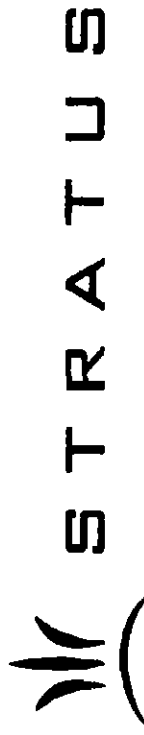


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2/17/05

Economic Impact of Seaholm on Austin

February 2005

Prepared For:



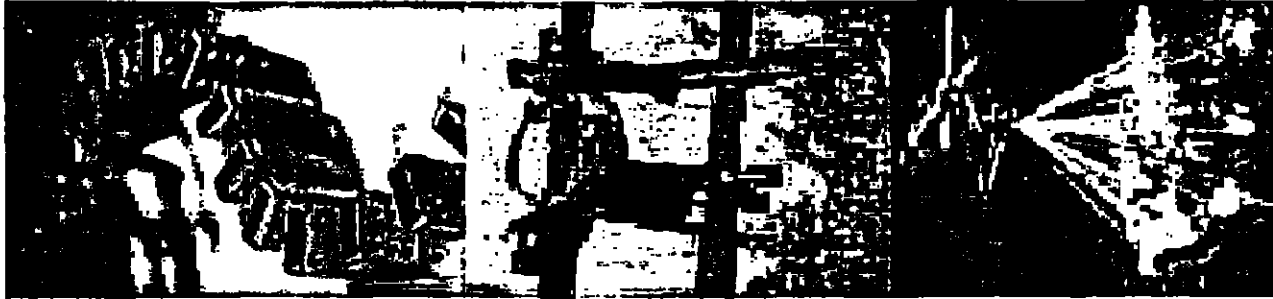
Trammell Crow Company

Presented by:

AngelouEconomics
technology-based economic development

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#4/2



7/4/7
2/17/05

The Opportunity

The City of Austin is currently considering multiple proposals to convert the Seaholm power plant and the surrounding area into a productive economic asset that meets the goals of the city and its citizenry.

The Stratus/Trammell Crow proposed redevelopment plan would include the construction of a 6,000 seat amphitheatre and 150,000 Sq Ft of adjoining commercial space.

Stratus/Crow will also renovate the Seaholm facility while protecting the building's unique architecture. The existing Seaholm facility will include a 1,000 seat concert hall and 110,000 Sq Ft of useable space

Stratus/Crow's vision for Seaholm fits Austin's image and the City's development priorities.

The Opportunity

Redeveloping Seaholm will provide enormous benefits to the City of Austin and local residents. An outdoor amphitheatre downtown, new and expanded space for KLRU and Austin City Limits, and additional green space in the Central Business District all align with Austin's development priorities.

This plan for Seaholm fits Austin's priorities and enhances the city's image.

Other competing alternatives (turning the property into large-scale retail, or a high-density residential development) might provide a higher short-term fiscal impact to the City, but lower long-term economic impact. As an entertainment destination, Seaholm will be a net creator for new economic activity downtown, not a project that will compete with neighboring local businesses. By attracting and drawing people downtown, Seaholm will promote further retail and residential development in the CBD.

How Stratus will partner with Austin

Stratus/Crow proposes to build a multi-use entertainment venue on the site where Austinites can...

- ✓ Listen
- ✓ Shop
- ✓ Eat
- ✓ Work

...around Austin's best cultural asset:

Live Music

The Musical Pieces

The Stratus/Crow Seaholm redevelopment project will include:

- a 6,000 seat outdoor amphitheatre
- a 1,000 seat Studio A – the new home for Austin City Limits
- the Texas Music Hall of Fame
- 50,000 square feet of restaurants and retail
- 100,000 square feet of office space
- an underground parking garage



The music venue is expected to host 50-75 outdoor concerts each year. Austin City Limits will host a minimum of 24 shows each year.

