

ORDINANCE NO. 20110629-003

AN ORDINANCE WAIVING CERTAIN DEVELOPMENT FEES IN AN AMOUNT NOT TO EXCEED \$3,800,000 AND DIRECTING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT REGARDING A WASTEWATER LINE IN AN AMOUNT NOT TO EXCEED \$500,000 RELATED TO THE CONSTRUCTION OF A HOTEL TO BE LOCATED AT 2ND STREET AND CONGRESS AVENUE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. Findings.

- (A) The City of Austin has a growing tourism business that contributes significantly to the local economy.
- (B) Additional hotel rooms are required during certain large events that draw many thousands of visitors to the City of Austin.
- (C) In order for the City of Austin to be competitive in recruiting large conferences and conventions to the City of Austin, more hotel rooms are required downtown.
- (D) Additional hotel rooms will contribute to the hotel occupancy taxes collected by the City of Austin.
- (E) White Lodging Services Corporation (White Lodging) proposes to:
 - (1) construct a 1,003 room hotel with 375 underground parking spaces at the intersection of 2nd Street and Congress Avenue;
 - (2) invest approximately \$ 215 million in construction costs;
 - (3) hire approximately 715 permanent jobs after completion of construction; and
 - (4) pay an annual average wage of \$38,000 after completion of construction.
- (F) In large projects like the proposed hotel, minority participation and prevailing wage requirements have been established as values and standards by the City in comparable City-owned projects.

- (G) The location of the proposed hotel is within the Eligible Area under the Business Retention and Enhancement (BRE) program, a program designed to promote economic development along downtown Congress Avenue and East 6th Street. The BRE program is funded in part by temporary use of right-of-way fees collected in the eligible area. As a practice, Council has not waived temporary use of right-of-way fees in the Eligible Area. Council finds that waiver of the fees is appropriate to encourage the development of additional hotel rooms.

PART 2. WAIVERS.

- (A) If White Lodging complies with Section (B) of this part, the following fees are waived in an amount not exceed \$3,800,000 for construction of the hotel described in Part 1: permit fee, inspection and review fee, water quality in-lieu of fee, temporary use of right-of-way fee, license agreement submittal fee, capital recovery fee, water drop in fee.
- (B) For the construction phase of the hotel, White Lodging must comply with the following for its workers and require that its construction contractors comply with the following:
- (1) the principals and standards of the City's MBE/WBE regulations; and
 - (2) the City's prevailing wage policy.
- (C) If White Lodging fails to comply with Section (B) of this part, White Lodging shall be required to reimburse the City for any portion of the fee waivers that have been used and remaining unused fees shall expire.

PART 3. The City Manager is directed to negotiate and execute an agreement with White Lodging regarding participation in the costs of relocating a wastewater line associated with construction of the hotel and on-site parking structure, in an amount not to exceed \$500,000.

PART 4. This ordinance expires if construction of the hotel described in Part 1 does not begin on or before August 31, 2012. If this ordinance expires under this part, any portion of the fee waivers that have not been used also shall expire.

PART 5. This ordinance takes effect on July 11, 2011.

PASSED AND APPROVED

June 29, 2011

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Lee Jeffingwell
Lee Jeffingwell
Mayor

APPROVED: _____
Karen M. Kennard
Karen M. Kennard
City Attorney

ATTEST: _____
Shirley A. Gentry
Shirley A. Gentry
City Clerk