

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	31368	Agenda Number	13.
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Meeting Date:	3/20/2014	Department:	Economic Development
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Subject

Approve a resolution authorizing Film Society of Austin, Inc. d/b/a the Austin Film Society to sublease Stage 5 of its leased premises at 1901 E. 51st Street to Rooster Teeth Productions, LLC.

Amount and Source of Funding

Fiscal Note

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

Purchasing Language:

Prior Council Action:

October 12, 2000 - Council approved a resolution authorizing execution of a lease and management agreement with Film Society of Austin d/b/a the Austin Film Society for approximately 18 acres of the former Robert Mueller Municipal Airport for use as a studio complex.
 June 9, 2005 - Council approved 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 Film Society of Austin d/b/a the Austin Film Society.
 June 18, 2009 - Council approved a resolution authorizing the City Manager to negotiate and execute a Lease Agreement with Film Society of Austin, Inc. d/b/a the Austin Film Society.
 August 27, 2009 - Council approved a resolution authorizing Film Society of Austin d/b/a the Austin Film Society to sublease Stage 4 of its leased premises to Soundcheck Austin, LLC.

For More Information:

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Boards and Commission Action:

MBE / WBE:

Related Items:

Additional Backup Information

On July 22, 2009, the City executed a lease agreement (Primary Lease) with Film Society of Austin, Inc. d/b/a the Austin Film Society (AFS) for approximately 20 acres of land at 1901 E. 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 productions. Under the Primary Lease, AFS pays the City \$100 per year as rent for the leased premises. In return, AFS identifies individuals and companies in the film, television, multi-media, and related industries and enters into short-term and long-term sublease agreements to use the

premises for certain permitted uses. The sublease permitted uses are consistent with the Primary Lease uses. AFS negotiates the sublease terms and conditions including use and occupancy rates. AFS also has the authority to negotiate with subtenants concerning the construction of various improvements as a condition of their sublease. Payment of leasehold improvement costs are negotiated between AFS and the sublease tenant; however, the lease stipulates that subleases requiring more than \$50,000 in improvements must be approved by the City Council, with the purpose being to ensure that the subtenant hires local work staff.

AFS is proposing a sublease with Rooster Teeth Productions, LLC (Rooster Teeth), under the permitted uses of film/television and multi-media productions. Rooster Teeth sublease includes improvements to the heating and cooling systems of Stage 5 and the construction of additional restroom facilities which exceed the \$50,000 approval threshold. No City of Austin funds will be used for these improvements. Rooster Teeth is an existing south Austin company with a workforce of Austin area residents. Any new workforce hired as a result of the move must meet these employment guidelines which are conditions of the sublease: if Rooster Teeth employs 50 or more persons who work at the subleased premises, at least 90 percent of such employees must be residents of the Austin Metropolitan Statistical Area (MSA) at the time immediately before employment; if Rooster Teeth employs less than 50 persons who work at the subleased premises, at least 75 percent of such employees must be residents of the Austin MSA at the time immediately before employment.

Rooster Teeth operates a production studio and multi-channel network, founded in Austin in 2003 and located in south Austin. It specializes in the creation of live action shorts, animated pieces and machinima, or films created using real-time, interactive engines from computer and video games. Rooster Teeth's YouTube page has more than 6 million subscribers and 2.6 billion video views. Rooster Teeth would be using Stage 5 for production purposes.

The term of the proposed sublease is two years with a one-year renewal option.