



MEMORANDUM

TO: Mayor and Council

FROM: Kevin Johns, Director
Economic Development Department

DATE: October 12, 2016

SUBJECT: Council Resolution 20141120-107: Assessment of Local Business Opportunities at Mueller

Per Resolution No. 20141120-107, the City Council directed the City Manager to assess local business opportunities at Mueller and explore existing City or project resources or programs available to accomplish the target identified in the Master Development Agreement (MDA) that 30% of the initial occupants of the Town Center be local businesses.

The enclosed report provides a look at the small and local business environment at Mueller as it exists today and as it is anticipated to evolve during the project's development. The report provides background information on the project, an outline of the commercial development plans for Mueller, best practices for addressing small business challenges, and strategies that the City and Catellus can employ to meet the shared local business goals of the MDA and community.

The report finds that efforts to date have been successful, with the Town Center development exceeding the targeted ratio of local businesses. The strategies used to exceed the local business occupancy goal include:

- targeted marketing efforts to reach small local businesses;
- a diversity of commercial offerings conducive to small local businesses;
- tenant support prior to move in for leasing, design and construction, permitting, and green building requirements; and,
- ongoing tenant support by the City's Small Business Program.

While lease rates for new construction in the Town Center, as in other comparable developments throughout Austin may not be feasible for some small local businesses, Catellus and the City anticipate that the 30 percent goal can be achieved and exceeded for the district as a whole without the need for further action from City Council.

Please feel free to contact me at (512) 974-7802 if we can provide any additional information.

xc: Elaine Hart, Interim City Manager
Sue Edwards, Assistant City Manager

SMALL AND LOCAL BUSINESS REPORT MUELLER REDEVELOPMENT

RESPONSE TO CITY OF AUSTIN

COUNCIL RESOLUTION 20141120-107

OCTOBER 07, 2016

CITY OF AUSTIN

ECONOMIC DEVELOPMENT DEPARTMENT



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“Lake Nessy” by Dixie Friend Gay in Lake Park received national recognition from Americans for the Arts.

EXECUTIVE SUMMARY

The Mueller project is a public-private partnership between Catellus Development Corporation (Catellus), the master developer, and the City of Austin Economic Development Department to redevelop the City's former 700-acre Robert Mueller Municipal Airport (RMMA) into a mixed-use, sustainable urban community. The project was awarded the HUD Secretary's Opportunity and Empowerment Award by the American Planning Association in 2015. At current projections, the redevelopment will result in over 4.3 million square feet of new commercial space, over 5,900 new residential units (including at least 1,475 affordable), and 140 acres of public parks.

The public-private partnership is governed by the Master Development Agreement (MDA) between the City and Catellus, in which, "The City encourages Catellus to include businesses that reflect the nature and character of Austin in their décor, merchandise, and cuisine," and within which Catellus agrees to "use diligent, good faith efforts to cause at least 30% of the initial commercial occupants of the Town Center to be local businesses." The MDA defines "local businesses" and "commercial," and provides an illustration of the 42-acre area referenced as the Town Center.

In November 2014, the Austin City Council directed the City Manager via resolution to:

...assess local business opportunities at Mueller and, should it benefit the project's goals, to explore existing City or project resources or programs that can be used to help accomplish the target (30% of the initial occupants of the Town Center to be local businesses) identified in the Master Development Agreement.

The premise of this Resolution is to determine how the City and Catellus could anticipate challenges that might impede the achievement of the local business goal at Mueller. The resolution notes that, while Catellus has "made substantial efforts" toward the local-business target via outreach and education, the agreement has "no policies or programs currently in place" to help achieve the goal.

