MEMORANDUM

TO: Mayor and Council

FROM: Mark Washington, Assistant City Manager

DATE: September 15, 2016

SUBJECT: Austin Convention Center Expansion - Town Hall Meeting Information

The purpose of this memo is to provide an update on the recent Austin Convention Center town hall meeting on August 27, 2016 co-sponsored by Council Members Ora Houston, District 1, and Sabino Renteria, District 3.

The Austin Convention Center has been steadily working on Council Resolution 20151112-033 with respect to the Convention Center's Long-Range Master Plan. Based on Council feedback, the Austin Convention Center attempted to gain the perspective of community members both inside and outside the downtown Austin area by having a town hall meeting on Saturday, August 27, 2016, at the Parque Zaragoza Recreation Center. Council Member Houston and Council Member Renteria were joined by Mayor Steve Adler and Mayor Pro Tem Kathie Tovo, along with approximately 55 attendees from the community. The purpose of the town hall was to provide to the community information on the need for expansion of the Austin Convention Center, and to solicit feedback and comments.

Attached is a memo from Austin Convention Center Director Mark Tester with a summary of the town hall meeting notes from August 27th, along with a copy of the presentation shared at the meeting. The Austin Convention Center will be happy to replicate the presentation at other town hall or district meetings and receive additional feedback/comments. Please contact my Executive Assistant, Trinh Bartlett, at 512-974-2544 or trinh.bartlett@austintexas.gov if you would like to have staff from the Convention Center present at a meeting in your district. Our intent is to incorporate the feedback into a revised Master Plan and report back to Council in the Fall of 2016.

Please let me know if you have any questions.

Attachments: Austin Convention Center Memo
Austin Convention Center Presentation

cc: Marc A. Ott, City Manager
Assistant City Managers
Mark Tester, Director, Austin Convention Center

AUSTIN

CONVENTION CENTER

TO: Mark Washington, Assistant City Manager

FROM: Mark Tester, Director, Austin Convention Center

DATE: September 14, 2016

SUBJECT: Summary of August 27, 2016 Town Hall Meeting

The Austin Convention Center Department (ACCD) was pleased to participate in the Town Hall Meeting on Saturday, August 27, 2016, at the Parque Zaragoza Recreation Center. The meeting was hosted by Council Members Ora Houston and Sabino "Pio" Renteria, from Districts 1 and 3, respectively.

Noted attendees include Mayor Steven Adler, Mayor Pro Tem Kathie Tovo, and former Mayor Pro Tem Sheryl Cole. There were approximately 55 community members in attendance (1/3 were residents from Districts 1 and 3), and 15 ACCD staff members present to assist with questions and support the meeting. Patricia Fraga from the Communications & Public Information Office (CPIO) moderated the meeting, and the line-up of speakers were Council Members Houston and Renteria, Assistant City Manager Mark Washington, ACCD personnel Mark Tester, Trisha Tatro and Van Jobe, and Alan Colyer, the consultant from Gensler.

CPIO arranged for media presence from KXAN-TV, KEYE-TV, and the Austin American-Statesman. The presentations for the meeting consisted of, "The WHY of Convention Centers" given by Mark Tester, Trisha Tatro and Van Jobe; "The WHY of the Master Plan" given by Alan Colyer and Mark Tester; and the "Convention Center Expansion Plan" presented by Alan Colyer. There was also a "Mini-Visioning" session combined with Audience Q&A with Mark Tester and Alan Colyer. The comments and questions from attendees included the following:

- What would an expansion do to downtown traffic?
- How could this influence/impact hospitality worker wages?
- There will need to be more parking included in the plan.
- Is the building being designed for additional future expansion upward?
- The expansion needs to involve the arts, and bring programming that is of interest to minorities/people of East Austin.
- The process needs to continue to engage the citizens.
- The price of the land is a concern (expressed by several attendees).
- Why couldn't the expansion go east or elsewhere?

As a follow-up to the meeting, ACCD staff will post the power point used in the meeting on the ACCD website www.austinconventioncenter.org .

We look forward to participating in future meetings, should others be scheduled.

AUSTIN

CONVENTION CENTER

CITY OF AUSTIN
FOUNDED 1839

AUSTIN CONVENTION CENTER TOWN HALL

Today's Agenda

- The WHY of Convention Centers
- The WHY of the Master Plan
- Convention Center Expansion Plan
- Mini-Vision Session
- Questions and Answers

THE WHY OF CONVENTION CENTERS

History of Austin Convention Center

- 1992 – Original Convention Center opened
- 1999 – Convention Center Northside expansion started
  - Funded with 2% Hotel Occupancy Tax (HOT)
    - also used to fund part of Waller Creek Tunnel
  - Approximately $130 million still owed
    - $16.5 million in annual debt service (no property tax used)
    - 2029 – retirement date of debt and 2% Venue HOT
- 2002 – Northside expansion completed

THE WHY OF CONVENTION CENTERS

The Austin Convention Center is…

- An Enterprise Department of the City of Austin
- A revenue generator and job provider department
- Not funded by property taxes, sales taxes or through transfers from the electric or water utilities

