

A G E N D A



Recommendation for Council Action (Real Estate)

Austin City Council

Item ID:

70130

Agenda Number

9.

Meeting Date:

April 20, 2017

Department:

Office of Real Estate Services

Subject

Authorize negotiation and execution of all documents and instruments necessary or desirable to purchase in fee simple three tracts of land totaling 41.167 acres out of lots 1, 2, and 3 Block A Airport Commerce Park Section Three located at 838, 840 and 904 S. U.S. Highway 183 in Austin, Travis County, Texas, from SFSV HILL AIRPORT COMMERCE II, LLC in an amount not to exceed \$3,778,066 which includes closing costs (District 3).

Amount and Source of Funding

Funding in the amount of \$3,778,066 is available in the Fiscal Year 2016-2017 Capital Budget of the Austin Convention Center Department.

Fiscal Note

A fiscal note is attached.

Purchasing
Language:

Prior Council
Action:

For More
Information:

Mark Tester, Austin Convention Center, (512) 404-4040; Lauraine Rizer, Office of Real Estate Services, (512) 974-7078; Megan Herron, Office of Real Estate Services, (512) 974-5649

Boards and
Commission
Action:

MBE / WBE:

Related Items:

Additional Backup Information

The Austin Convention Center Department (ACCD) hosts over 300 events per year at two locations: the Austin Convention Center at 500 East Cesar Chavez Street and the Palmer Events Center at 900 Barton Springs Road. With the complexity of staging the setup and removal of events, the limited area currently available in the Austin Convention Center service yard prompted ACCD to identify a more feasible alternative to facilitate event coordination, operational efficiency, and increase public safety in the area. The existing operational process is inadequate due to the amount and type of vehicles used to service events and the continued development and redevelopment in and around the Austin Convention Center.

Historically, the service yard at the Austin Convention Center was utilized for staging activities, and the neighboring vacant land at the corner of Cesar Chavez and Red River offered some relief as an overflow staging area. However, since commencement of the construction of the Fairmont Hotel at that site, the lot has no longer been available for ACCD to rent and use for that purpose, so staging and queuing of vehicles has been pushed onto Red River and surrounding streets.

Recognizing the pending development of the area and the potential need for a larger staging area, over the past seven years, ACCD, with the assistance of the Office of Real Estate Services (ORES), has looked at various sites for a suitable solution to warehouse operations and marshalling yard needs of ACCD. Potential solutions included utilizing existing property owned by the City, joint venture opportunities with other City departments, and several properties within a five, ten, and 15-mile radius of the Austin Convention Center.

The current constraints of the service yard and marshalling infrastructure have reached a tipping point for capacity on surrounding thoroughfares, outpacing ACCD's ability to mitigate traffic congestion and customer interruptions adequately and safely. An offsite marshalling yard and storage facility will help to alleviate vehicular congestion that inhibit mobility along thoroughfares and provide a buffer for controlling ingress and egress of vehicular traffic related to events at both City-owned venues.

The proposed acquisition is approximately 41.167 acres comprised of three lots: Lot 1 is 3.162 acres, Lot 2 is 3.515 acres and Lot 3 is 34.490 acres located at 838, 840, and 904 S. U.S. Highway 183 in Austin, Travis County, Texas.

The proposed site will provide for needed warehouse operations and marshalling yard space, as well as the relocation of shipping and receiving operations and recycling activities currently occurring at the ACCD service yard. These activities take up valuable space in the service yard, resulting in less space for vehicles to load and unload. ACCD will also explore providing storage space, for a fee, to general service contractors who require additional capacity to store freight for events and dock space prior to an event. Additionally, as part of a long-term strategy, ACCD is assessing the opportunity to integrate workforce development and training programs for employees in the convention and hospitality industries to facilitate pathways toward living wage careers at the proposed site. The proposed site is of sufficient size and has the appropriate zoning to meet ACCD's operational needs.

The purchase price of \$3,766,066 is the current fair market value as determined by an independent third-party appraiser. The approximate closing cost is \$12,000 for a total amount not to exceed \$3,778,066.

ACCD plans to initiate phase 1 of the project in fiscal year 2017. Phase 1 of the project includes developing a design criteria manual, initiating a solicitation process through the Capital Contracting Office to select a general contractor and architectural team to design the proposed project. In fiscal year 2018, Phase 2 of the project will be initiated and include a phased construction process that will comprise the construction of a warehouse operation and marshalling facility. The timing of Phase 2 is dependent, in part, upon ACCD's other planned and proposed capital projects and will be better defined in the future.

The Strategic Facilities Governance Team has reviewed and approved this request.