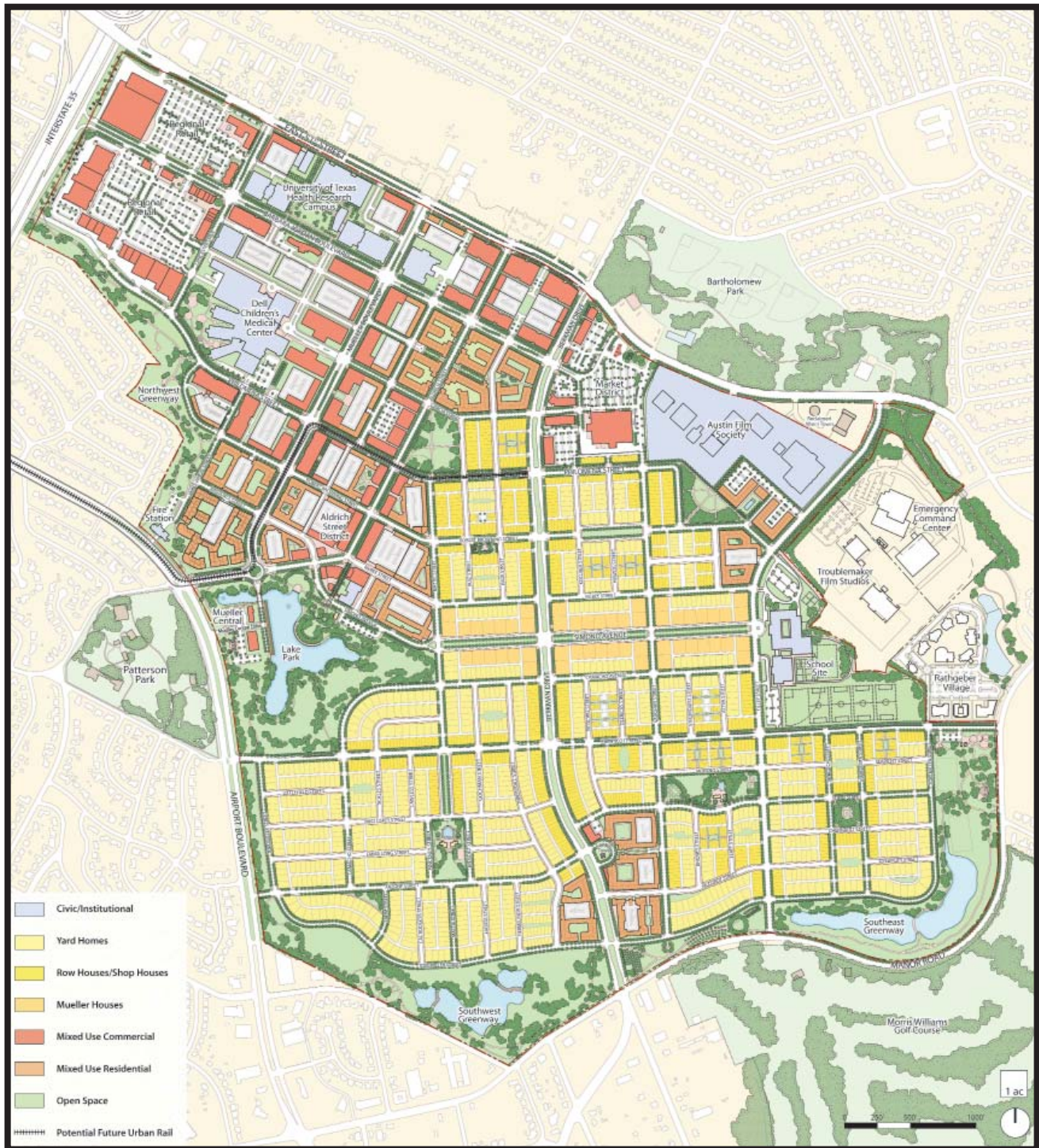
Currently, Catellus and the City take a holistic approach to the small and local business goals of the MDA by planning and developing a diverse range of business opportunities and connecting businesses with resources to address common challenges they may face. The results of these efforts to date have been successful, as initial Town Center development is exceeding the targeted ratio of local businesses. Moving forward, Catellus and the City can further establish a support platform, as needed, that is conducive to meeting and exceeding the requirements of the MDA and realizing the community vision without additional action from Council.



This report seeks to provide a comprehensive look at the small and local business environment at Mueller as it exists today and as it is anticipated to evolve during the project's development. The report provides background information for understanding the project, an outline of the commercial development plan for Mueller, best practices for addressing challenges to small business, as well as identifying opportunities for efforts by the City and Catellus, to meet the shared local business goals of the MDA and community.



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MUELLER

DRAFT

ILLUSTRATIVE PLAN

Prepared for Catellus Austin, LLC by McCann Adams Studio

May 13, 2013

INTRODUCTION TO MUELLER

OVERVIEW

The Mueller project is a public-private partnership between Catellus Development Corporation (Catellus) and the City of Austin Economic Development Department to redevelop the City's former 700-acre Robert Mueller Municipal Airport (RMMA) into a mixed-use, sustainable urban community. At current projections, the redevelopment will result in over 4.3 million square feet of new commercial space, over 5,900 new residential units (including at least 1,475 affordable), and 140 acres of public parks.

The Master Development Agreement (MDA), signed in 2004, is a multi-year agreement that stipulates the conditions, requirements, and responsibilities for the public-private partnership between Catellus, the master developer, and the City. The MDA carries forward the planning foundation established in the RMMA Redevelopment and Reuse Plan and further refined in the Mueller Design Book.