AUSTIN CONVENTION CENTER

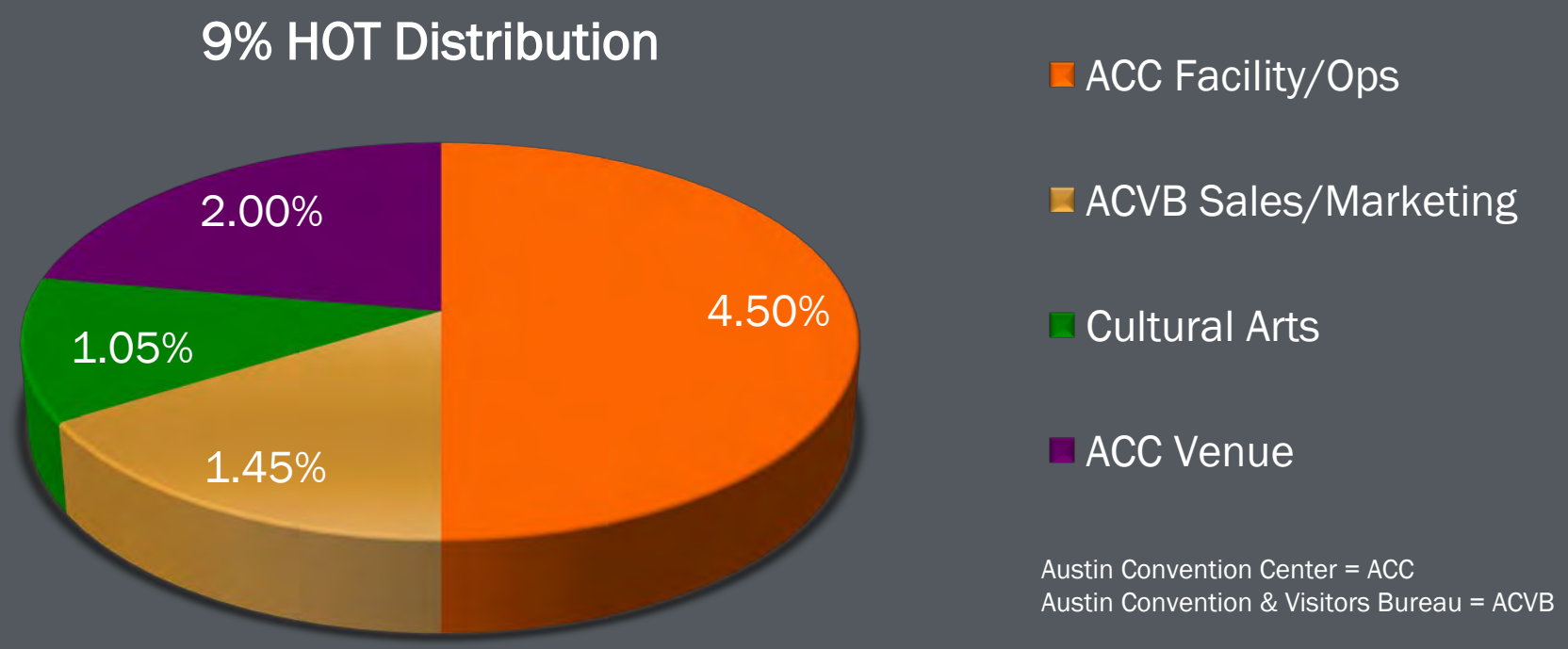
THE WHY OF CONVENTION CENTERS

- Local Travel-Generated Tax revenues
  - Taxes from Hotel Occupancy, Rental Car, Sales, & Property
    - Reported amounts from the State include taxes generated from both visitors and residents/businesses within the tourism industry
    - 2015 Estimated Local Tax Impact of $192.5 million* – including:
      - $79.4 million in Hotel Occupancy Tax
      - $ 8.9 million in Rental Car Tax
      - $33-38 million in City's General Fund Taxes – Sales & Property

*data from State of Texas Office of Governor, Economic Development and Tourism Estimates, July 2016

THE WHY OF CONVENTION CENTERS

- Hotel Occupancy Tax (HOT) – Closer Look
  - HOT uses governed by Texas State Tax Code, City Code and Bond Covenants



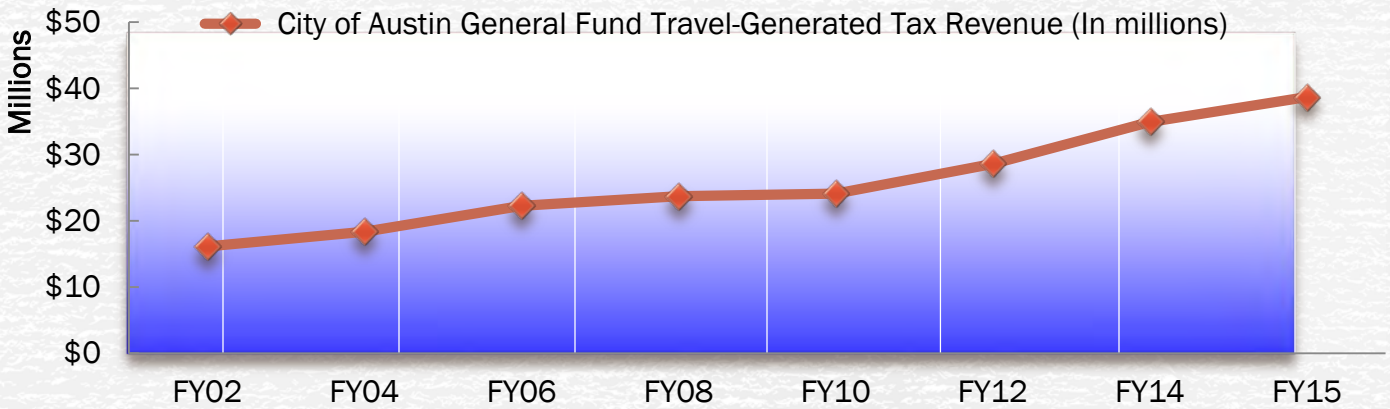
Austin Convention Center = ACC
Austin Convention & Visitors Bureau = ACVB

