



LONG-RANGE MASTER PLAN FOR MOVING FORWARD



■ The NEED

■ The POSSIBILITIES

■ The PLAN

LONG-RANGE MASTER PLAN – BACKGROUND

- Convention Center success is far-reaching
 - Hospitality/Tourism industry – local jobs, small business
 - Hotels, Restaurants, Taxi, Valet, Entertainment
 - 2014 - \$5.9 billion economic impact on local spending*
 - 2014 - 48,900 industry jobs*

* data from State of Texas Office of Governor, Economic Development and Tourism Estimates



LONG-RANGE MASTER PLAN – BACKGROUND

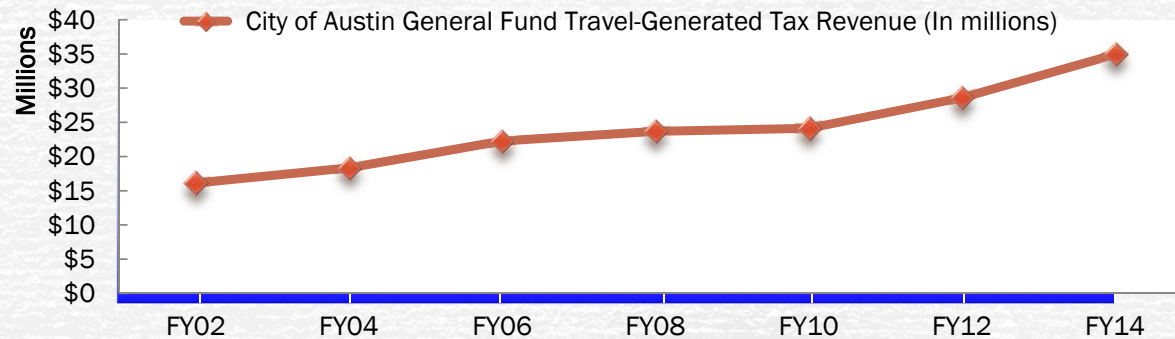
- Local Travel-Generated Tax revenues
 - Taxes from Hotel Occupancy, Rental Car, Sales, & Property
 - Reported amounts from the State include taxes generated from both visitors and residents/businesses within the tourism industry
 - 2014 Local Tax Impact of \$173.5 million* – including:
 - \$68.1 million in Hotel Occupancy Tax
 - \$ 8.6 million in Rental Car Tax
 - \$30-35 million in City's General Fund Taxes – Sales & Property

* data from State of Texas Office of Governor, Economic Development and Tourism Estimates



LONG-RANGE MASTER PLAN – BACKGROUND

Contributions to the City's General Fund - Historical Look



- Average bi-annual growth of \$3.1 million, or 14%
- 117% increase from 2002 – 2014

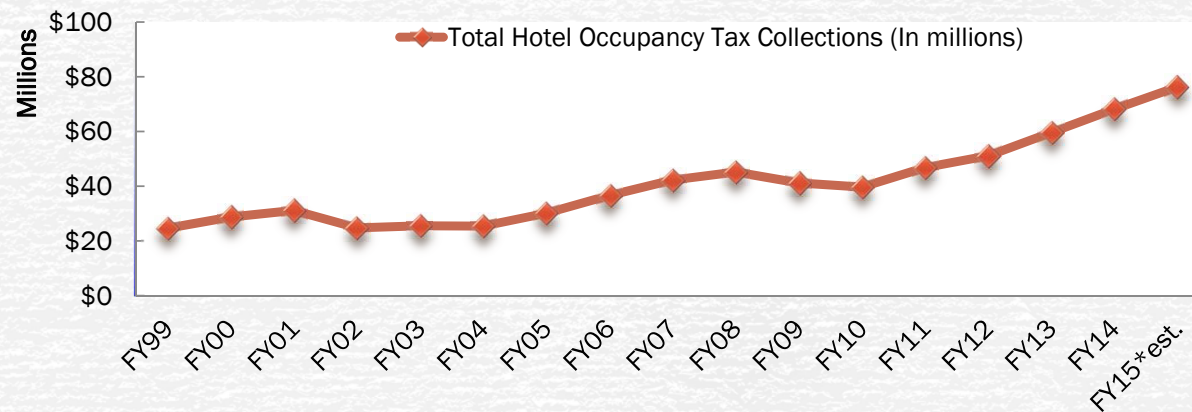
Estimated City Sales/Property Tax Generated:



