

Staff Update Item 2d- Tourism Commission Meeting February 14, 2022

- ***Item 2d. Update from staff on expansion contracted underway, with whom and how much, any timeline of "next steps" and discussion and possible action related to the convention center.***

In August 2019, the Austin City Council [authorized](#) an increase in the municipal hotel occupancy tax rate (HOT) from 9% to 11% in support of an redevelopment and expansion of the Austin Convention Center. Following Council's approval of the 2% HOT increase, Convention Center staff worked toward a Master Plan Update and an Economic Impact study to confirm the viability of an expansion. These reports were released in [August 2020](#) and were [presented](#) to Council in September of that year.

On June 10, 2021 the Austin City Council [approved](#) the Construction Manager at Risk (CMR) method of contracting as the delivery method of best value to the City for the Convention Center expansion project which would demolish and rebuild portions of the existing Austin Convention Center and construct new elements for a facility expansion. In tandem to this item, Council passed [Resolution 20210610-096](#), which provides further direction for elements to include in the RFQ for architectural/engineering services, including directing that representatives from the Center for Sustainable Development at University of Texas Study, the Palm District, The Downtown Austin Alliance, and the Waterloo Greenway be included in the evaluation panel for the RFQ, in addition to City staff.

The Convention Center Expansion Team and consultants have finalized the RFQ and continues to make progress on the many remaining facets of the redevelopment project. The team is currently working with the Austin Convention Enterprises (ACE) Board and President to pursue a resolution to an "event of default" clause contained in ACE's Hilton Austin Hotel bond indentures that is anticipated to be triggered by the temporary closure of the Convention Center during construction. ACE is a public facilities corporation created by the City of Austin to own, finance (including issuing debt) and operate the Hilton Austin Hotel. Once a resolution is achieved with regards to this matter, the RFQ will be released. The financial impact of the temporary closure of the Convention Center will have on Hilton Austin Hotel revenues is a critical issue because ACE bonds are wholly supported by the revenues generated by the hotel.

Should the Commission request, we are pleased to present on the redevelopment and expansion project at the next meeting of the Tourism Commission.