7 % HOT allocation per City Code, excluding the 2% Venue (governed by separate State law):

- 4.5% ACC = 64.3% of 7 percent
- 1.45% ACVB = 20.7% of 7 percent
- 1.05% Cultural Arts = 15% of 7 percent (max allowed by State law)

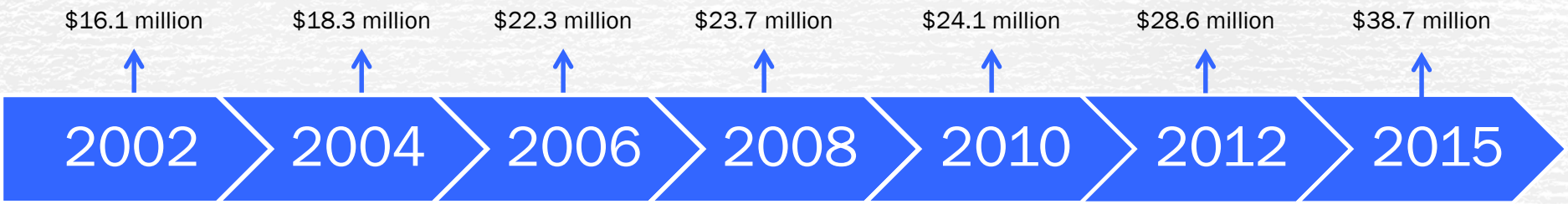
THE WHY OF CONVENTION CENTERS

- Contributions to the City's General Fund - Historical Look



- Average 2-year cycle growth of $3.1 million, or 14% (2002-2014)
- Average annual growth from 2010-2015 of $3.4 million, or 11.5%
- 140% increase from 2002 – 2015
- Industry is an economic engine for the City

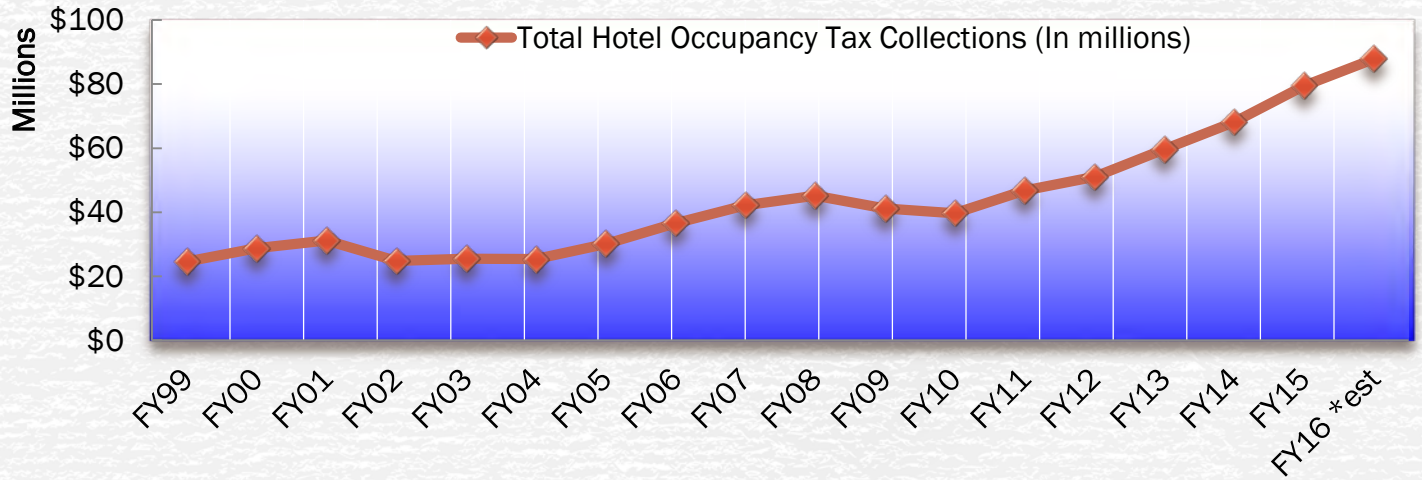
Estimated City Sales/Property Tax Generated:



AUSTIN CONVENTION CENTER

THE WHY OF CONVENTION CENTERS

- Convention Center's Success – Historical Look



FY99 Total HOT collected = $24.6 million

Convention Center 2% Venue Tax Assessed

Convention Center Northside Expansion Complete

City-owned Hilton Opens

FY08 Total HOT collected = $45.2 million

Total Estimated Room Nights of ACC events- 172,000

Circuit of the Americas (COTA) Opens

FY15 Total HOT collected= $79.4 million

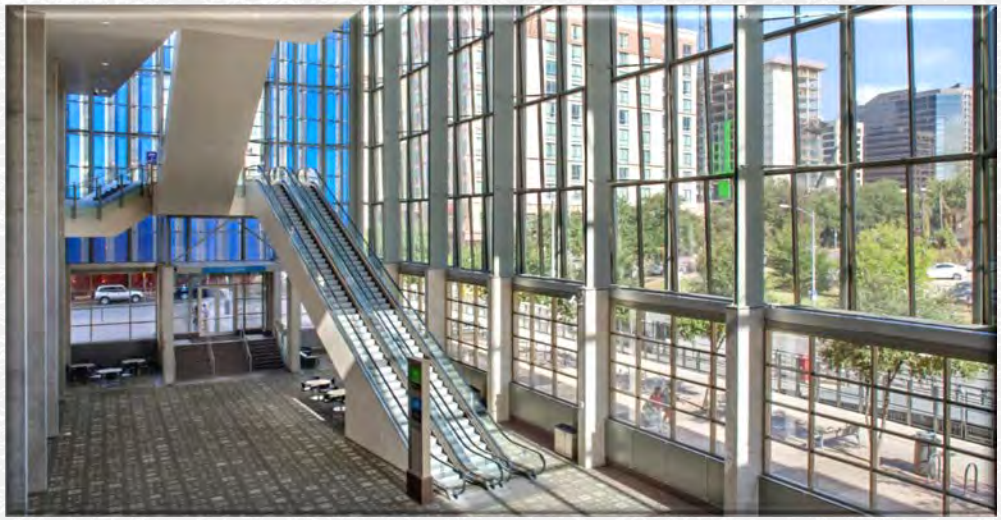
Total Estimated Room Nights of ACC events- 275,000