The NEED: Keep Hospitality Industry & Convention Center Thriving/Successful

LONG-RANGE MASTER PLAN – BACKGROUND

Convention Center's Success – Historical Look



**FY99 Total HOT
collected =
\$24.6 million**

Convention Center
2% Venue Tax
Assessed

1999

2002

2004

2008

2012

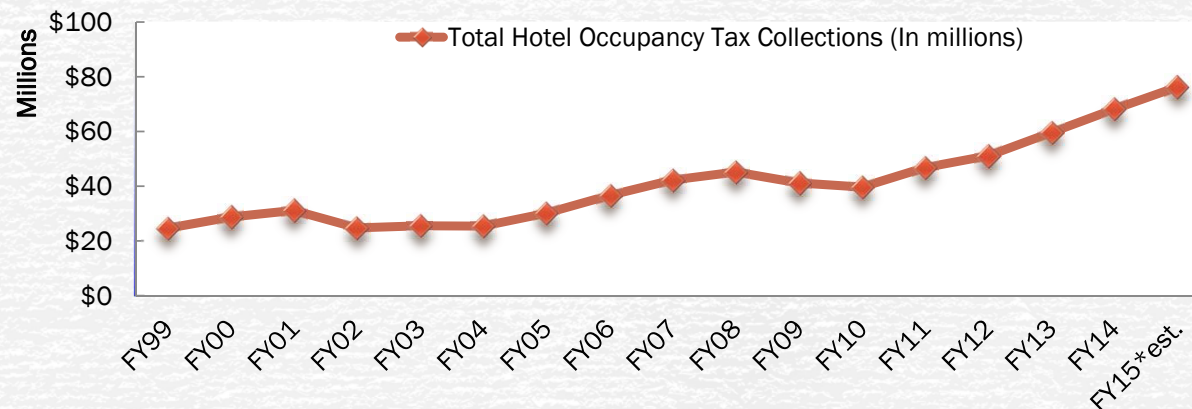
2015

2029

The NEED: Keep Hospitality Industry & Convention Center Thriving/Successful

LONG-RANGE MASTER PLAN – BACKGROUND

Convention Center's Success – Historical Look



FY99 Total HOT collected = \$24.6 million

Convention Center 2% Venue Tax Assessed

1999

Convention Center Northside Expansion Complete

2002

City-owned Hilton Opens

2004

FY08 Total HOT collected = \$45.2 million

Total Estimated Room Nights of ACC events- 172,000

2008

Circuit of the Americas (COTA) Opens

2012

FY15 *est. Total HOT collected= \$76.2 million

Total Estimated Room Nights of ACC events- 269,000

2015

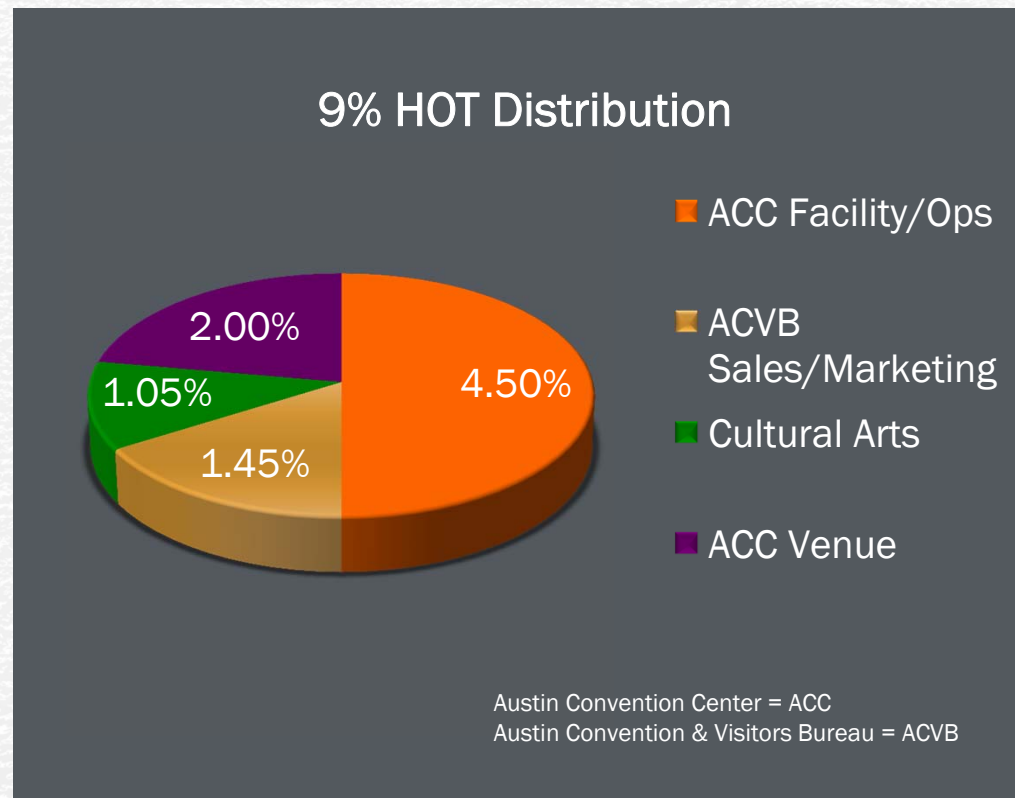
Current ACC Venue Scheduled Retirement

2029

The NEED: Keep Hospitality Industry & Convention Center Thriving/Successful

