

MOTION SHEET #1

Pg. 18, beginning line 349:

2. The City Manager should explore all possibilities related to land leasing, acquisition, and the establishment of public-private partnerships for the expansion project. The City Manager should identify options for maximizing private development so as to help offset the costs of expansion.
3. The City Manager is directed to analyze and recommend a financing plan for a Convention Center expansion as described above. This analysis must include the following:
  - a. **Funding mechanisms.** Funding mechanisms should include but not be limited to consideration of the recommendations of the Visitor Impact Task Force, a potential two percent increase to the Hotel Occupancy Tax under Section 351.1065 of the Texas Tax Code, and public-private partnerships. Expansion financing and funding for ongoing Convention Center operations may not include general obligation debt, any property tax pledge, General Fund revenue, or General Fund reserves. However, should it be recommended that non-convention center elements be included in the expansion (for example, a fire station relocation), separate financing or funding may be proposed.
  - b. **Due diligence.** This analysis should include the economic and financial information needed by Council related to: different scenarios for paying down the Austin Convention Center's current debt; options for land leasing and acquisition; different methods of

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establishing public-private partnerships; current and projected operations and maintenance costs; current and projected hotel industry growth citywide and within the Central Business District; further evaluation of possible HOT revenue projections beyond those presented in the UT study (including an evaluation based on the average of the last three years of actual room night data relative to attendance for Denver, San Antonio, and Nashville, peer cities considered in the UT study); an evaluation of the state of the national convention center industry and its implications for future revenue flows for the Austin Convention Center; and opportunities to maintain and/or expand future HOT revenue allocation percentages towards cultural arts and historic preservation.

- c. **Risks.** For every financing and funding mechanism considered, the City Manager is directed to present a thorough analysis of the associated opportunity costs and risks, such as (but not limited to) implications for the City's ability to move forward with non-convention center projects. Consideration of Hotel Occupancy Tax revenue bonds must include an evaluation of what might happen if pledged HOT revenues are insufficient to cover the 30-year bond obligations (e.g. risks to the city's revenue bond credit rating, risks to current and future allocation flows towards cultural arts and historic preservation), and the relative merits of using Chapter 334 vs. Chapter 351 tax revenue.

CM ALTER AMENDMENT: ITEM 29

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The assumptions should also take into account the Council's desire to create a zero waste, net zero energy, and net positive water facility. The efforts should consider including, if practical, a new Downtown fire station, an Austin Energy water chiller, as well as another other municipal needs (such as City office space) the Manager may identify.