Seaholm will generate significant downtown spending

- Spending at concerts is anticipated to reach \$43 million per year
- 270,000 concert-goers will visit downtown throughout the year
- An additional \$5.4 million in retail spending at neighboring shops and restaurants from concert-goers

Spending Profile of Ticket Holders to Amphitheater Concerts

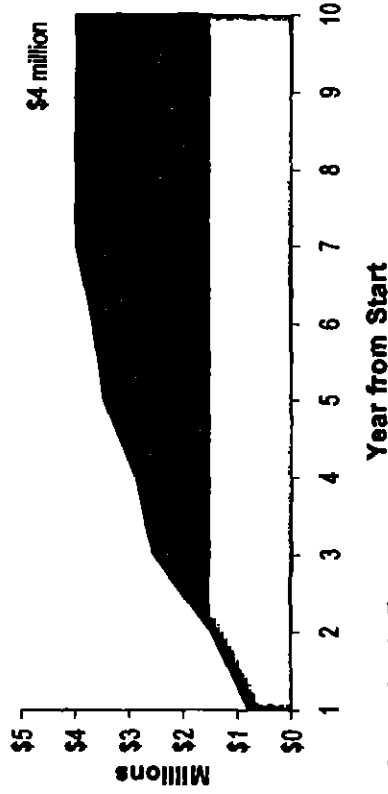
Average ticket price	\$50 - \$100
Average food and drink spending on-site	\$25 / person
Average merchandise sales / person	\$15 / person
Average off-site retail spending	\$20 / person

Source: Stratus/Crow, AngelouEconomics

Seaholm will generate new tax revenue to the City of Austin

- \$ 4 million in new tax revenue is estimated to occur due to the Seaholm development.
- This figure includes property taxes paid on the Seaholm improvements, sales taxes paid on-site by concert-goers and additional retail spending due to payroll and foot-traffic downtown.

Annual New Tax Revenue to the City



Source: AngelouEconomics

This is an annual impact at peak activity

Annual Economic Impact	Total Direct & Indirect Impact
Jobs	830
Payroll	\$33 million
Economic Activity	\$87 million
Tax Revenue	\$4.0 million

Economic impacts included in this study

- This study calculates expected economic impacts from the 50-75 new concerts done at Seaholm's new outdoor amphitheater
 - This study does not calculate impacts for the relocated Austin City Limits venue (not a new impact on Austin)
 - Nor does this study calculate the impact of jobs located within the 110,000 sq. ft. office space found within the redeveloped Seaholm building
-

Seaholm fits with Austin's Music Goals

Stratus/Crow will create new opportunities to keep live music in Austin and broadcast it to new markets

- **Competition for live music will continue to grow throughout the Austin-San Antonio corridor**
- **Austin already loses sizeable music tourism dollars to venues outside the city limits, such as the Back Yard, Verizon Wireless Amphitheatre, Dell Diamond, and Two River Canyon Amphitheater.**
- **Austin needs a mid-sized seat amphitheater**
 - **The Erwin Center is well suited for 10,000 to 14,000 seat concerts**
 - **Many venues are appropriate for 1,000 to 2,000 seat concerts**
 - **But Austin is losing many mid sized concerts**

Austin City Limits will have the space it needs to grow

KLRU and Austin City Limits are currently housed in the UT-Austin communications building

- Austin City Limits will have a world-class venue in which to grow
 - ACL will have the opportunity to expand concert offerings
 - New concert space will allow a larger number of seats
 - The show could become an even larger cultural export for Austin
- KLRU will be located in its own space
 - New offices and production facilities will allow the channel to expand
 - Ample on-site parking will be available for KLRU employees
 - New studio space for a wider variety of shows

Seaholm fits with Austin's Downtown Vision

Stratus/Crow will create a vibrant, walkable district that "plays" to Austin's desire to gather around live music all day, all year