LONG-RANGE MASTER PLAN – BACKGROUND

- Hotel Occupancy Tax (HOT) – Closer Look
 - HOT uses governed by Texas State Tax Code, City Code and Bond Covenants



The NEED: Keep Hospitality Industry & Convention Center Thriving/Successful

LONG-RANGE MASTER PLAN – BACKGROUND

- Hotel Occupancy Tax (HOT) – Closer Look

Hotel Occupancy Tax Collections (in millions)				
	FY 1999	FY2015*est.	Increase	Cumulative
ACC Facility	\$12.6	\$38.1	\$25.5	\$348.9
ACVB	\$ 4.1	\$12.3	\$ 8.2	\$112.4
Cultural Arts	\$ 2.9	\$8.9	\$ 6.0	\$ 81.4
ACC Venue	\$ 5.0	\$16.9	\$11.9	\$154.4
Total	\$24.6	\$76.3	\$51.7	\$697.1

210% increase

The NEED: Keep Hospitality Industry & Convention Center Thriving/Successful

LONG-RANGE MASTER PLAN – THE NEED

Current state of the Austin Convention Center Facility

- Hotel Occupancy Tax (HOT): +210 % increase from 1999 to 2015*est.
- Hotel Inventory: +46% increase from 2004 to 2015
- Convention Center occupancy is at practical maximum
- Facility growth at 0%, since 2002
- With new hotel inventory, existing building is too small
- Ratio of rooms to exhibit space highest among peers/competitors