VISION AND GOALS

The planning for Mueller began as a grassroots effort over thirty years ago and produced the CARE (Citizens for Airport Relocation) plan. After voters approved the municipal airport relocation, the Council-appointed RMMA Goals and Task Force, made up of sixteen experts and stakeholders from across the City and the surrounding neighborhoods, was formed to support the CARE vision. The Task Force convened multiple public meetings and, in 1996, issued a report that established goals for a proposed dense development, compatible with existing neighborhoods, that would provide services in a pedestrian-oriented village center.

From this, the City embarked on a formal planning process in 1996 and hired the ROMA Design Group team, which included economic advisors Economic Planning Systems, to create a master plan for redevelopment of the airport. The RMMA Advisory Group, a City Council-appointed body with expertise from across the city, provided oversight for the plan creation. Over 200 public meetings and focus groups were held, and the resulting RMMA Redevelopment and Reuse Plan was adopted by Council in 2000.

REGULATORY PLANNING DOCUMENTS

The Mueller Design Book succeeds the RMMA Redevelopment and Reuse Plan and guides the 20-year build out of Mueller, including the design of all buildings, streets, and open space. The Illustrative Plan is a graphic representation of the current development program and may change over time in response to market conditions, but remains consistent with the planning and zoning framework. The Planned Unit Development (PUD) zoning that governs the project includes over one hundred exceptions or substitutions to code and policy, necessary to develop Mueller's pattern and form of development in accordance with Council expectations.



VISION

To create an interactive, mixed-use community that would be a model for responsible urban development, offering a compact pedestrian-oriented alternative to the land-consumptive and automobile-dependent development patterns, that could influence the form and pattern of growth within Austin.

REDEVELOPMENT GOALS

Fiscal Responsibility:

Redevelopment must create a positive revenue stream that will fund on-site infrastructure and increase the City's tax base for the benefit of all citizens.

Economic Development:

The project should serve to reinforce Austin's role in an increasingly global marketplace and create a wide range of employment opportunities for a diversity of the community's citizens.

East Austin Revitalization:

The project must promote economic development opportunities within East Austin, giving local residents a direct stake in redevelopment.

Compatibility with Surrounding Neighborhoods:

Development must maintain and enhance the quality of life in adjacent neighborhoods, providing complementary linkages, land uses and transportation patterns.

Diversity & Affordability:

Redevelopment must offer a wide range of housing choices in order to create a new community of socially and economically diverse residents.

Sustainability:

Development should be planned in a way that promotes energy and water efficiency, green building, reduced auto dependency, watershed protection and green space preservation.



MASTER DEVELOPMENT AGREEMENT (MDA)

The City approved the approach of using a master developer to implement the project and, after a nationwide search and community process, entered into an Exclusive Negotiation Agreement with Catellus in 2002. After a two-year period of detailed development planning and negotiation involving continued public outreach and feedback, the City Council approved the MDA in December of 2004. The City's Redevelopment Services Division of the Economic Development Department oversees the administration of the MDA, while the RMMA Plan Implementation Advisory Commission provides a venue for public feedback and advises Council.

The MDA establishes the public-private partnership for the project and governs the transfer of land, the deconstruction of existing improvements, the construction of infrastructure, sales to third parties, and numerous other City and Catellus obligations.

City obligations and desired outcomes in the MDA include:

- Protect the City's General Fund
- Hold each parcel until ready for development
- Create a Local Government Corporation and a Tax Increment Reinvestment Zone with debt supported by ad valorem and sales tax revenues generated from the development to fund public infrastructure
- Remediate the property
- Construct offsite infrastructure

Catellus obligations in the MDA:

- Deconstruct all airport buildings and runways
- Construct on-site infrastructure, including 140 acres of public parks and open space
- Ensure compliance with the Mueller Design Book, including green building requirements
- Meet an affordable housing goal of 25%
- Commit to SMART Housing
- Strive for 30% local tenants in Town Center
- Encourage strong minority and women business participation



DEVELOPMENT PROGRAM AND CURRENT STATUS

	Current Development Completed	Anticipated Development Program at Build out
Residential Dwelling Units (Single-Family and Multi-Family)	2,582 dwelling units (632 Affordable units)	5,900 dwelling units (1,475 Affordable units)
Residents	4,700	13,000
Commercial + Institutional	1,860,000 SF incl. (530,000 SF Retail)	4,300,000 SF (750,000 SF Retail)
Employees	4,900	13,000
Public Parks + Open Space	~90 acres	140 acres
Trails	5 miles	13 miles
Annual Property Taxes	\$3.8M	> \$5 M

SUCCESSSES

The implementation strategies and lessons learned at Mueller, such as the structure of the public-private partnership and MDA, provide best practices and replicable solutions for other projects. In addition, Mueller's model of development has served as an influence to the Imagine Austin Comprehensive Plan and the re-envisioning of the City of Austin's regulatory environment. These regulatory changes are influencing the CodeNEXT process, as it works to design a regulatory environment that can support the Imagine Austin vision.

