



MEMORANDUM

TO: Mayor and Council Members

FROM: Mark Tester, Director, Convention Center Department *mt*

DATE: May 30, 2013

RE: 5th Street Parking Garage Retail/Office Space
Request for Council Action – June 27, 2013
Austin Convention and Visitor's Bureau – Austin Visitor's Center

As you may recall, on May 9, 2013, you approved settlement payment on the ACCD's Parking Garage located at 5th and Red River Streets. Based on that, we are moving forward on a plan to finish out and rent the two separate retail/office spaces located in the garage.

The purpose of this memo is to provide further information regarding a Request for Council Action on the June 27th agenda. We are requesting your approval to enter into a long-term lease with the Austin Convention and Visitors Bureau to move its Austin Visitors Center into a portion of the retail/office space on the 4th Street side of the garage. The larger space, which is located on the Red River side, will be marketed separately and made available to potential tenants in the real near term. Due to the size of the Red River space (approximately 13,000 square feet, including corridors), it may be suitable for more than one tenant.

Moving the Austin Visitors Center in close proximity to the Convention Center, our City-owned Hilton, along with the Capital Metro rail line will positively impact the visitor experience and our ability to be great hosts for our valued visitors. In addition, the 4th Street/Red River location will be just steps away from Waller Creek and will hopefully be a catalyst for continued tourism development, such as hotels and restaurants, in this important area.

A recent Opinion of Market Rent completed by J.L. Craft and Associates on the 4th Street retail/office space (4,154 square feet), indicated base rental rates of \$15 - \$18 per square foot, with the space finished out. The ACVB has agreed to complete the build out of the space at their expense, and based on that, we have agreed on terms of a ten year lease with base rent starting at \$10 per square foot with modest increase after five years. There would also be two options to renew the lease after year ten for a period of five years each, again with modest rent increases.

In addition to agreeing to cover the expense of the build out of the space, the ACVB has agreed to host joint Customer Events with the ACCD, host live music events throughout the year, and sell, on consignment, art from local Austin artists.

We are excited about this opportunity and the positive impact it will have on our visitors and the neighborhood. If there are any questions or additional information is required, please do let me know. In addition, Bob Lander, ACVB President and CEO, is also available to provide additional insight on their plans.

C: Marc A. Ott, City Manager
 Anthony J. Snipes, ACM
 Bob Lander, ACVB
 Lauraine Rizer, Real Estate