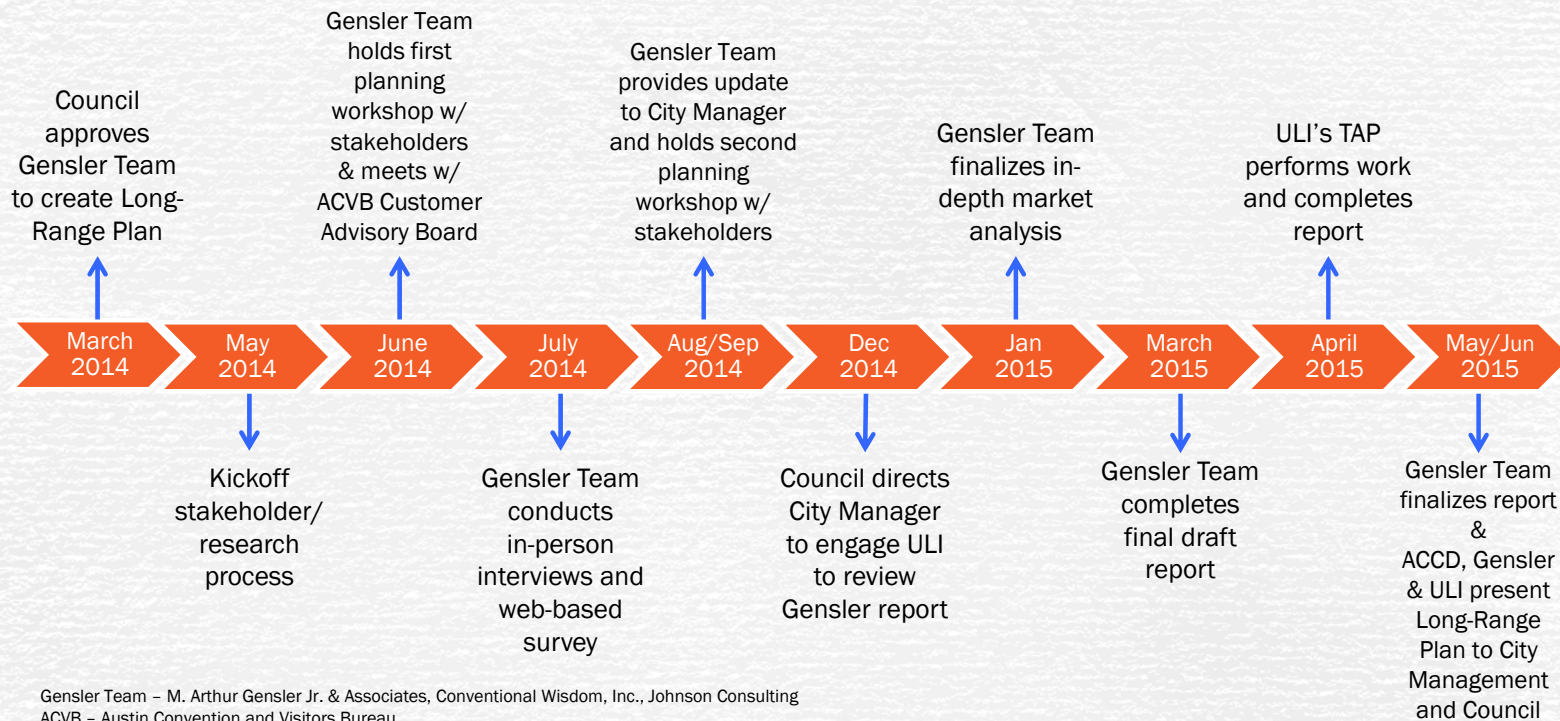
LONG-RANGE MASTER PLAN – THE NEED

Consequences of Austin Convention Center Non-Expansion

- Competitiveness in convention market at risk
- General Fund & Hotel Occupancy Tax contributions decrease
- Lost jobs

LONG-RANGE MASTER PLAN – THE PROCESS

- In 2013, Consensus Reached on Need for Long-Range Plan
 - Resulted in Independent Assessment via Deliberate Process



Gensler Team – M. Arthur Gensler Jr. & Associates, Conventional Wisdom, Inc., Johnson Consulting
 ACVB – Austin Convention and Visitors Bureau
 ULI – Urban Land Institute Austin
 TAP – ULI's Technical Assistance Panel
 ACCD – Austin Convention Center Department

The PROCESS: Assess Convention Center Current State & Recommend Steps for Future

11

MAY 5, 2014

AUSTIN CONVENTION CENTER VISION SESSION

AUSTIN, TX



"This is to be the roadmap for our future...for implementation."
ACC is...

- Adaptable
- Convenient
- User-Friendly
- Customer-Focused
- Poised to Take The Next Step
- Too Small
- Under-Achiever
- Not Too Competitive
- Difficult To Navigate
- A Challenging Facility

"Where do we fit in the competitive marketplace?"



"For 30 years, Meeting Planners have used the same five criteria for selecting cities to host trade shows and conventions..."

1. Convention Center Facilities
2. Hotel Room Supply
3. Transportation
4. Amenities & Attractions
5. Safety & Security

"...to be successful, solve for the weakest link."