As such, Mueller continues to serve as both a testing ground and model for how to build a successful diverse, sustainable, healthy, compact, and fiscally-responsible urban village. Mueller is a regular host to national and international groups seeking to learn from its approach. The Mueller project has also been the recipient of numerous national and local awards.



MAJOR PROJECT AWARDS AND RECOGNITION

2016	Public Art Network Outstanding Public Arts for “Lake Nussy”, <i>Americans for the Arts</i>
2015	HUD Secretary’s Opportunity and Empowerment Award, <i>American Planning Association</i>
2015	Roundable Excellence Award, <i>Council of Development Finance Agencies (CDFA)</i>
2012	Public Impact Award for Mueller Lake Park, <i>Urban Land Institute Austin Chapter</i>
2010	Vision Award, Aesthetics Category for the “Sunflowers” Public Art Project, <i>Livable City</i>
2009	Sustainable and Green Development Award, <i>International Economic Development Council</i>
2008	Community Stewardship Award, <i>Envision Central Texas</i>
2008	Greenest Neighborhood in Austin, <i>Austin Business Journal</i>
2008	J. Ronald Terwilliger Award for Workforce Housing Models of Excellence (finalist), <i>Urban Land Institute</i>
2005	James C. Howland Award for Municipal Enrichment, <i>National League of Cities</i>



Torchy's Tacos Located on
51st Street within the Mueller Market District

COMMERCIAL AND LOCAL BUSINESSES

PLANS FOR COMMERCIAL DEVELOPMENT

As currently projected, the commercial development plan for Mueller incorporates 4.3 million square feet of commercial space, of which 1.8 million square feet exists today. A targeted 750,000 square feet of retail space is included, of which approximately 530,000 square feet has been developed. The remaining retail development is planned predominately in the Town Center, concentrated along the Aldrich Street corridor.

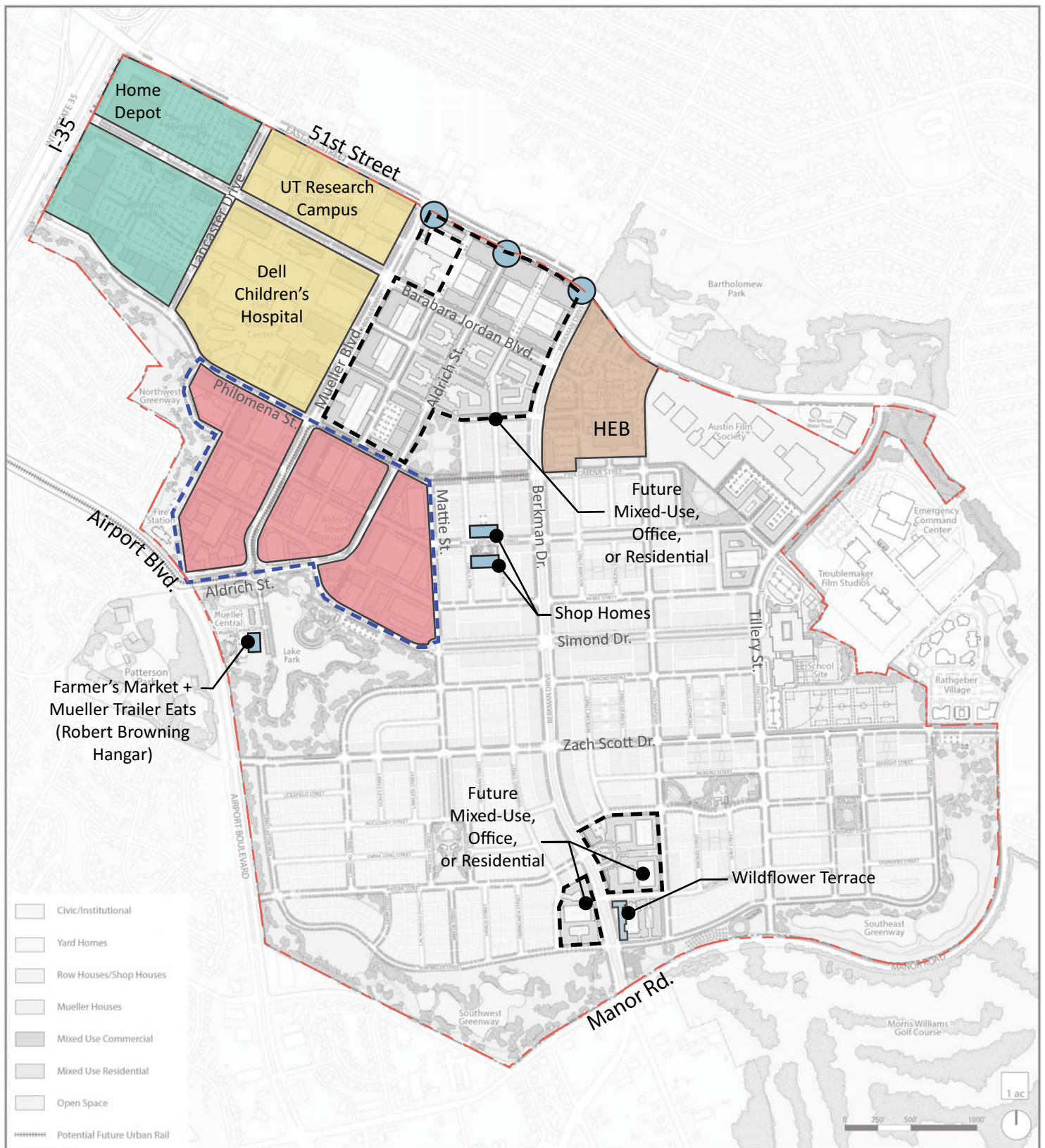
The overall plan includes a wide variety of commercial building types and building sites that are suitable and attainable to small and local businesses, ranging from less than 1,000 square feet to more than 30,000 square feet and occur on the street level of mixed-use office or residential buildings, in retail shopping centers and standalone retail buildings.

