

**FY 2023-2024 BUDGET QUESTION**  
***Response to Request for Information***

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DEPARTMENT(S): Austin Convention Center

CBQ NO.: 071

REQUESTED BY: Kelly

DATE REQUESTED: 07/18/2023

DATE POSTED: 08/06/2023

**REQUEST:** Please provide information regarding the Convention Center expansion. Including, but not limited to the following: Amount of Hotel Occupancy Tax (HOT) needed, bond issued, and personnel costs, to complete the expansion.

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**RESPONSE:**

Current cost estimates for the redevelopment and expansion of the Austin Convention Center range from \$1.4 billion to \$1.6 billion. Staff anticipates closing the facility after SXSW in 2025 and reopening the new expanded facility before SXSW in 2029.

In August 2019, the Austin City Council [authorized](#) an increase in the municipal hotel occupancy tax rate (HOT) from 9% to 11% in support of an expansion of the Austin Convention Center. This 2% Chapter 351 HOT, along with the 4.5% HOT and Convention Center facility revenues, comprise the financing revenue for this project and the Hotel Occupancy Tax allocation noted above forms the sole basis of the Convention Center's bonding capacity. The current plan of finance for the Convention Center expansion is considering the issuance of multiple series of bonds between 2026 and 2029 as construction occurs and construction cashflow is needed. In addition to debt that the Convention Center will issue in support of this project, the Convention Center will contribute funds available for this project from the Capital Fund over the construction period, closing the gap between the bonding capacity and the estimated project costs. The Convention Center has worked closely with HVS Consulting, Conventional Wisdom, the City's financial advisor (PFM), and the City's corporate financial team to develop and vet projections for this project, and they will continue to provide vital guidance and support throughout the process to provide the most effective methodologies for management of the applicable costs.

As to current cost projections for the Convention Center redevelopment and expansion, the City is currently soliciting proposals for design services and construction management firms for the Convention Center redevelopment and expansion project. Once the City receives back these project RFPs and RFQs, and executes a contractual agreement for the project, the City will be able to release the financial projections that are included within the executed agreement.

With regard to the revenue projections for the Convention Center project, the Convention Center staff have included a link below to the economic impact report on redevelopment/expansion of the Convention Center that was published in late 2021. This report evaluated the expansion project within its existing footprint. The full report can be found here: [Convention Center Redevelopment Economic Impact Report 2021](#). It provides detail and analysis of revenue projections for the Convention Center during closure and post reopening and details the economic impact of the expanded Center on the local Austin economy. The [FY2023-24 Approved](#)

[Budget](#) has revenue actuals for Hotel Occupancy Tax and the Convention Center that have occurred after this report was published, and show the recovery of the department and hotel occupancy tax post-COVID. This fund is on page 417 of the Proposed Budget.

Finally, more detailed information related to the operational costs of the Austin Convention Center during the construction period can be found in the aforementioned Economic Impact Update Report beginning on page 61 of the PDF.