



# Long-Range Master Plan

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# Proposed Convention Center Expansion

## Update

February 7, 2017

- Background
- Community/Stakeholder Engagement
- Opportunities, Other Needs, Impact of Plan
- Financing
- Next Steps

- Important Past Action/Milestones
  - **March 27, 2014** – contracted with Gensler to develop Austin Convention Center (ACC) Long-Range Master Plan (Plan)
  - **December 11, 2014** – Council Resolution 20141211-218 – Urban Land Institute review Plan
  - **August 24, 2015** – Presented to Economic Opportunity Committee
  - **November 12, 2015** – Council Resolution 20151112-033

- Austin's Convention Facility was identified as the top priority, or "weakest link", that needs to be addressed in order to remain competitive
  - Austin's facility is the oldest and among the smallest of competitors
  - Austin's facility's mix of event space is inhibiting performance
- Maximum practical occupancy for a convention facility is 65%
  - At time of Plan (FY13), ACC occupancy was 52%, and is now at 65%
- Lost business due to lack of ACC availability or inadequate size at time of Plan (FY13) was 34%, and has risen to ~50% in FY16
- Plan considered 5 options and recommended expansion to the West
- Expansion to the West forecasts the overall highest/optimal combination of incremental room nights, utilization, revenues of any of the options considered

# Long-Range Master Plan Council Resolution Update

## Summary of ULI Master Plan Review

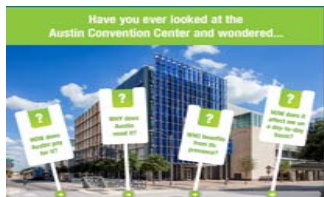
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- Urban Land Institute (ULI) reviewed the Plan and concurred with the consultants' recommendation. More points about ULI and their work include:
  - ULI's mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities
  - ULI's goal is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies
  - The recommendation included direction to:
    - Utilize the option to expand to the West of the existing convention center
    - Expand design plan to create a convention center district
    - Include street level venues, retail and restaurant space
    - Increase Hotel Occupancy Tax to 17% to fund full vision
    - Purchase land now

- Responses to Council Resolution 20151112-033
  - Packets provided to Council Offices include:
    - Responses to the 14 points included in the resolution
    - Report by industry expert Steven Hacker
    - Discussion and illustration of the financing concepts
    - Preliminary Traffic Analysis
    - Copies of Presentations
      - Districts 1 & 3 hosted Town Hall meeting – 8/27/16
      - Visitor Impact Task Force meeting – 1/31/17

- A comprehensive community engagement plan would be developed and implemented as part of expansion program
- Eventual design will include significant stakeholder/community input
- To date, ACCD has had conversations, meetings, presentations to many:

- Districts 1 & 3 Town Hall
- Downtown resident groups
- Hotel Community & Employees
- Downtown Commission
- Waller Creek Conservancy
- Rodeo Austin
- Chambers of Commerce
- University of Texas
- Downtown Austin Alliance
- Austin Area Urban League



\*Pictures from Town Hall Meeting, held on 8/27/16, hosted by Council Members Houston and Renteria, also attended by Mayor Adler and Mayor Pro Tem Tovo

Community engagement will be extensive in expansion complex design

# Long-Range Master Plan Council Resolution Update Opportunities, Needs, Impact of Plan

- Putting it all together
  - Community/Stakeholder Input
  - Industry/Convention needs
  - Financing Capabilities
- Provides for possibilities



**Palm School**



**ACC Historic Homes**



- Financing concepts define the path

Expansion Funding Concept Determines Opportunities, Impact on Other Projects – Possibilities Exist



What we have heard so far -

- Multi-use / Partnership Elements
  - Facility Components
    - Community Space
    - Open / Walkable Space
    - Restaurant / Retail Space
    - Downtown Fire Station
    - Austin Energy Chiller

What we have heard so far -

- Multi-use / Partnership Elements (continued)
  - Area Improvements
    - Waller Creek Area
      - Palm School
      - Historic Homes on Red River
    - Brush Square Area
- Opportunities for Additional Funding for:
  - Cultural Arts
  - Tourism and Promotion
  - Historic Preservation

What we need -

- Industry / Convention Center Needs
  - Need to keep industry strong
    - 4<sup>th</sup> largest employment sector - 124k jobs
    - Diversified economy
    - Provides economic impact to small/local business and City's general fund
  - Need to meet is real
    - Adult education is ongoing
  - Need space to meet demand
    - Today's lost business would fill expanded space

How we can get there –

- Two main financing concepts have been identified

Concept	Approval	HOT Rate	Venue	Est Project Capacity*	Potential for Add'l Funding
2% HOT (Ch. 334)	Voter	15%	Yes	~\$400 million	No
2% HOT (Ch. 351)	Council	17%	No	~\$600 million	Yes

\* Project estimates based on current market conditions, conservative revenue estimates, standard financing approach; amounts subject to change

