



# Long-Range Master Plan

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# Proposed Convention Center Expansion

Presentation to  
Visitor Impact Task Force

January 31, 2017

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

- Important Past Action/Milestones
  - **March 27, 2014** – contracted with Gensler to develop Austin Convention Center (ACC) Long-Range Master Plan (Plan)
    - Recommends Convention Center expansion
  - **December 11, 2014** – Council Resolution 20141211-218 – Urban Land Institute review Plan
    - Agrees with Plan
    - Create Convention Center District
    - Consider raising Hotel Occupancy Tax (HOT) to 17%
  - **August 24, 2015** – Presented to Economic Opportunity Committee
  - **November 12, 2015** – Council Resolution 20151112-033

- Of the top factors considered when selecting a convention destination, 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
  - Austin’s facility’s mix of event space is inhibiting performance
- Maximum practical capacity for a convention facility is 65%
  - At time of Plan (FY13), ACC occupancy was 52%
  - FY16 ACC occupancy was 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, including no expansion, and recommended expansion to the West
- The recommended option forecasts the overall highest/optimal combination of incremental room nights, utilization, revenues of any of the options considered

- 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

- 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



Community engagement will be extensive in expansion complex design

- 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

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 -

- 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**

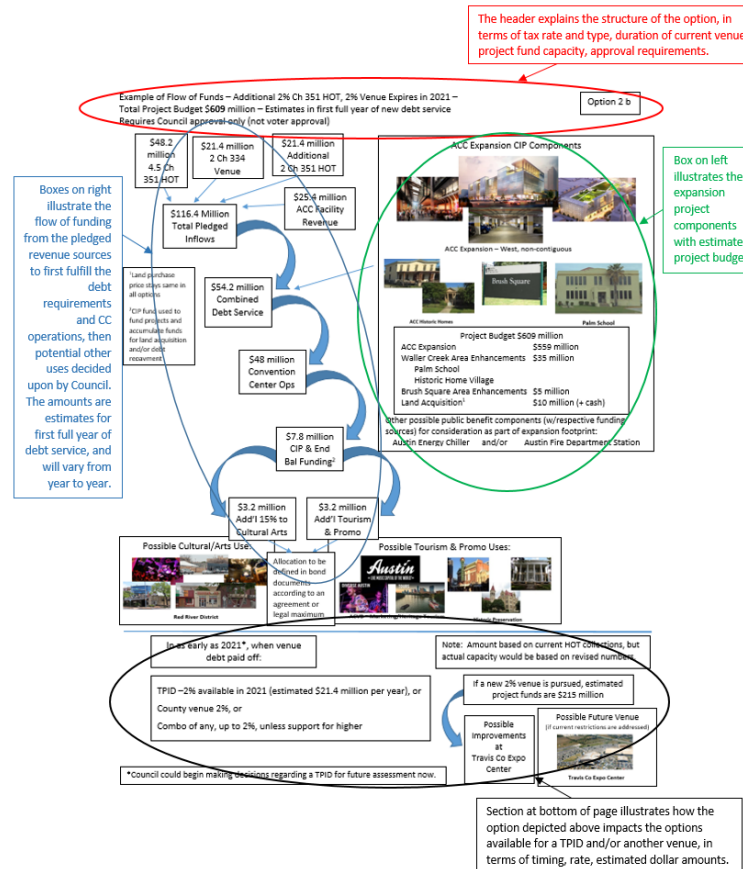


**Historic Preservation**

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

Explanation of Flow of Fund Illustration Pages



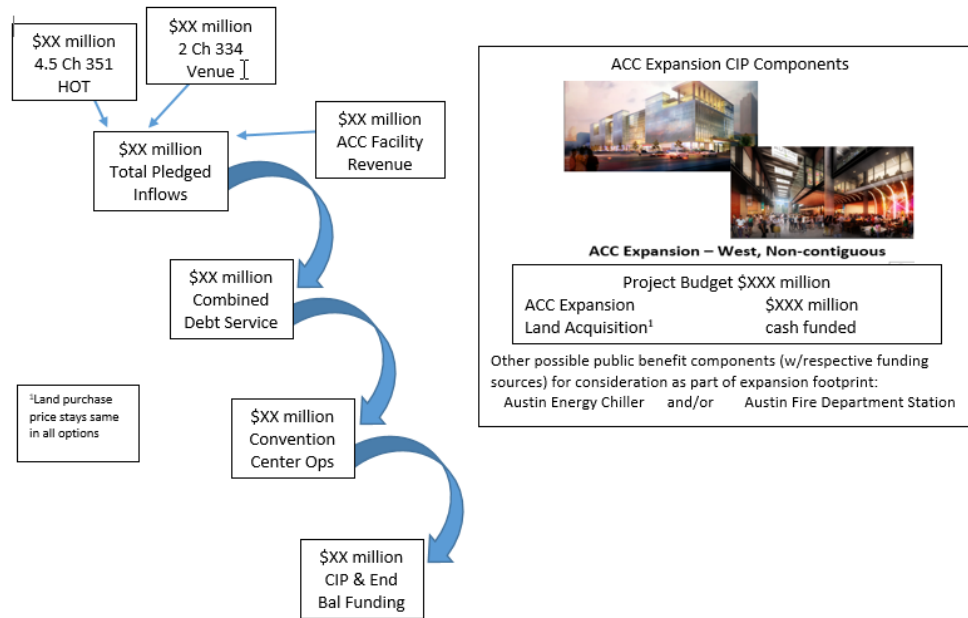
- How to read the financial flow of funds

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

- Illustration of 2% Venue HOT option

Example of Flow of Funds – 2% Ch. 334 Venue Redefined/Extended – Total Project Budget \$XXX million  
Estimates in first full year of new debt service  
Requires Voter approval

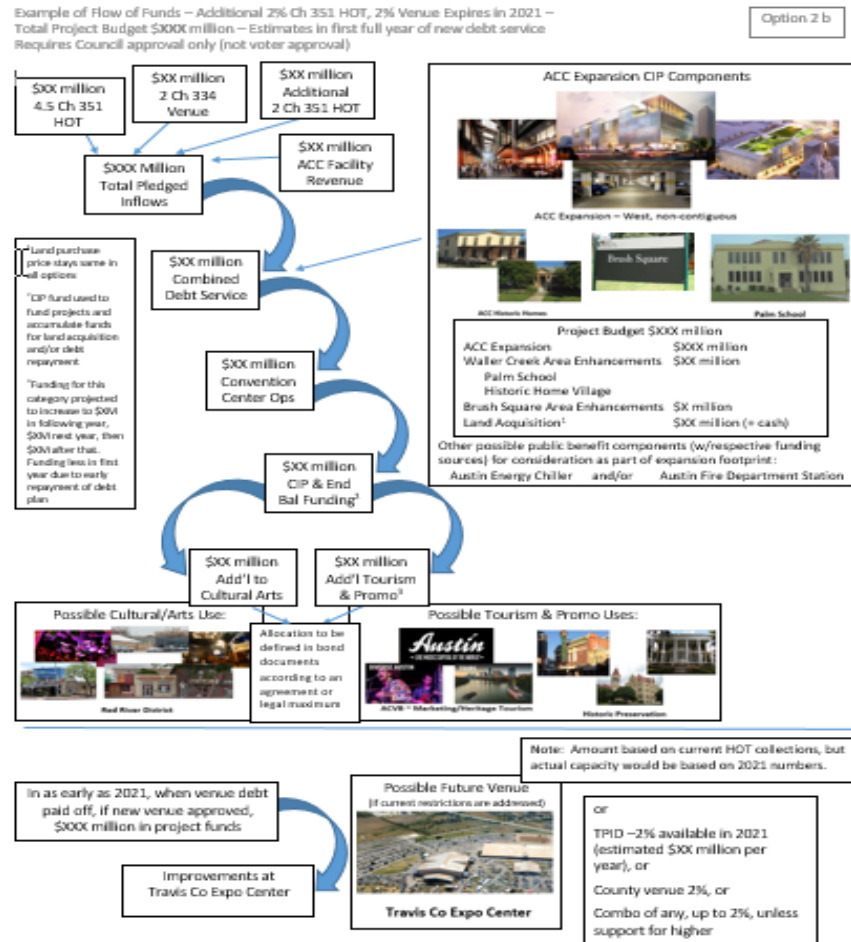
Option 1



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



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



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

Questions?