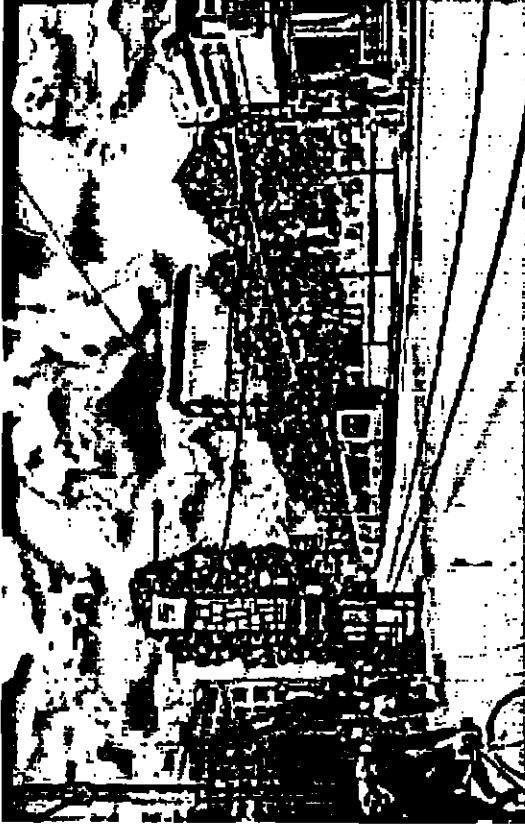
- > Seaholm will help drive development of the proposed urban rail station planned at 3rd street and longer-term will support the rail line planned to run from San Antonio to Georgetown at this site
- > Seaholm will provide a place for residents and downtown workers to congregate during the day
- > The Texas Music Hall of Fame will bring an additional 300,000 tourists to downtown Austin, further strengthening the neighboring retail at Seaholm
- > Seaholm will also generate new economic activity in downtown at night
 - > By bringing in concert-goers to Seaholm at night will increase foot-traffic in downtown retail districts during a time of day that typically does not generate much retail.
 - > New foot-traffic downtown will lead to new spending at night at restaurants and shops
 - > New development at Seaholm will not worsen transportation congestion downtown during daytime business hours

...the spinoff effects of downtown visitors could mean much more money for Austin businesses

- Arrangements with neighboring garages will make productive use of parking space and allow concert-goers to park and walk to the event.
 - Downtown restaurants, shops, and bars will be clear beneficiaries of this added "foot traffic". AngelouEconomics estimates an additional \$5 million in retail spending at downtown locations next to Seaholm
 - Seaholm will not hurt existing downtown businesses through increased retail competition, as other proposals may yield.
 - In fact, by bringing more people downtown at night, Seaholm is creating an 18/7 downtown that will benefit surrounding businesses.
-

Austin's Downtown Vision

- Seaholm will accelerate development of planned urban transportation projects.
- Seaholm will include an urban transit station and easy access to area hike and bike trails.
- The facility will strongly encourage visitors to utilize urban transit rather than driving, through the project's design and operation.



The Great Streets Master Plan vision of Fourth Street -- the city's "official" east-west light-rail corridor -- includes separate lanes for cars, bikes, and maybe trains.

Illustration courtesy of Black & Vernooy + Kinney Associates

Downtowns benefit from large-scale entertainment

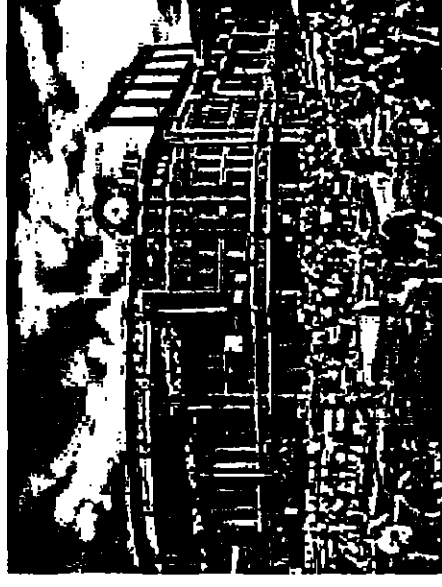
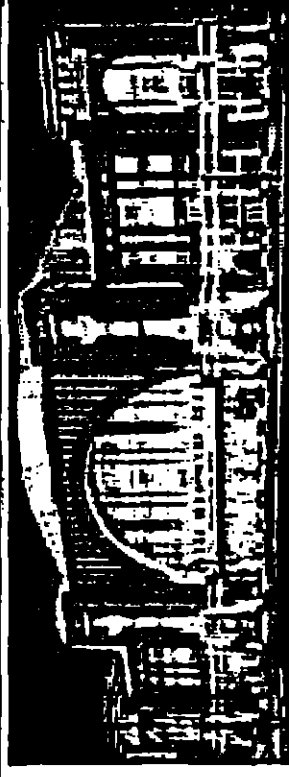
Dallas – American Airlines Center, July 2001

- UPS Store in the Center
- Victory Project – Condos/Hotel

Denver – Coors Field, April 1995

- 16 Market Square, 401,000sf mixed use development
- 1899 Wynkoop, 170,000sf new office building
- Riverfront Park, 25 acre urban development

Downtown entertainment venues have a very positive effect on surrounding development and properties.