## How we can get there -

- 2% HOT Venue Financing Concept



- Would require refund/refinance/redefinition of 1999 convention expansion venue
- Requires voter approval
- Debt capacity limits other expansion program elements as part of the venue
- HOT would remain at 15%, leaving option for County venue for an eligible project or Tourism Public Improvement District (TPID)
- All convention center revenue would be pledged
- Once new venue expires, City could pursue another venue
- Venue revenue can only be spent within the Venue

How we can get there -

- Ch. 351 Additional HOT Financing Concept – up to 2%
  - Austin is currently eligible for financing the expansion of an existing convention center through Ch. 351 HOT increase
  - Opportunity to redefine the area, including Waller Creek (Palm School, Historic Homes) and Brush Square as part of expansion program



Palm School



ACC Historic Homes

Expansion Funding Concept Determines Opportunities, Impact on Other Projects – Possibilities Exist

How we can get there -

- Ch. 351 Additional HOT Financing Concept – up to 2%
  - Requires Council approval
  - HOT % increase (up to 2%) determines debt capacity and extent of other expansion program elements included
  - HOT could increase to 17%, max legal limit, until 1999 expansion venue expires
  - Concept will define path and timing of ability to pursue other projects, components
  - All convention center revenue would be pledged
  - This concept includes potential for additional annual funding for cultural arts, tourism/promotion, or other lawful activities



**Red River District**



**ACVB ~ Marketing/Heritage Tourism**



**Historic Preservation**

Expansion Funding Concept Determines Opportunities, Impact on Other Projects – Possibilities Exist

- Analyzing feasibility of financing concepts included consultation with City's Financial Services Dept. and PFM Group, the City's Financial Advisor
- Estimating funding capacity considered both concepts – the 2% Venue HOT and the additional 2% Ch. 351 HOT – & other ACC revenue
- PFM Group has used conservative revenue projections to estimate debt capacity for identified scenarios
- PFM has indicated the financial concepts are viable

