



## MEMORANDUM

**To:** Mayor and Council

**From:** *LR* Lauraine Rizer, Officer of Real Estate Services

**Date:** October 29, 2014

**Subject:** **Block 8 Real Estate Acquisitions for Expansion of the Austin Convention Center**

As you may recall, in late March 2014, you authorized the Austin Convention Center Department (ACCD) to engage a consultant team to develop a Long Range Master Plan that addresses the future operational needs of the Austin Convention Center. Although the report has not been finalized, the work to date has provided solid evidence for the need to expand the Convention Center. Expansion will be needed to continue Austin's growth as a premiere convention destination, growth which is possible due to the tremendous development in Austin's downtown hotel inventory. Based on a number of factors, including surveying of potential and current customers and a complete market analysis, the Long Range Plan is expected to include a recommendation that the Convention Center be expanded to include substantial additional exhibit, ballroom and meeting space. As the historic platted blocks in downtown Austin are 276'x276' or 76,176 square feet, the recommendation is that the Austin Convention Center will need to acquire the equivalent of three to four City blocks.

After evaluating and discussing all viable options for expansion with numerous stakeholders, the ACCD has determined that expansion to the west of the Convention Center is the most feasible option. This conclusion is, in part, due to the Convention Center being bounded to the east and south by properties incorporated into the Waller Creek Tax Increment Financing Reinvestment Zone and to the north by the Hilton Hotel and Brush Square.

Taking into account the recommendation to expand and the existing circumstances, ACCD has determined that the acquisition of Block 8 of the Original City of Austin is necessary for the future viability of the Austin Convention Center. Currently, the properties within Block 8 are underdeveloped with a mix of one to two story buildings. But, given that the block has frontage along E. Cesar Chavez, is adjacent to the Convention Center and is unencumbered by any Capitol View Corridors, it is foreseeable that the block is ripe for more intensified development in the near future. This is evidenced by the fact that the owners of the properties comprising the southern half of the block are already seeking proposals for a developer under the terms of a ground lease. As ACCD has adequate funding in place,

they would like to move immediately to acquire the properties comprising the southern half of Block 8 and have requested that the Office of Real Estate Services proceed accordingly.

Initial contact with the owner of the property that the City is seeking to acquire for a public use will be sent today in the form of a Letter of Intent to Acquire (LOI). The LOI notifies the owner of the specific property the City intends to acquire and the public use for which the property is needed. In addition, the LOI puts the owner "on notice" that their property is being sought by the City under the imminence of condemnation. Included with the LOI is a Landowner's Bill of Rights (LBOR) statement. Section 21.0112 of the Texas Property Code requires entities with eminent domain authority to provide a copy of the LBOR to a landowner before or at the same time as the entity first represents in any manner to the landowner that the entity possesses eminent domain authority.

Although the City is seeking these properties under the imminence of condemnation, the Office of Real Estate Services will make a good faith attempt to acquire these properties such that the end results are comparable to arm's length transactions. Note that sending the LOI/LBOR to the property owners is the first step in the acquisition process, but it does not commit the City to completing the purchase of the properties. At any point prior to executing a contract to purchase the properties or holding a Special Commissioners' Hearing to condemn the properties (both are actions that require Council approval before proceeding), the City can opt to cease its acquisition efforts and walk away. At a future date, the ACCD will be conducting a briefing regarding its expansion plans and how those plans relate to their Long Range Master Plan.

If you have any questions, please do not hesitate to contact me at 974-7078.

cc: Marc A. Ott, City Manager  
Anthony Snipes, Assistant City Manager  
Sue Edwards, Assistant City Manager  
Mark Tester, Director, Austin Convention Center Department