Current ACC Venue Scheduled Retirement

1999 → 2002 → 2004 → 2008 → 2012 → 2015 → 2029

THE WHY OF CONVENTION CENTERS

Austin Convention Center Mission Statement



The central mission of the Austin Convention Center Department is to provide outstanding event facilities and services to our customers so they can have a positive experience.

AUSTIN CONVENTION CENTER

THE WHY OF CONVENTION CENTERS

Austin Convention Center Facility Information

- 881,400 gross square feet and covers six city blocks.
- 368,980 square feet of total meeting and exhibit space.
  - 5 contiguous Exhibit Halls (247,052 sq. ft.)
  - 7 Ballrooms (63,928 sq. ft.- combined)
  - 54 Meeting Rooms (58,000 sq. ft.)
- Service Yard with 17 loading docks
- 24-hour security
- Includes 2 parking garages

THE WHY OF CONVENTION CENTERS

Austin Convention Center Events in Fiscal Year 2016

- Many types of events are held in the facility
  - 116 events held in facility during Fiscal Year 2016
    - 41 Conventions
    - 26 Meetings/Workshops
    - 14 Consumer Shows
    - 12 Conferences
    - 23 Other (trade shows, sporting events, food & beverage, social, exams)

Total Event Attendance: 497,191

Convention Attendance: 272,211

Total Room Nights: 277,821

72% Events Represent Repeat Business

51% Conventions Represent Repeat Business

AUSTIN CONVENTION CENTER

THE WHY OF CONVENTION CENTERS

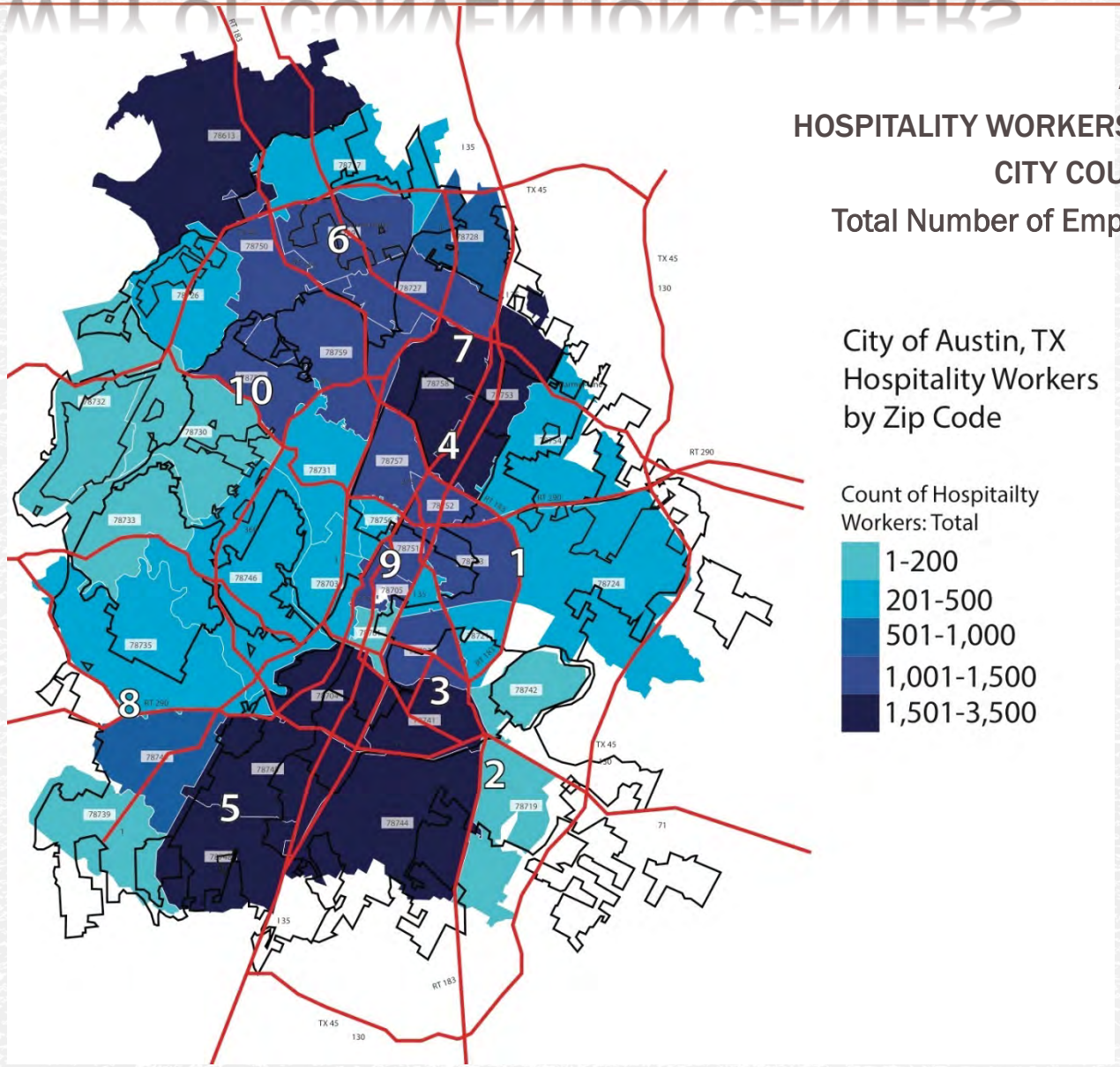
LEISURE AND HOSPITALITY INDUSTRY IN AUSTIN