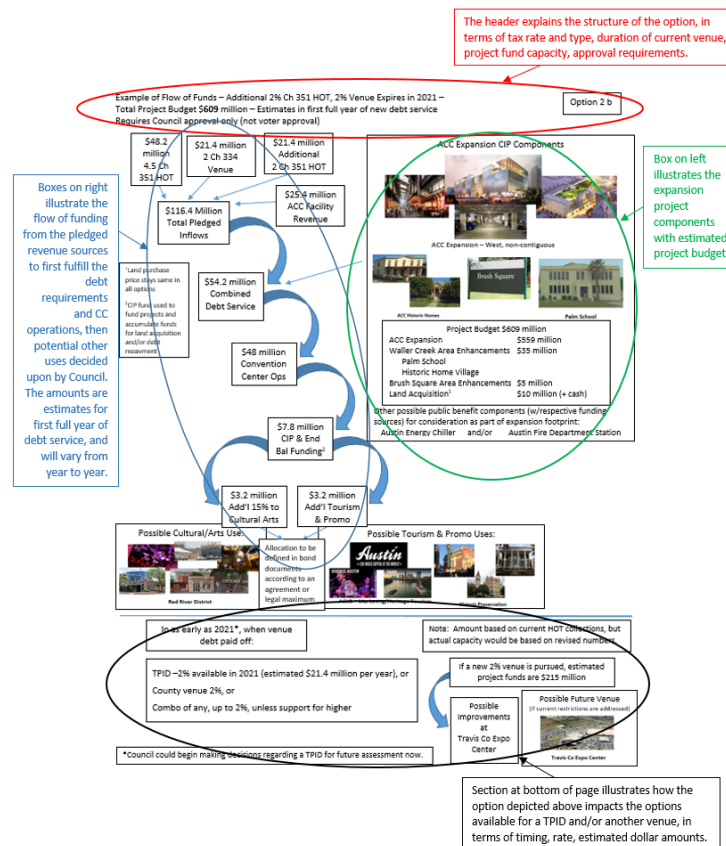


# Long-Range Master Plan Council Resolution Update

## Financing Analysis

- How to read the financing concept illustrations

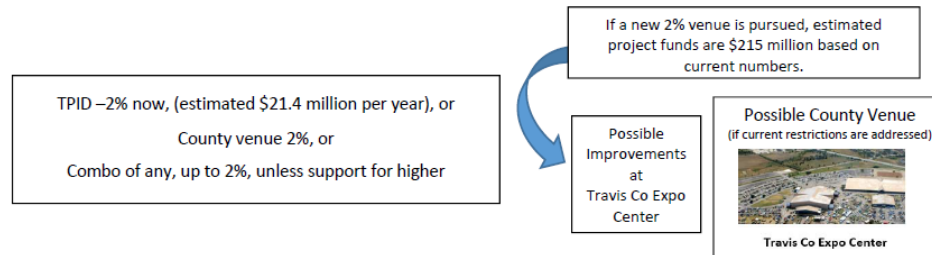
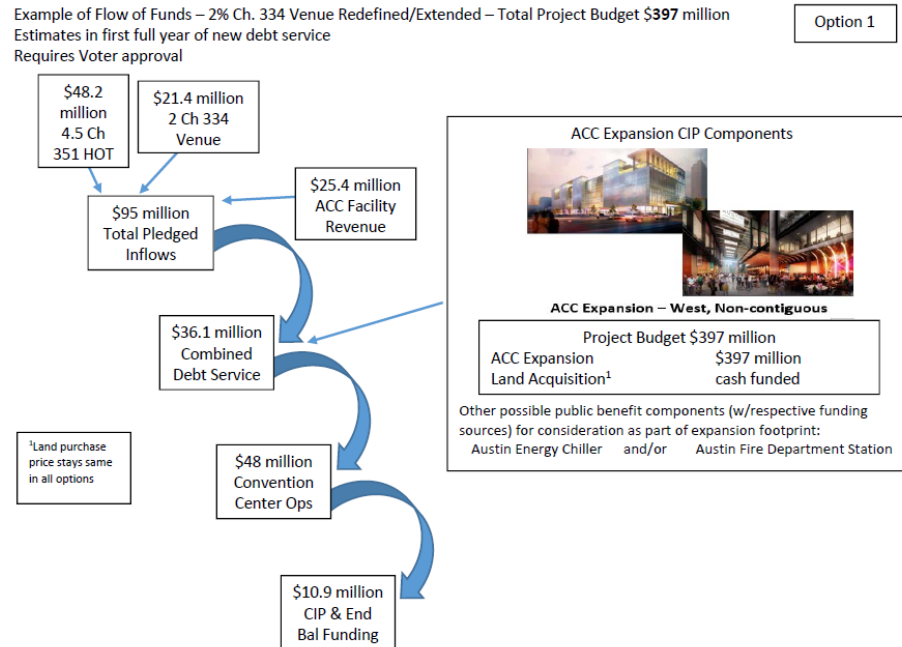
Explanation of Flow of Fund Illustration Pages



Financing Options are viable and chosen one will determine expansion complex components

# Long-Range Master Plan Council Resolution Update Financing Analysis

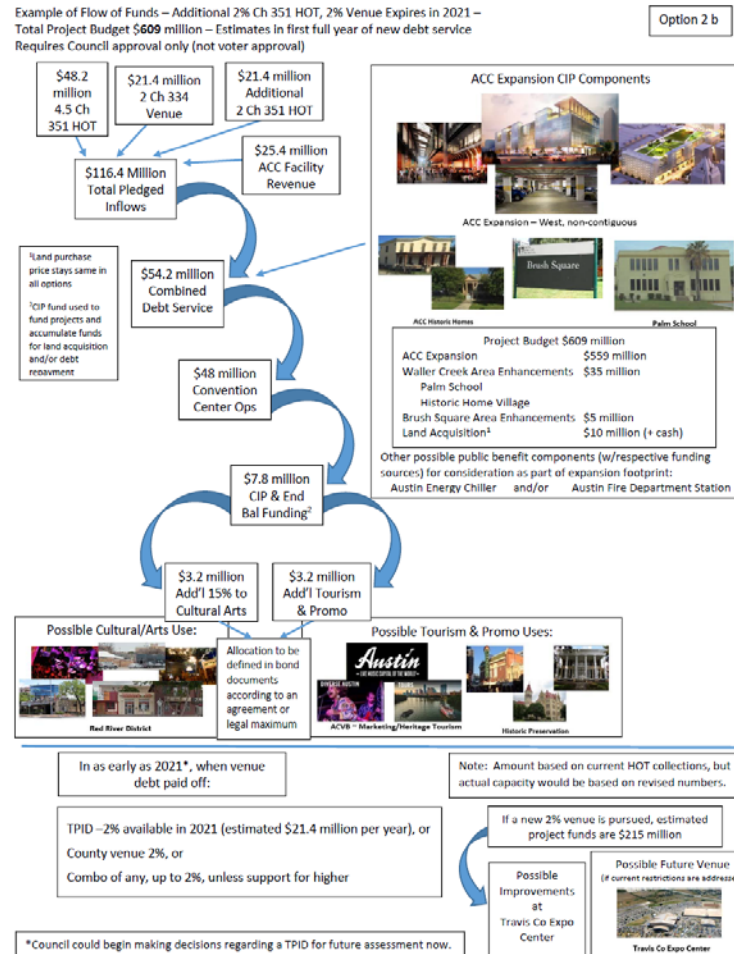
- Illustration of 2% Venue HOT option



Financing Options are viable and chosen one will determine expansion complex components

# Long-Range Master Plan Council Resolution Update Financing Analysis

- Illustration of one of the Additional Ch. 351 HOT options



Financing Options are viable and chosen one will determine expansion complex components

- Planned Next Steps
  - Continue to respond to Council questions
  - Continue to support the Visitor Impact Task Force
  - With Council direction, work within larger downtown vision
  - Continue community/stakeholder engagement
    - Preparing for February Town Hall hosted by Mayor Pro Tem Tovo
  - Bring a final Plan to Council for approval

Questions?