All builders at Mueller operate under the terms of their contractual arrangements with Catellus as master developer, who ensures conformance with the goals and provisions of the MDA and Design Book. The delivery of commercial offerings includes spaces in blocks being developed by Catellus (in its role as a third-party vertical developer at Mueller, which is distinct from its role as master developer), like the Mueller Market District, as well as spaces being built and marketed by other third-party developers at Mueller, such as in the existing Town Center multi-family buildings—AMLI at Mueller, Mosaic at Mueller, and Elysian at Mueller.

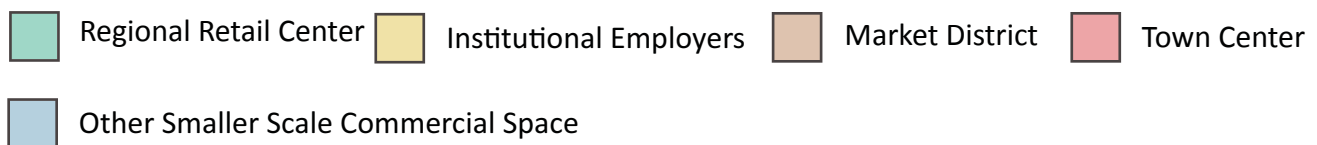
Construction models include commercial and retail spaces that have been built-to-suit for an end user as well as retail spaces designed for a tenant to construct finish out. Generally speaking, Mueller's commercial and retail development and tenant leasing practices are comparable to those elsewhere in the Austin market, and lease rates are market driven and comparable to those seen for new construction, often called "first-generation" retail space.

The extended timeline for Mueller's implementation has required a thoughtful phasing strategy to address both market and financial dynamics. The Regional Retail with its placement along I-35 was phased first, supported by existing market demand, so that its tax revenue could help fund Mueller's public infrastructure and, in fact, make the overall project feasible. The commercial and retail core of the Town Center was planned for a later phase, as it required sufficient residential and employment density to attract and support prospective businesses, especially small and local businesses, that would fulfill the vision expressed in the development plan.





COMMERCIAL AREAS AT MUELLER



COMMERCIAL AREAS

The Mueller Design Book identifies targeted commercial areas and corridors, described below. The plan includes consideration for access, visibility and compatibility, important elements of a business' success, while creating a respectful transition between commercial and residential uses. The street grid includes a hierarchy of roadways, from busy boulevards to quiet residential streets, designed to distribute traffic and channel higher volume employee and visitor travel easily to its destination, reducing impact to lower density areas.

The institutional employers in the northwest quadrant comprise much of the current commercial space. This office and institutional space consists of a cluster of medical facilities anchored by Dell Children's Medical Center, operated by the Seton Healthcare Family, and the University of Texas Health Research Campus. More than 3,000 employees currently come to work here. This area will continue to grow as Seton and the University of Texas expand their facilities per their overall facility master plans.