12

Gensler

LONG-RANGE MASTER PLAN – THE POSSIBILITIES

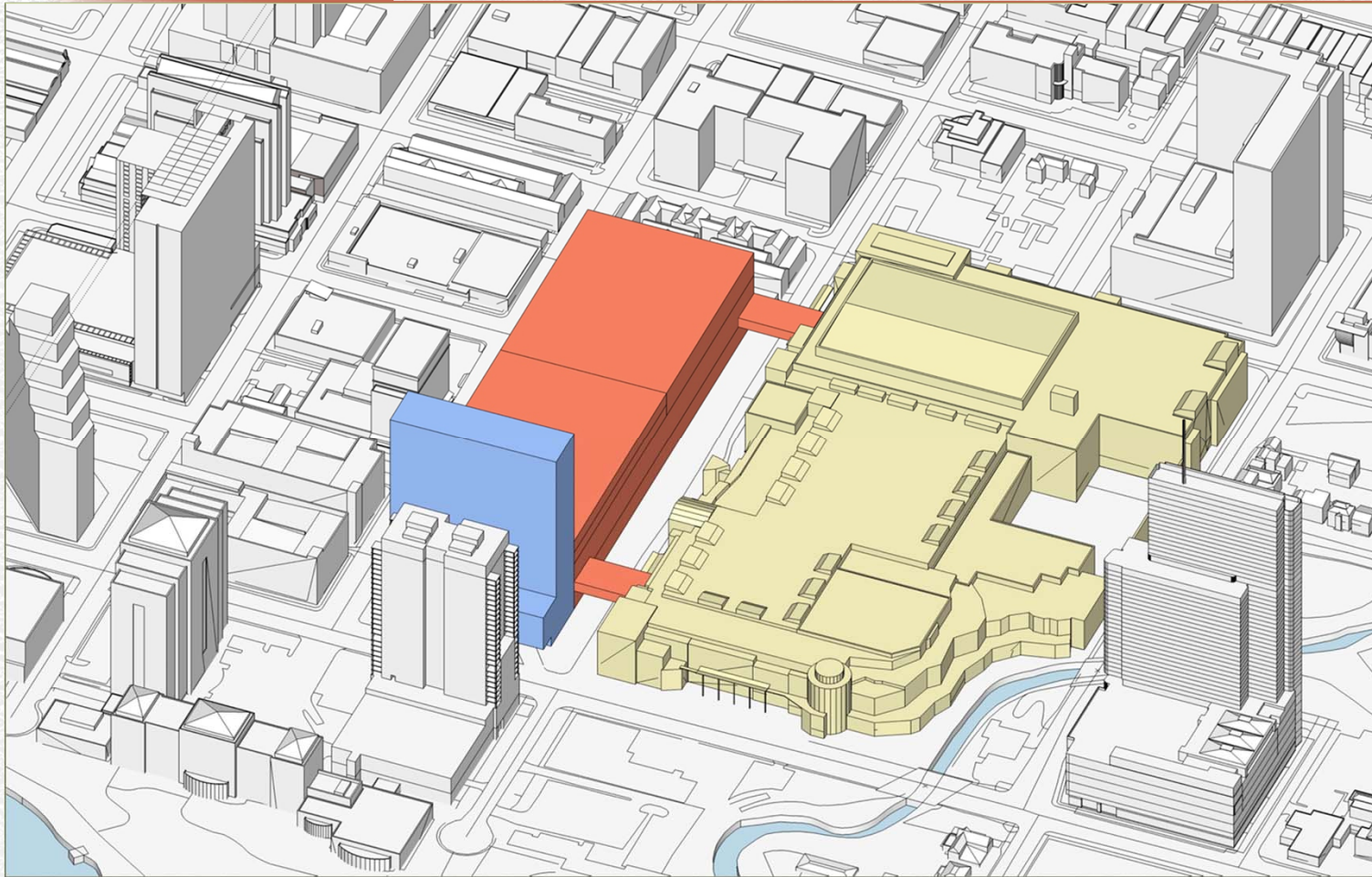


With City Council approval, Convention Center sought industry experts to create plan.