- The Bureau of Labor Statistics reports that the Leisure and Hospitality industry, which encompasses Tourism & the Convention Center, is the 4th largest industry in terms of employment

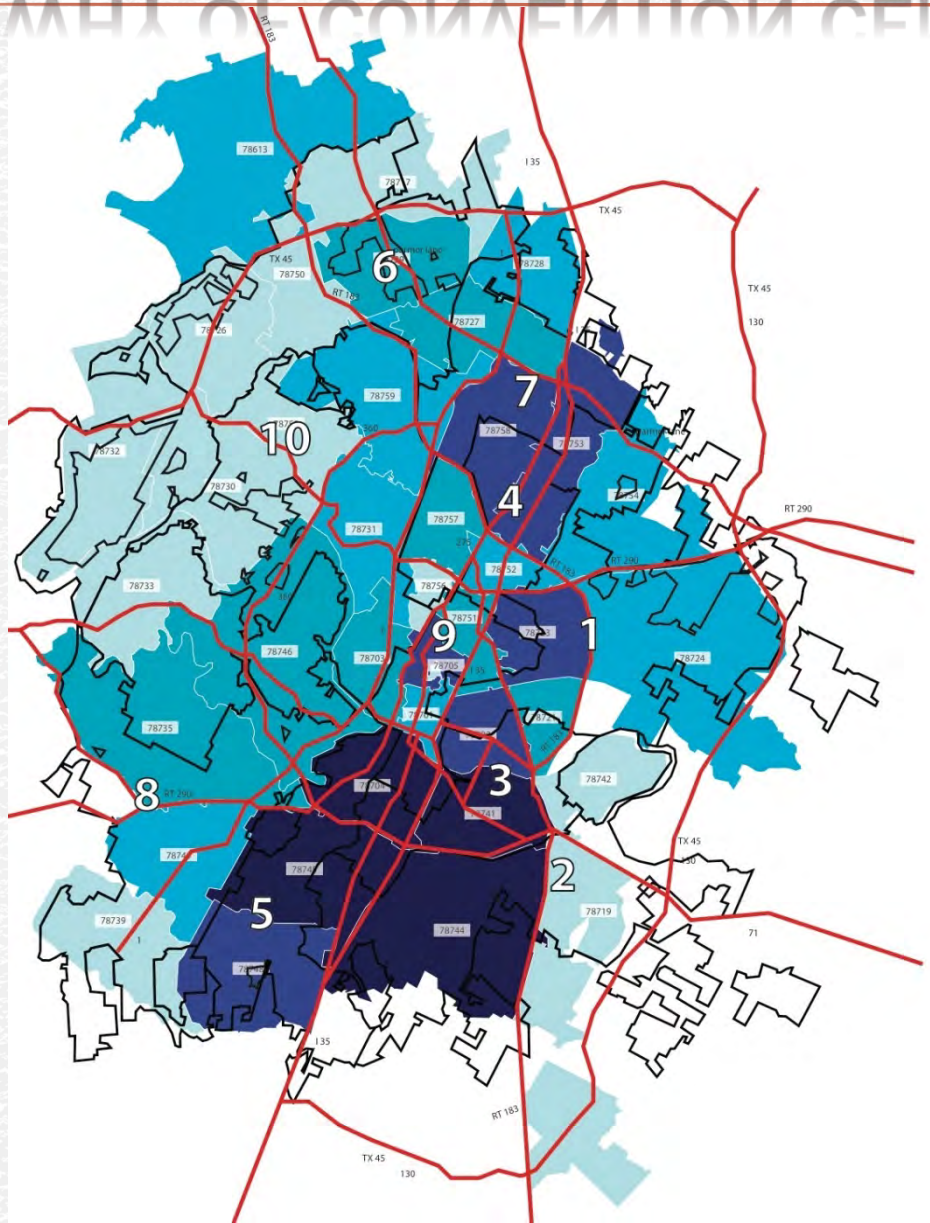
Austin area employment (numbers in thousands)	Jun. 2016	Change from Jun. 2015 to Jun. 2016	
		Number	Percent
Total nonfarm	1,000.8	38.4	4.0
Mining, logging, and construction	61.3	6.0	10.8
Manufacturing	55.7	-2.4	-4.1
Trade, transportation, and utilities	172.9	9.2	5.6
Information	27.8	0.4	1.5
Financial activities	55.8	1.9	3.5
Professional and business services	168.9	7.9	4.9
Education and health services	116.9	5.2	4.7
Leisure and hospitality	123.9	5.7	4.8
Other services	42.8	1.8	4.4
Government	174.8	2.7	1.6

Source: U.S. BLS, Current Employment Statistics.