The regional retail center, now complete, offers a mix of small-shop and large-scale spaces. National retail anchors drive customer traffic to the center through widespread advertising and brand promotion. This also supports the smaller businesses in the district like HCS Salon, Dental Smiles, Pad Thai and others. The mixed-use Residence Inn by Marriott, now complete, is also located here. This district includes approximately 700 employees, and currently more than one-third of the businesses here are local businesses.

The market district, also complete, is anchored by an H-E-B grocery and serves as an area-wide destination offering small-scale shops, services and eateries. These spaces work well as their own destination or as a convenient stop to and from a food shopping trip and include Torchy's Tacos, Xian Sushi, Four Points Dermatology and others. This district is home to an estimated 450 employees. Currently, nearly three-quarters of the businesses in this area are local businesses.

The Town Center, now underway, is discussed in detail later in this report.

North of the Town Center and east of Mueller Boulevard, extending to Mueller's northern edge at 51st Street, includes larger parcels that allow for the future development of stand-alone office buildings or corporate campuses and apartment buildings, and includes the existing AISD Performing Arts Center.

Other smaller scale commercial locations planned and existing throughout the project include: mixed-use buildings in the Tower district located near the old airport control tower including ground-floor retail, like Bikram Yoga East Austin and Realty Austin, in the Wildflower Terrace senior housing community; retail spaces at corners along 51st Street; live-work "shop houses" in Mueller's residential neighborhoods; and the food trailer park and weekly Mueller Farmer's Market currently located adjacent to the preserved Browning Hanger and Lake Park. Today more than a dozen local businesses are located in these areas.



LOCAL BUSINESS REQUIREMENT IN THE MASTER DEVELOPMENT AGREEMENT

Within the MDA, the Town Center is defined as a 42-acre area bounded by Philomena Street to the north, Aldrich Street and Simond Avenue to the South, the Northeast Greenway to the west and Mattie Street to the east.

In Section 8.1 of the agreement, as master developer Catellus agrees to:

Use diligent, good faith efforts to cause at least 30% of the initial commercial occupants of the Town Center to be “local businesses,”

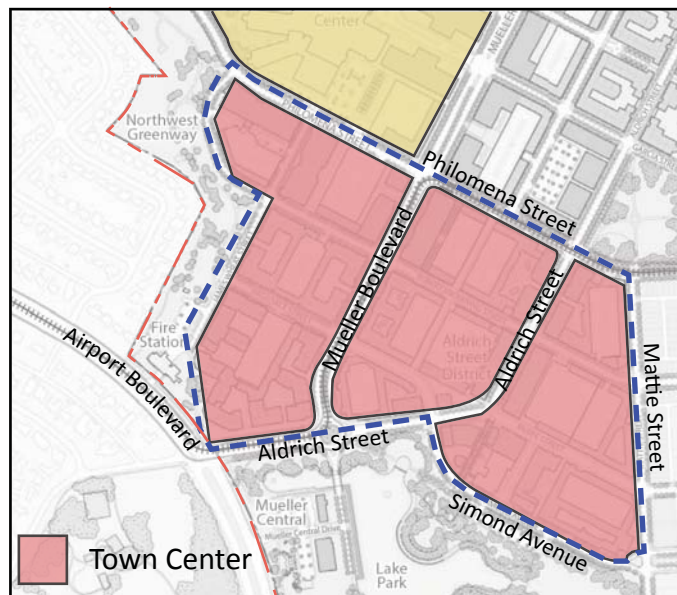
which is then defined as including occupants headquartered or founded in the Austin MSA, or individuals residing in the MSA, or groups of individuals (or corporations) with a majority of their members in the MSA, or organizations having their principal place of business in the MSA, or anyone else that the City agrees constitutes a local business.

The MDA defines “commercial property” at Mueller as anything that is not residential

or open space; it does not specify in Section 8.1(f) that the local businesses be retailers (as opposed to office tenants) or locally originated businesses (as opposed to franchises). The provision also specifically covers the initial commercial occupants of the district, and refers to the number of businesses rather than the size (square footage). The MDA goes on to note that:

The city encourages Catellus to include businesses that reflect the nature and character of Austin in their décor, merchandise, and cuisine.

This purposefully crafted definition reinforces both the project’s goal for economic development as well as the spirit of the MDA, which envisions the Town Center to be a place where public-facing retailers and restaurateurs will help define the character of Mueller as a uniquely Austin experience.



Town Center Boundary as defined in MDA



PLANS FOR COMMERCIAL DEVELOPMENT IN TOWN CENTER

The Town Center, now underway, is a diverse vertical mixed-use district with retail, office, housing and civic attractions (such as the Thinkery). Aldrich Street will serve as the main corridor for the district, featuring three blocks of retail development planned as the primary shopping and entertainment destination for Mueller and having distinct design guidelines to foster its development as a great public urban space.