- Gensler, Conventional Wisdom and Johnson Consulting
 - Employed process involving stakeholder input and analysis
 - Held multiple planning sessions and workshops to gather input
 - Participants included City executives & staff, hoteliers, customers and industry stakeholders
 - Developed 6 options for evaluation
 - Ranged from no expansion, to expansion in various directions and relocation
 - Utilized market analysis and stakeholder input to evaluate each option
 - Performed in-depth economic & market analysis of current state & options
 - Thorough, deliberate process spanned 7+ months
 - Arrived at recommendation for expansion with proposed option

LONG-RANGE MASTER PLAN – THE PLAN

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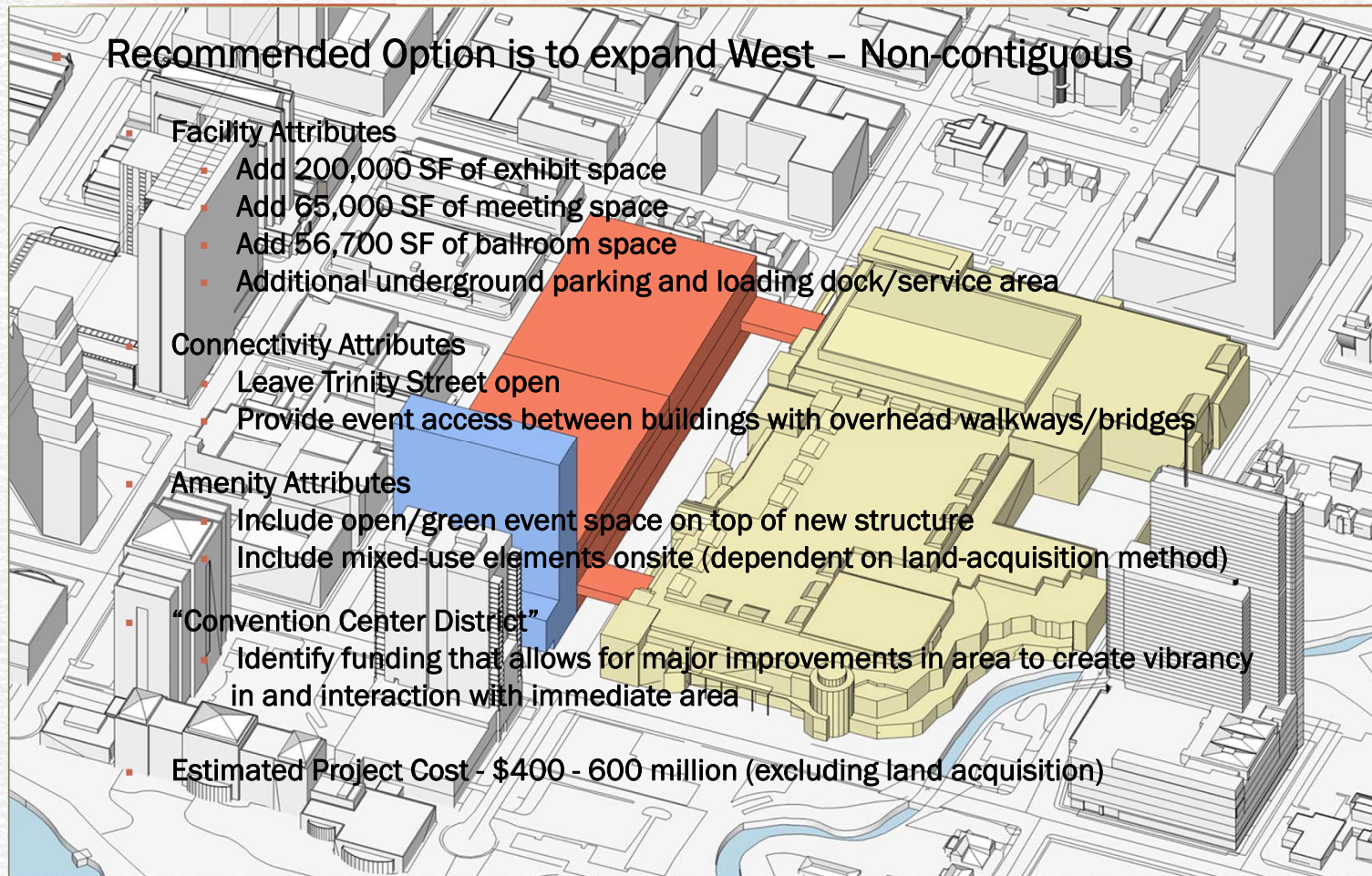