THE WHY OF CONVENTION CENTERS



THE WHY OF CONVENTION CENTERS

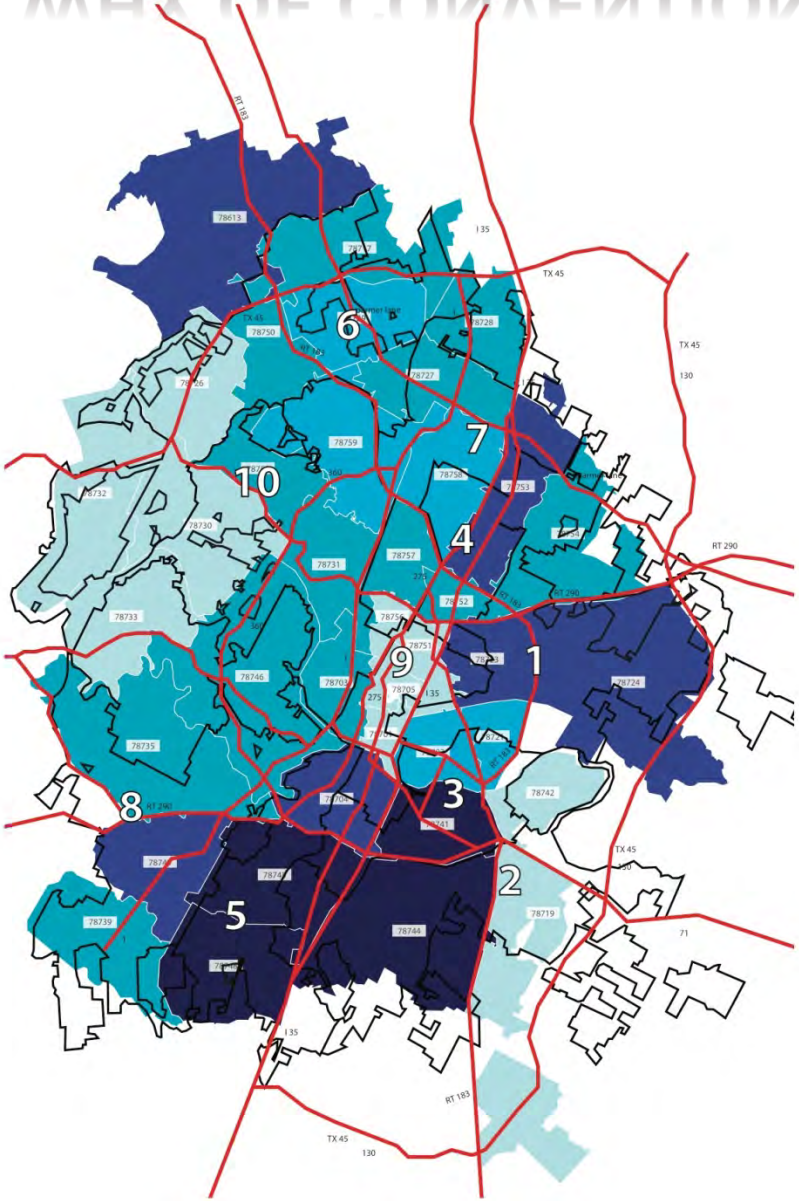


AUSTIN, TEXAS

HOTEL EMPLOYEES BY ZIP CODE, CITY COUNCIL DISTRICT

Total Number of Employees: 3,955

THE WHY OF CONVENTION CENTERS



CITY OF AUSTIN (COA) RELATED HOSPITALITY EMPLOYEES BY ZIP CODE, CITY COUNCIL DISTRICT

Total Number of Employees: 2,096

City of Austin Related Hospitality Workforce

ZIP5 Codes
Total:Total

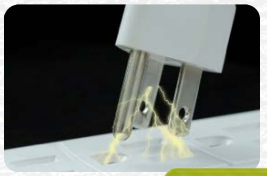
- 1-20
- 21-40
- 41-79
- 80-120
- 121-210

Austin Convention Center and Contractors – 507
Austin Convention & Visitors Bureau (non-City department) – 45
Austin Bergstrom International Airport – 1,544

AUSTIN CONVENTION CENTER

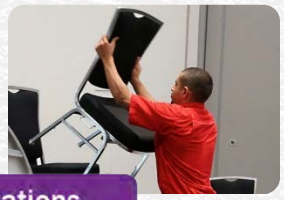
THE WHY OF CONVENTION CENTERS

Department Organization



Sales & Events

Human Resources



Exhibitor Services

(Utilities)

Operations

(Crew/Custodial)

Operations/Maint.

Event Services

(Coordinators)

Food & Beverage

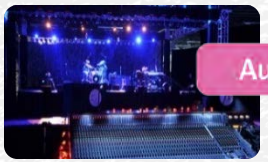
(ACC Catering)

276

Full-Time

Employees

Marketing



Audio/Visual

(Partner with Freeman)

Parking Services

IT Services

Security & Safety

Finance

Purchasing/Contracting

THE WHY OF CONVENTION CENTERS

- Austin Convention Center Jobs
  - Offer wide variety of jobs with:
    - Living Wages
    - Upward mobility opportunities
  - Job lines/families that:
    - Don't require college degrees
    - Provide on-the-job training
    - Overtime earning potential
    - Career path/promotional opportunities
  - Jobs in maintenance, event operations/set-up, parking and security are examples
  - Offer temporary employment opportunities as well