Catellus is gradually phasing the development of the defined Town Center area, where the blocks are being individually designed and developed. Upon completion this area is projected to include approximately 500,000 square feet of office and 240,000 square feet of retail space.

As it emerges, the Town Center will feature an extensive variety of building types and spaces, varying widely in size and character, and offering opportunities for diverse business locations that may include building types illustrated in the photos that follow.



COMMERCIAL BUILDING TYPES AT MUELLER

THINKERY:

The Thinkery, formerly Austin Children's Museum, is an interactive learning space targeting infants through children 11-years old. The Thinkery provides a dynamic destination, which in turn helps activate nearby spaces and support additional small local businesses such as the Snap Food Trailer located in the portico of the building.



SNAP KITCHEN



FARMER'S MARKET

CIVIC/ INCUBATOR



MUELLER TRAILER EATS

FARMER'S MARKET + MUELLER TRAILER EATS:

The Robert Browning Hangar is an open air, rehabilitated structure, original to the municipal airport operations. Today, this space serves as an anchor to the weekly Farmer's Market and food trailer court - Mueller Trailer Eats, interim uses that serve as a small scale, low risk, incubator opportunities for local businesses.

RETAIL CENTERS:

Regional Retail and Market Districts are home to stand alone retail spaces ranging in scale from the 100,000 sf Home Depot and 30,000 sf Bed Bath & Beyond, to smaller 1,000 sf spaces, which are home to local shops and restaurants providing a mix of daily needs and employment opportunities.



TINO'S GREEK CAFE



STAND ALONE- OFFICE/ RETAIL BUILDINGS



AIR:

In addition to stand-alone retail spaces, Mueller also provides stand-alone office buildings like those occupied by American Institutes for Research, AIR (formerly SEDL), in the Town Center District. Stand-alone spaces such as this are ideal for office users in need of secure spaces with independent operation. They can also provide opportunities for synergy with other small businesses in the area, such as coffee shops, by providing ready access to patrons within one building.

ELYSIAN MIXED-USE:

Mueller has several mixed-used buildings, which incorporate commercial spaces on the ground floor and 3 to 4 stories of residential above. In the Elysian building, these ground floor spaces are designed as live/work space, offering a leasable area that includes both the commercial space and connected living area, located above.



VERTICAL MIXED-USE BUILDING WITH STREET-LEVEL COMMERCIAL



MOSAIC MIXED-USE:

Mueller's mixed-use buildings have specific design requirements intended to support the success of the business. These include increased transparency to the ground floor uses and a no-step entrance to the sidewalk. These design elements increase the visibility and accessibility of the spaces to patrons.



SHOP HOMES:

The Shop Homes are unique spaces to Austin. Modeled after traditional main street buildings, they provide a ground floor commercial space with a connected residential home above. Each unit is individually owned and their scale and form allows them to be easily integrated into Mueller's more residential neighborhoods.



LIVE-WORK



FLEX HOMES:

Flex Homes are a residential product type that incorporates a “flexible” living or work space on the ground floor. The home mimics the design of a townhouse, with an 18” stoop separating the first floor from street level, creating more privacy and less transparency from the sidewalk. A Flex Home is appropriate for small scale businesses that may not rely on foot traffic from the street for patrons.

TOWN CENTER DISTRICT PARKING GARAGE:

The Town Center District Parking Garage is one of two planned parking garages that will support the mixed-use Town Center District. Where its edges meet the street, the garage will be wrapped with “liner buildings” that conceal the parking function and provide commercial spaces to activate the street edge. The cinema building, opening by early 2017, will front the garage along Aldrich Street, housing Alamo Drafthouse above street level shops and eateries.



Portions of the parking garage visible today, to be wrapped with mixed-use buildings.

LINER BUILDINGS ON PARKING GARAGES



GREENWAY LOFTS:

Greenway Lofts is an example of a residential “liner building” and was constructed to wrap around the street edge of the parking structure for the Seton Healthcare Family Administration Offices. The relationship between the parking garage and liner building offers an opportunity for commercial spaces to consolidate parking needs, easing the space burden that high parking requirements often place on small businesses.

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Wildflower Terrace is a mixed-use, mixed-income community for residents aged 55 and up

SMALL BUSINESS

BEST PRACTICES AND COMMON CHALLENGES

Small businesses throughout the city face many challenges that can impact their success. In order to address these challenges and to support the growth of new and existing businesses, the Economic Development Department provides tools and resources through the Small Business Program (SBP). SBP aims to aid and empower its clients by providing assistance, education, and business solutions. SBP has identified best practices, common obstacles, and common risk for expanding and operating small businesses through its work with more than 2,000 clients each year.