Seaholm will accelerate downtown development



- AngelouEconomics anticipates that projects considering downtown will view Seaholm as a significant amenity
- Development can be expected to accelerate in the area
- Other options for Seaholm such as a large retail or residential development would be viewed as competition to existing local businesses, but Seaholm will add a new element to downtown and serve to increase the number of visitors and provide an open park during the day
- Seaholm will enhance current retail opportunities and accelerate planned retail and residential development
- Austin can expect a \$3 million tax revenue "advance" by speeding up development around the Seaholm site

Seaholm will preserve its history

The power plant will be preserved and renovated, keeping key architectural elements such as the towers. The building will become the space for KURU, Austin City Limits, and the Texas Music Hall of Fame.



Seaholm will be a regional draw

The venue will include a diverse group of activities, open park space when not in use, and access to retail and entertainment. It is expected to become a regional destination.

Detailed Economic Impact on Austin

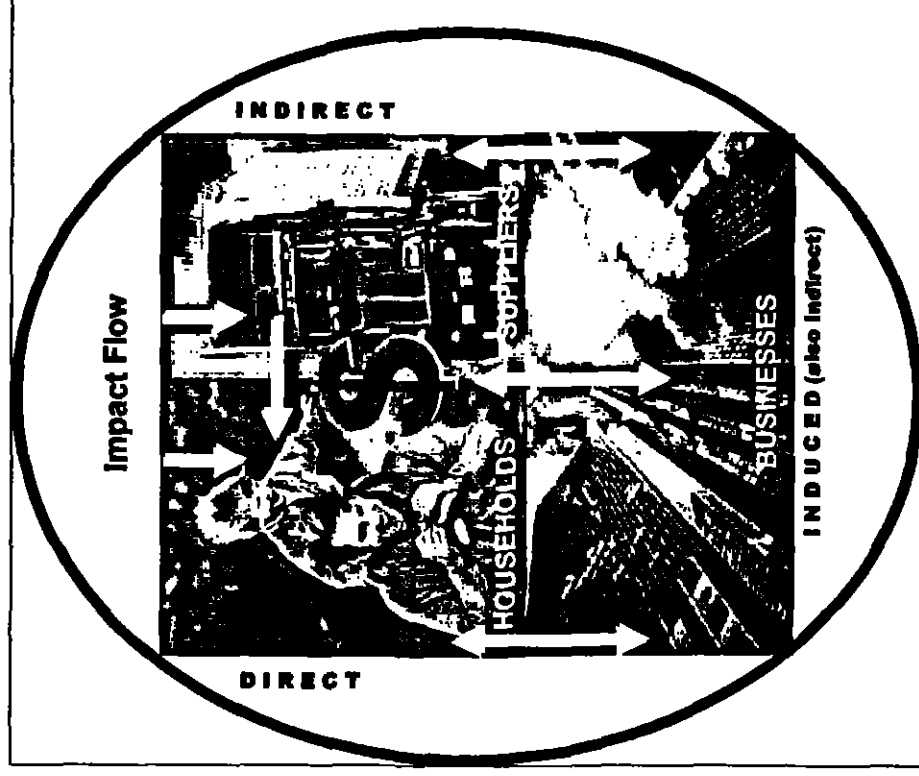
An economic impact analysis measures the effects of a new investment on regional job creation, tax revenue, and commercial activity. Spending by Stratus/Crow and facility patrons and employees will ripple throughout the Austin economy, boosting spending patterns by many firms and households and creating thousands of additional jobs in the retail, construction, services, and government sectors.

For the purposes of this report, these effects are measure as direct and indirect effects:

Direct vs. Indirect Impacts

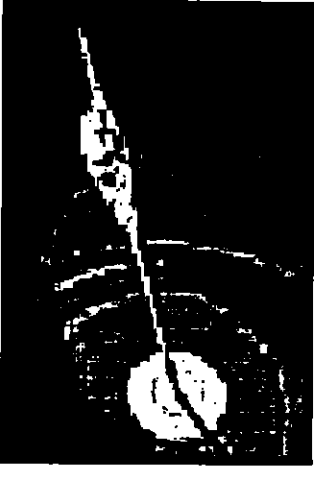
Direct - attributable directly to operations, such as payroll, tax payments, and local purchases by the firm.