AUSTIN CONVENTION CENTER

THE WHY OF THE MASTER PLAN

Existing Conditions

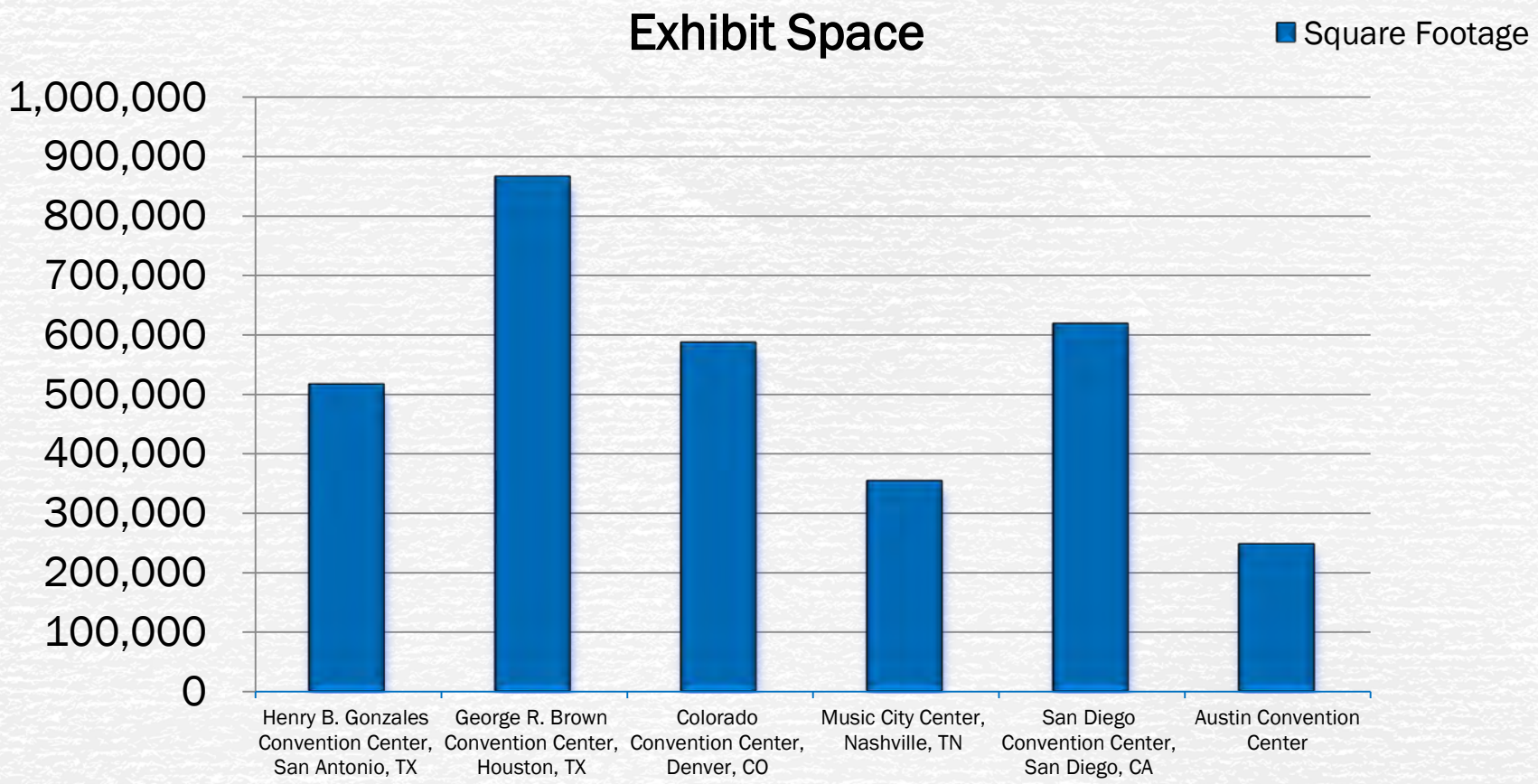
- Current Hotel Inventory increased by 46% since 2004
- #1 reason Lost Business- No availability/too small
- More walkable rooms than competitors
- Competitors continue to improve/expand

	HBGCC	GRBCC	GTRCC	CCC	MCC	SDCC	ACC
Year Opened	1968	1987	2004	1990	2013	1989	1992
Expansion	Three times Latest 2015	2001	None	2005	None	2001, currently considered	1999

HBGCC – Henry B. Gonzales Convention Center, San Antonio, TX
GRBCC – George R. Brown Convention Center, Houston, TX
GTRCC – Gaylord Texan Resort & Convention Center, Grapevine, TX
CCC – Colorado Convention Center, Denver, CO
SDCC – San Diego Convention Center, San Diego, CA
MCC – Music City Center, Nashville, TN
ACC – Austin Convention Center

THE WHY OF THE MASTER PLAN

Austin Convention Center Peer City Comparisons



THE WHY OF THE MASTER PLAN

With City Council approval, Convention Center sought industry experts to create plan.

- Gensler, Conventional Wisdom and Johnson Consulting
  - Employed process involving stakeholder input and analysis
    - Held multiple planning sessions and workshops to gather input
      - Participants included City executives & staff, hoteliers, customers and industry stakeholders
    - Developed 6 options for evaluation
      - Ranged from no expansion, to expansion in various directions and relocation
      - Utilized market analysis and stakeholder input to evaluate each option
    - Performed in-depth economic & market analysis of current state & options
  - Thorough, deliberate process spanned 7+ months
  - Arrived at recommendation for expansion with proposed option

AUSTIN CONVENTION CENTER VISION SESSION

"This is to be the roadmap for our future...for implementation."

ACC is...

- Adaptable
- Convenient
- User-Friendly
- Customer-Focused
- Poised To Take The Next Step

- Too Small
- Under-Achiever
- Not Too Competitive
- Difficult To Navigate
- A Challenging Facility

"For 30 years, Meeting Planners have used the same five criteria for selecting cities to host trade shows and conventions..."

