

AGENDA



Thursday, August 27, 2009

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 12**

Subject: Approve a resolution authorizing the Austin Film Society, Inc., to sublease Stage 4 of their leased premises to Soundcheck Austin, LLC.

Fiscal Note: There is no unanticipated financial impact. A fiscal note is not required.

For More Information: Rodney Gonzales, Acting Director, EGRSO / 974-2313; Tom Nuckols, Attorney, Legal / 974-2568

Prior Council Action: Approved a resolution authorizing the City Manager to negotiate and execute a Lease Agreement with the Film Society of Austin, Inc., on June 18, 2009; 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 July 22, 2009, the City executed a renegotiated lease agreement (Primary Lease) with the Film Society of Austin, Inc. (AFS) for approximately 20 acres of land fronting 51st Street as a studio complex for the production of films, television programs, commercials, and multi-media productions, education associated with such production and other accessory uses associated with such production. Under the Primary Lease, the AFS will continue to pay the City \$100 per year for the leased premises. In return, AFS will identify individuals and companies in the film, television, multi-media and related industries to enter into short-term and long-term sublease agreements to use the premises for certain permitted uses. The permitted uses include: (1) the production of films, television programs, commercials, and multi-media productions; (2) educational, literary and associated job-training purposes; (3) other accessory uses associated with such production; and (4) promotion of associated education development through loans or scholarships. AFS develops guidelines for the terms and conditions under which subtenants will use and occupy the leased premises, including use and occupancy rates. AFS has the authority to negotiate with subtenants concerning the construction of various improvements by the subtenant in lieu of all, or part, of cash rental payments. AFS subleases that cover more than \$50,000 in improvements must be approved by the City Council. A condition of this approval will be a negotiated requirement to hire local workers.

The AFS is seeking Council approval to sublease Stage 4 of their leased premises to Soundcheck Austin, LLC, ("SCA"). SCA will invest \$500,000 in upgrades to Stage 4, which triggers Council approval for the sublease. A condition of the proposed sublease is that if SCA employs fifty or more employees, then at least 90% of the employees must be Austin Residents. If SCA employs less than fifty employees, then at least 75% of SCA employees must be Austin Residents. An Austin Resident is defined as a person who resides in the Austin-Round Rock Metropolitan Statistical Area ("MSA") at the time immediately before employment at SCA. Students residing and attending institutions of higher education in the MSA will be considered Austin Residents.

The AFS is proposing this sublease to SCA under the permitted uses of film/television and multi-media productions. Film/television uses for SCA will include full production music rehearsal, shooting music

performances, behind-the-scenes television shows, and inserts. Film audio uses will include voiceover, ADR (automated dialogue replacement) recording, and live scoring support. Multimedia uses will include the creation of music videos, webcasts, soundtracks, stills and video components of live performance rehearsal. SCA intends to have music videos created on site using digital mixing technology. And, SCA intends to engage subtenants that provide software education to youth and professionals. One digital software example cited is DigiDesign, which is sound editing software used by filmmakers.

The term of the proposed sublease is five years with two separate renewal periods of five years each at the option of SCA, for a total of 15 years.

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 for a term of 50 years ending September 30, 2012.

On October 31, 2000, the City executed a Lease and Management Agreement with the AFS, 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 AFS, once the buildings are vacated by the National Guard.

On June 18, 2009, the City Council approved a resolution authorizing the City Manager to negotiate and execute a lease agreement with AFS.