of Austin, Inc., a Texas nonprofit corporation to reimburse costs for improvements and renovations to Austin Studios in an amount not to exceed \$1,012,156.

**Amount and Source of Funding:** Funding in the amount of \$330,000 is available in the Fiscal Year 2007-2008 Capital Budget of the Austin Water Utility. Funding in the amount of \$682,156 is available in the Fiscal Year 2007-2008 Capital Budget of Austin Energy.

**Fiscal Note:** A fiscal note is attached.

**For More Information:** Nick Naccarato, Redevelopment Project Manager, EGRSO, 974-7147; Shelley Kilday, Bond Program Coordinator, 974-7922; Cliff Braddock, Dir. Energy Bus. Development, Austin Energy, 322-6302; Jeff Fox, Project Manager - Austin Water Utility, 972-0170

**Boards and Commission Action:** Recommended by the Electric Utility Commission. To be reviewed by the Water and Wastewater Commission on March 19, 2008.

**Prior Council Action:** On October 12, 2000, City Council approved execution of a Lease and Management Agreement with the Austin Film Society for approximately 20 acres of the former Robert Mueller Municipal Airport. On June 7, 2007, Council authorized a contribution agreement for reimbursement not to exceed \$5,000,000 for improvements to Austin Studios authorized in a bond election approved on November 7, 2006. On March 8, 2007, City Council amended the FY 2006-07 Financial and Administrative Services Department Capital Budget to increase appropriation by \$650,000 for the Austin Studios project.

The Austin Film Society has approached the City of Austin, as landlord of the Austin Film Studios, to identify additional funding for improvements to the facility. Specifically, the request is for the City to fund fire sprinkler system improvements and air conditioning equipment that will provide conditioned air to the performance areas of the film studio buildings. This work is part of the larger improvement project that has already begun, under the 2006 Bond Program.

The need to make the modifications necessary to convert the aircraft hangers into functioning film production facilities has existed since Austin Studios' inception in 2000. Planning and budgeting for potential bond funding to begin this effort was started in 2004, with an original cost estimate of \$8 million. After a significant value engineering process, the current project cost estimate totals \$6 million and assumes professional services and construction services for the following scope of work for Stages 1 through 5.

\* Stages 1, 4 & 5: Roof repairs, structural improvements, soundproofing, insulation, HVAC, fire suppression system, exiting security, office modifications, restroom modifications, lighting modifications, digital infrastructure, and associated site work.

\* Stages 2 & 3: Roof repairs, structural improvements, soundproofing, insulation, HVAC, fire suppression system, exiting security, digital infrastructure and associated site work. Office modifications, restroom modifications, and lighting modifications are included in the scope of work as alternates.

\* Red Building: Minimal improvements to existing entrances and renovate to provide a new IDF room..

In order to complete the improvements listed above, the Austin Film Society approached the City of Austin as landlord to identify additional funding. Working with AFS, the City identified contributions of:

\* \$682,156 from Austin Energy for purchasing and installing air conditioning equipment that will provide conditioned air to the performance areas of the film studio buildings. In most cities, the visiting production companies rent portable air conditioning equipment during filming. With the Austin Energy air conditioning system, the production companies will pay a usage fee to Austin Energy for air conditioning services. The fees collected by Austin Energy are expected to pay for Austin Energy's original investment in 4 to 10 years, depending upon the occupancy of the studios. The on-going operations and maintenance of the air conditioning system will be by Austin Energy's Electrical Maintenance shop that has full time employees dedicated to similar services at other City buildings. The Austin Energy air conditioning services will be a competitive differentiator for Austin Film Society to offer in their effort to attract more production companies to Austin.

\* \$330,000 from the Austin Water Utility for on-site fire system improvements. When complete, a planned off-site water main extension CIP project will further improve fire flow.

All improvements to Austin Studios become the property of the City of Austin upon completion.

These improvements are expected to result in increased usage of the Austin Film Studios facilities by visiting production companies thereby providing multiple benefits to the Austin community, and particularly economic benefits.

The air conditioning equipment being purchased by Austin Energy uses environmentally friendly refrigerants and meets or exceeds energy efficiency code requirements set forth for construction projects in the City of Austin.

Since the Austin Energy air conditioning solution uses Austin Energy's grid electricity rather than the customary diesel powered generators, significant reductions in carbon dioxide are expected. Assuming 1,000 hours annually for production related cooling, approximately 58,000 pounds of CO<sub>2</sub> will be avoided (electric cooling load of 110 KW for 100 ton load at 124 lbs/hr, versus 182.6 lbs/hour using the traditional diesel generator and portable chiller). Film Society of Austin, Inc.

Austin Film Society (AFS) was founded in 1985 to bring rarely seen films to a larger audience. Today its Essential Cinema series, Texas Documentary Tour, AFS@Dobie program, and other special screenings encourage the appreciation of film and filmmaking. Gala film premieres and AFS' annual Texas Film Hall of Fame Awards raise funds as well as awareness about the impact of film.

AFS supports independent filmmakers and creative filmmaking by giving grants, advice, referrals and discounted space at Austin Studios. AFS' Texas Filmmakers Production Fund has awarded \$675,000 in cash, goods and services to 222 independent filmmakers since 1996. AFS also provides outreach and education through after-school classes and youth summer film camps, guest lectures, workshops, studio tours, ticket donations, and volunteer and membership programs. In addition, AFS offers internships, apprenticeships and entrance into its Film Referral Program.

Finally, AFS attracts film development and production to Austin and to Texas through Austin Studios. In 2000, AFS opened Austin Studios to provide more than 100,000 square feet of production space in five former airplane hangars. Austin Studios has brought \$800 million in direct expenditure to Austin from more than 40 feature films and has hosted dozens of commercials, music videos, industrials and still shoots.