The PLAN: Expand to Keep the Hospitality Industry & Convention Center Thriving/Successful

14

LONG-RANGE MASTER PLAN – THE PLAN

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The PLAN: Expand to Keep the Hospitality Industry & Convention Center Thriving/Successful

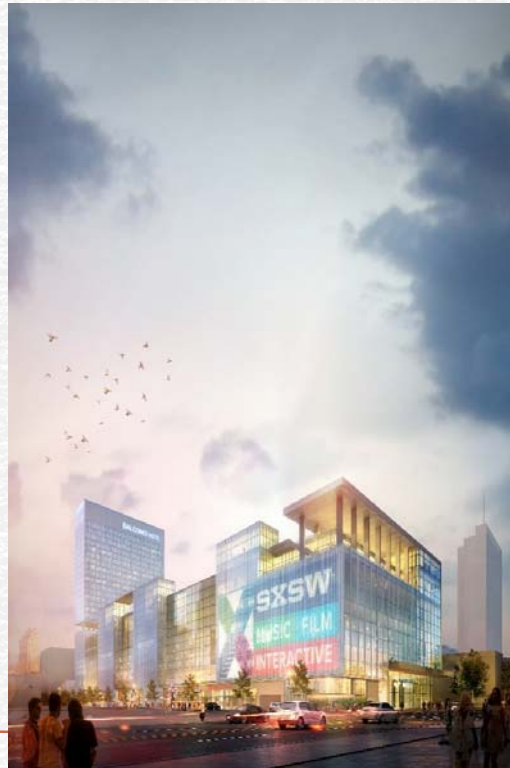
15

LONG-RANGE MASTER PLAN – THE PLAN

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Hotel on Cesar Chavez Street as shown in the master plan



Hotel on north end of Phase III expansion



Phase III expansion with no hotel

The PLAN: Expand to Keep the Hospitality Industry & Convention Center Thriving/Successful ¹⁶

LONG-RANGE MASTER PLAN – THE PLAN

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The corner of San Jacinto and Cesar Chavez with streetside restaurants and retail.

The PLAN: Expand to Keep the Hospitality Industry & Convention Center Thriving/Successful 17

LONG-RANGE MASTER PLAN – THE PLAN

Gensler



The corner of Trinity and Cesar Chavez Streets showing Trinity blocked off for an outdoor street.

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LONG-RANGE MASTER PLAN – THE PLAN

Gensler



The PLAN: Expand to Keep the Hospitality Industry & Convention Center Thriving/Successful ¹⁹

LONG-RANGE MASTER PLAN – THE POSSIBILITIES



Following City Council direction, Convention Center utilized independent party to evaluate the Gensler team recommendation

- Urban Land Institute (ULI) Technical Assistance Panel (TAP)
Conducted April 14 – 15, 2015
 - TAP consisted of 5 industry experts
 - Process included:
 - Review of Gensler's report
 - Site tour
 - Extensive interviews with stakeholders
 - Meetings with City staff and Gensler team
 - Agreed with Gensler's master plan conclusion and proposed option
 - Urges Convention Center to be bold and visionary in plans

LONG RANGE MASTER PLAN – THE POSSIBILITIES



Summary of Major Recommendations and Conclusions

1. The Panel agrees with the Master Plan's conclusion that an expansion is necessary and to utilize Option 3b (West, non-contiguous) for the expansion.
2. Expand with a design plan to create a convention center district that would include funding for Brush Park, the Red Line Station and Waller Creek so that the entire area becomes an 18-hour district for both Austinites and convention visitors.
3. Design should include street-level culture venues, retail and restaurant space to prevent the current "dead zone" feel around the existing convention center.
4. Fund visionary expansion and district development through an increase in the Hotel Occupancy Tax up to 17%.
5. Purchase land now through the use of options, public-private partnerships or other joint venture structures to secure needed expansion land without the restrictions caused by use of eminent domain and condemnation.
6. Be bold and visionary in the plans for the district to create a long-term signature solution for Austin.