Indirect/Induced - attributable to the additional demand for local goods and services by suppliers and employees



Total impacts include all direct and indirect impacts.

A Significant Economic Impact on Austin



1. Facility construction will provide a one time impact
2. The ongoing operations and concerts will provide a tax and employment benefit
3. The increased number of visitors downtown will increase retail and entertainment spending in downtown Austin
4. Planned retail and residential development will accelerate with increased amenities provided by Seaholm and the large number of visitors

Economic Impact:

1. Construction



The construction and renovation is expected to take less than 24 months and cost approximately \$60 million.

Construction will include the amphitheatre, 150,000 Sq Ft of commercial space, and renovations to the power plant.

\$60 Million in
construction and renovation
creates
480 jobs over 2 years
\$36 million in wages
\$12 million in taxable sales



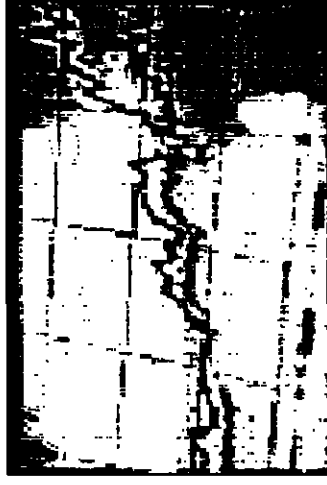
New Local Sales Tax
Revenue
from Construction
and Payroll Spending:
\$1 Million

*This is a one-time tax benefit to
Austin during construction.*

If fully taxable, the
property
improvements will
generate an
additional \$1.5
million in property
tax payments to
Austin each year.

Economic Impact:

2. Annual Operations



Seaholm will produce a sizeable economic impact from direct facility operations. Approximately 120 full time employees (FTE's) will be required to staff the facility and its concerts with an average wage of \$40,000. Seaholm will attract 270,000 annual concert attendees who will produce an impact through ticket sales and vendor purchases.

Annual Economic Impact During Operations

Net new effect on Austin

Retail Sales	\$43 million / year
New Jobs	670 jobs
Payroll	\$15 million / year
Austin Tax Revenue	
Sales	\$1.1 million / year
Beverage	\$0.6 million / year

The City of Austin will
receive new sales and
beverage tax revenue of:

\$1.7 Million

EACH YEAR

Economic Impact:

3. "Foot-traffic" on Neighboring Retail



Concert-goers to Seaholm will produce a sizeable economic impact as they visit surrounding restaurants, bars, retailers, and shops.

AngelouEconomics that this night-time "foot-traffic" will create an additional \$5 million in retail activity and ancillary economic impacts.

Annual Economic Impact From "Foot-Traffic"

Net new effect on Austin

Retail Sales	\$5.4 million / year
New Jobs	160 jobs
Payroll	\$3.1 million / year
Austin Tax Revenue	
Sales	\$0.5 million / year
Beverage	\$0.3 million / year

The City of Austin will receive new sales and beverage tax revenue of:

\$800,000
EACH YEAR

Economic Impact:

4. Accelerated Development



In addition to the revenues and jobs described in the economic impact, Seaholm will bring spin-off benefits to Austin that may well exceed those already stated.

- A) By creating a regional tourist destination and entertainment venue, Seaholm will enhance the desirability of the area for further retail and residential development.
- B) Seaholm will ensure the success of projects under development in the area.
- C) Seaholm will entice retail to consider many of the empty and underutilized spaces on the 2nd and 3rd St. corridors.

AngelouEconomics estimates that by accelerating development around Seaholm, the City of Austin could enjoy an additional \$3.0 million in tax revenue over 5 years.

