

AGENDA



Thursday, June 18, 2009

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 16**

Subject: Approve a resolution authorizing the City Manager to negotiate and execute a Lease Agreement with the Film Society of Austin, Inc., for approximately 20 acres of the former Robert Mueller Municipal Airport for continued use as a studio complex for the production of films, television programs, commercials, and multi-media productions and for educational and job-training purposes associated therewith.

Amount and Source of Funding: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rodney Gonzales, Acting Director, EGRSO, 974-2313 / Tom Nuckols, Attorney, Law, 974-2568 / Pam Hefner, Project Manager, EGRSO, 974-3511

Prior Council Action: Adopted a resolution authorizing the City Manager to explore ways to incorporate portions of the National Guard site at Mueller, once vacated, into the premises leased to the Film Society on June 9, 2005; Approved a resolution authorizing execution of a lease and management agreement with the Film Society for approximately 18 acres of the former Robert Mueller Municipal Airport for use as a studio complex on October 12, 2000.

On October 1, 1962, the City of Austin leased approximately 18 acres of land at Mueller to the Texas National Guard Armory Board [now known as the Texas Military Facilities Commission (TMFC)] for a term of 50 years ending September 30, 2012.

On October 31, 2000, the City executed a Lease and Management Agreement with the Film Society of Austin, Inc., for approximately 18 acres of the former Robert Mueller Municipal Airport (Mueller) to use as a studio complex for the production of films, television programs, commercials, multi-media productions and for educational and job training purposes.

On June 9, 2005, the City Council adopted a resolution authorizing the City Manager to explore ways to incorporate the portion of the National Guard site at Mueller that includes the office and hangar complex into the premises leased to the Film Society, once the buildings are vacated by the National Guard.

The Film Society and City staff have negotiated a Lease Agreement, which is presented to Council for its approval. The Agreement covers approximately 20 acres of Mueller including five hangars and the former Austin Aero terminal building. There is a provision for a reconfiguration of the premises to include the National Guard office and hangar complex once the TMFC lease has expired and the buildings are vacated.

The premises may be used only as a studio complex for the production of films, television programs, commercials and multi-media productions, as well as educational, and literary uses as well as accessory uses and job-training associated therewith.

The Agreement has an initial term of 30 years commencing on December 31, 2012, which is the anticipated date of the reconfiguration of the premises to include the National Guard site. Under the Agreement, the Film Society will pay the City \$100.00 per year.

In lieu of fair market rental, the Film Society will identify film, television, multimedia and related industries to use the premises for permitted uses. The Film Society will develop guidelines and negotiate the terms and conditions (including rentals) under which the users will occupy the premises. The Film Society will operate and manage the premises and conduct programs to enhance the economic growth and development of the City of Austin through supporting and creating growth of the local film industry, and promote the City of Austin as a favorable venue for films and related productions.

The Film Society will be responsible to maintain and make repairs to the facility. The Film Society is required to provide annual reports to the City including data on number of productions, budgets, persons employed, annual payroll, number of jobs created, dollar value of economic growth increase, improvement costs, new or start-up business incubated at the premises, number of educational and job-related programs, and complaints.

The Film Society is required to submit an annual operating budget for the premises, operate and maintain the premises in accordance with its budget, and provide an annual report to the City comparing actual expenditures to budgeted amounts.

Under the Agreement, and in a separate agreement between the City, the Film Society, and Catellus Austin, LLC, master developer of Mueller, the development and use of the premises is limited by a maximum number of water and wastewater LUE's (Living Unit Equivalent), as well as a maximum number of vehicle trips and the Film Society will document and manage the allocation so as not to exceed the maximum number permissible.

Proceeds from rentals and subleases will be retained by the Film Society and used only for studio purposes, including the costs to operate and maintain the premises, taxes, utilities and insurance, funding capital improvements, marketing and promotion of the studios.

The Film Society is responsible for the costs of constructing a screening wall on the south side of the premises. The City or the master developer of Mueller has the right to construct the south screening wall and design and construction costs will be reimbursed by the Film Society through a reimbursement agreement. The City or the master developer of Mueller also has the right to construct screening walls on the east and west edge of the premises. The east and west walls will be Mueller project costs, borne by the redevelopment.