The POSSIBILITIES: Hospitality Industry & Convention Center Can Remain Thriving/Successful

21

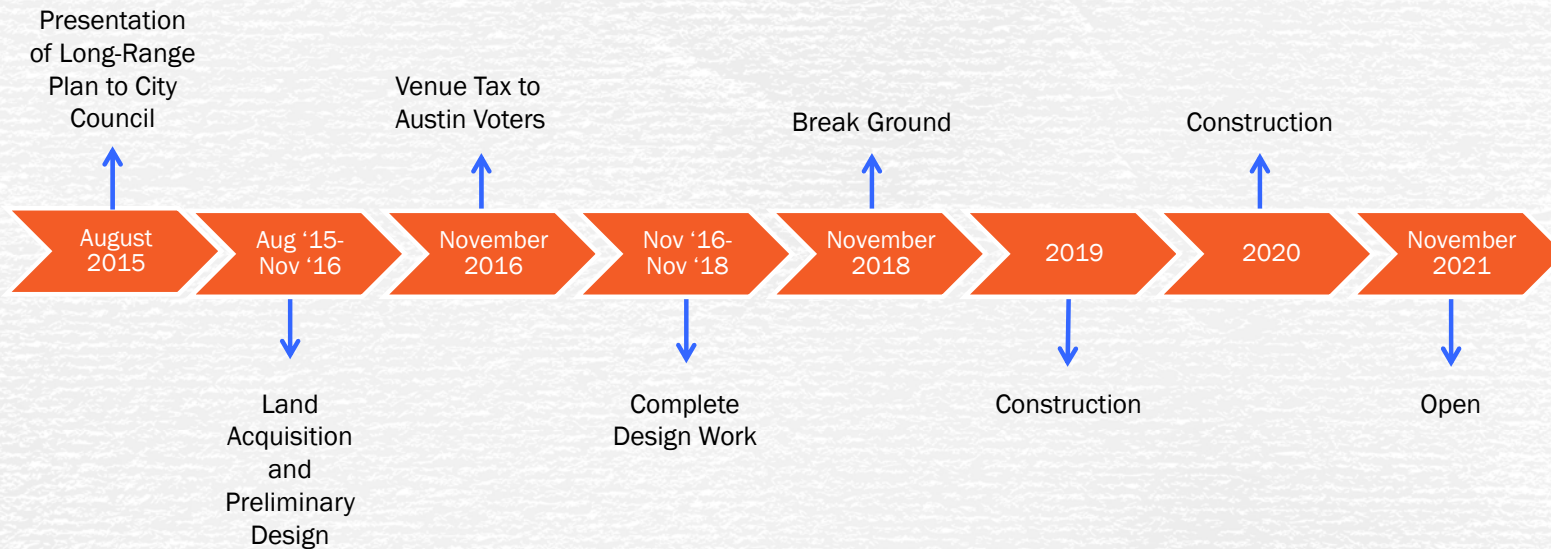
LONG-RANGE MASTER PLAN – THE PLAN

- Short Term Strategy
 - Acquire land
 - Acquisition method is key to vision of mixed-use components
 - Financing method dependent on timing and cash position
 - Preliminary Design/Development
 - Solicitation for Design/Development Team
 - Financing method dependent on timing and cash position
 - Solicitation for Third-Party Partnerships

LONG-RANGE MASTER PLAN – THE PLAN

- Long Term Financial Strategy
 - Re-define and extend current Venue Project 2% HOT
 - Attorney General Public Finance Division guidance needed
 - Subject to voter approval
 - Pledge 4.5% HOT and other ACC revenue to maximize debt capacity
 - Conservative financial forecasts estimate \$400 million in new debt capacity
 - Seek additional funding capacity through Third-Party financing opportunities

LONG-RANGE MASTER PLAN – PROJECT TIMELINE



The PLAN: Expand to Keep the Hospitality Industry & Convention Center Thriving/Successful

24



AUSTIN

CONVENTION CENTER