Economic Impact Summary

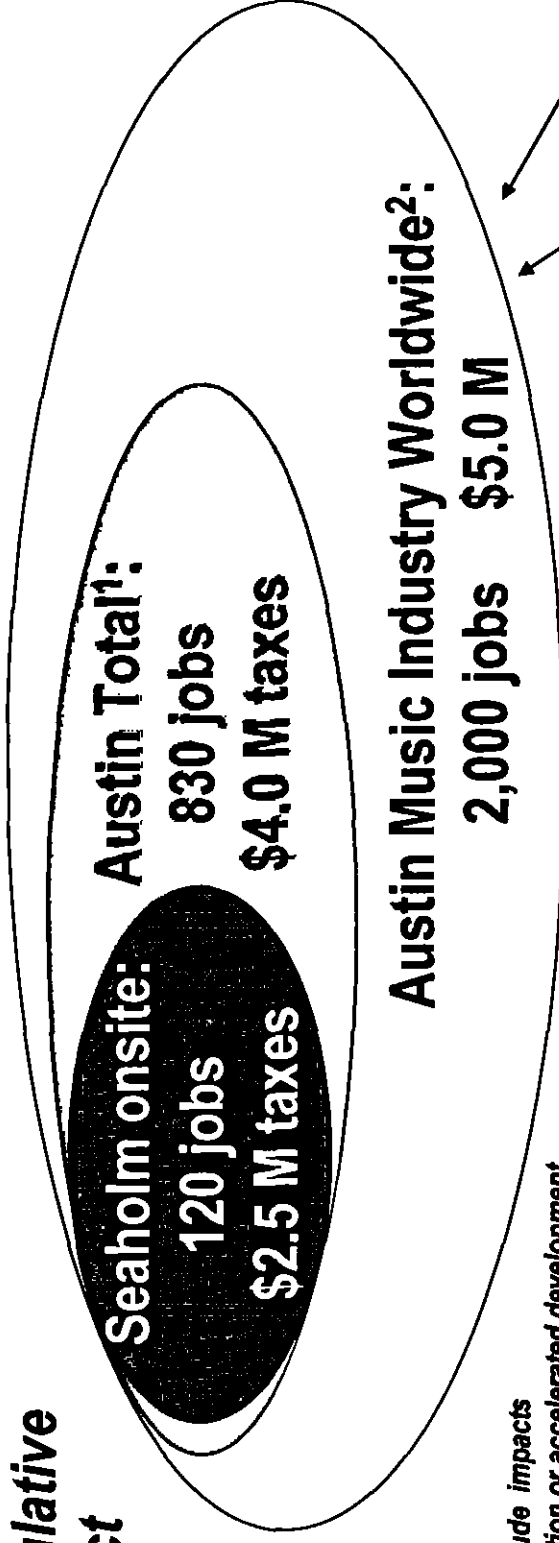
- Seaholm will generate significant new jobs and tax revenue for the City of Austin, as well as contribute to the well-being of neighboring districts.

Total Economic Impact on Austin		<u>Jobs</u>	<u>Taxes</u>
<i>Annual Impact</i>			
On-site Concert Operations		670	\$1.7 M
Neighboring retail		160	\$0.8 M
Property Tax on Improvements			\$1.5 M
TOTAL:		830	\$4.0 M
<i>One-time impacts:</i>			<i>Annual Impact</i>
On-time Construction Impact		420 / 2 yrs	\$1.0 M
Accelerated Development Impact		not calc'd	\$3.0 M

Economic Impact Worldwide

- Seaholm will create opportunities to make a stronger Austin City Limits to generate more international awareness, and ultimately to push Austin music products and services to a worldwide audience.

Cumulative Impact



¹Does not include impacts

from construction or accelerated development

²Sales of Austin music through ACL, et. al. could generate a 10% increase in the economic impact of Austin's Music Industry. Base estimates on Austin's music industry taken from city report, 2001.

Sales outside Austin could prove to be an additional economic impact.

Terminology & Methods



Jobs – All direct, indirect, and retail job figures are full-time equivalents.

Retail spending – Direct effect includes the additional personal purchases by employees and households. Indirect retail comes from suppliers and general multiplier effect.

Tax rates – Local sales – 2%, Local property – \$2.50 per \$100, City Mixed Beverage Tax – \$10.7%. Tax revenues should be considered best estimates given available information.

Multipliers – Multipliers were derived from the IMPLAN input-output model and customized by AngelouEconomics based on project specific data provided by Stratus/Crow.

About Angelou Economics

AngelouEconomics is an economic development and site selection consulting firm focusing on the needs of high-tech companies and the communities seeking to recruit them.

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