1. Convention Center Facilities
2. Hotel Room Supply
3. Transportation
4. Amenities & Attractions
5. Safety & Security

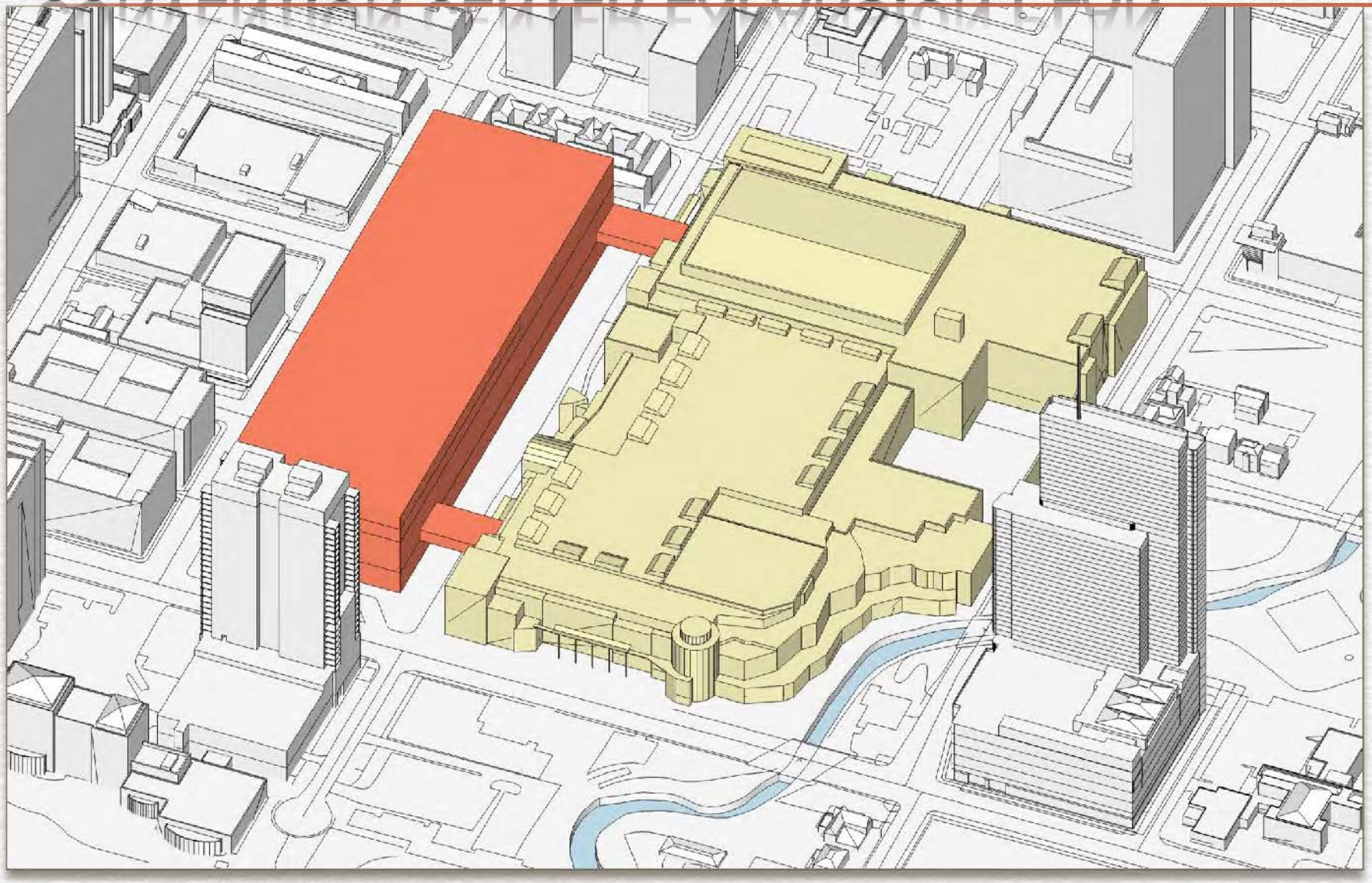
"Where do we fit in the competitive marketplace?"

"...to be successful, solve for the weakest link."

Gensler

Gensler

CONVENTION CENTER EXPANSION PLAN



Gensler

CONVENTION CENTER EXPANSION PLAN

- Recommended Option is to expand West – Non-contiguous
  - Facility Attributes
    - Add 200,000 SF of exhibit space (total 447k)
    - Add 65,000 SF of meeting space (total 120.8k)
    - Add 56,700 SF of ballroom space (total 120.6k)
    - Additional underground parking and loading dock/service area
  - Connectivity Attributes
    - Leave Trinity Street open
    - Provide event access between buildings with overhead walkways/bridges
  - Amenity Attributes
    - Include open/green event space on top of new structure
    - Include mixed-use elements onsite (dependent on land-acquisition method)
  - "Convention Center District"
    - Identify funding that allows for major improvements in area to create vibrancy in and interaction with immediate area
  - Estimated Project Cost - $400 - 600 million (excluding land acquisition)

CONVENTION CENTER EXPANSION PLAN

Gensler

Phase III Expansion

CONVENTION CENTER EXPANSION PLAN

Gensler

The corner of San Jacinto and Cesar Chavez with streetside restaurants and retail.

CONVENTION CENTER EXPANSION PLAN

Gensler

CONVENTION CENTER EXPANSION PLAN

Gensler

Gensler

CONVENTION CENTER EXPANSION PLAN

AUSTIN

CONVENTION CENTER