COMMON CAUSES OF FAILURE OF SMALL BUSINESSES INCLUDE:

- **Planning:** One of the most common causes of failure is poor business planning and proof of concept testing prior to opening a business. Often there is not enough demand to support the offering.
- **Operations:** An owner's lack of business management skills and/or lack of industry experience can lead to failure.
- **Funding:** Lack of access to capital needed to maintain or grow the business is common.

BEST PRACTICES FOR PREPARING SMALL BUSINESSES FOR EXPANSION ARE AS FOLLOWS:

- **Demand:** Ensure that new product or services are in demand, profitable, and operationally feasible. Perform market analysis and proof of concept testing to ensure there is sufficient demand to justify the expansion. If the expansion involves entering a new location or offering new products or services, ensure that the new location does not cannibalize current sales and does not overextend management and operations.
- **Funds:** Determine the source of funds for the business expansion. Whether the funds come from current cash flows, commercial lending, or outside investors, each option requires detailed and accurate financial statements. Have a Certified Public Accountant compile financial documents for the past 3 years.
- **Operations:** Develop a new operational plan that encompasses all new requirements to facilitate expansion. Human resources must be effectively managed to ensure a successful transition. Clearly define communication channels, management responsibilities, training responsibilities, and job duties.



COMMON OBSTACLES FOR SMALL BUSINESSES CONSTRUCTING A NEW PLACE OF BUSINESS INCLUDE:

- **Planning and Funding:** An initial challenge is finding an available location with a suitable footprint and amenities and obtaining the financing for construction.
- **Construction:** Hiring and working with a project architect and general contractor can be serious obstacles for small business owners with limited construction experience. Construction permitting can be daunting, since denial or delayed approval of permits can cause a small business to fail.
- **Operations:** Locating and contracting with all the vendors needed to maintain and operate the building are post-construction challenges.

FEEDBACK FROM MUELLER SMALL BUSINESSES

In interviews with a representative sampling of Mueller's existing business owners and tenants, Catellus and the City asked about challenges encountered by small and local businesses. The business locations represented in this discussion include the Regional Retail center (opened in 2007-2009), the Market District (opened in 2013-2014), residential mixed-use space (opened in 2009-15), and live-work shop houses, which have just opened more recently. They also represent a range of store construction profiles, with some spaces requiring extensive interior finish-out, and other spaces essentially finished requiring only fixtures, furnishings and/or equipment.

The conversations revealed that current business owners are experiencing good customer traffic from areas in and around Mueller, reporting growth patterns that seem to reflect the gradual growth of Mueller's commercial and residential build-out. The Regional Retail store owner noted it took several years to build the now strong customer momentum, as the shopping center and Mueller became an established destination. This owner pointed at early marketing challenges, specifically directional signage and finding ways to connect with other Mueller businesses. The owner of a Market District shop that opened before HEB in 2013 noted they hit a strong customer pace within just a few months. Opening in 2014, the business owner who operates in a live-work unit in a residential mixed-use building noted that high visibility on the street and activity on the sidewalk supported a strong interest in his business immediately.



Common to each owner's experience were challenges related to their tenant finish-out construction. One owner highlighted the cost of green building requirements. The difficulty and delays in opening due to the permitting process was common to each business interviewed; however, those who had the support of experienced architects or contractors found that it eased the process. Other challenges mentioned, but not shared by all owners, were start-up funding, parking supply near their store, and concerns about street cart vendors.

One type of space in particular that generated significant feedback regarding the City's review and permitting process, along with code concerns, has been the live-work shop houses. The shop houses are a unique building type to Austin, providing residential living space over ground floor commercial, where both spaces are provided within the same building and owned by the same owner. Feedback from the builder and owners interviewed indicated that professional facilitation and assistance with these processes was vital in order to occupy their space and open for business.

Observations show that there has been some turnover from initial local and national businesses. The resulting "second generation," or previously occupied, space provides an additional dimension for small and local business consideration--where existing tenant finish-out may reduce the cost and effort of opening a new location.



GETTING CONNECTED

FEATURING A GOVERNOR'S SMALL BUSINESS FORUM

The Small Business Program holds “Getting Connected”, a business education conference, which brings small business owners together with content experts through classes and panel discussions to gain knowledge and increase skillsets in areas specific to small business needs.

EXISTING RESOURCES FOR SMALL AND LOCAL BUSINESSES AT MUELLER

As the 2014 City Council resolution notes, the MDA did not create specific programs that provide subsidies or incentives to small or local businesses that locate there. This is in keeping with the City's general policy to not subsidize retail development, as well as with the Mueller guiding principles that call for fiscal responsibility. Both in vision and in practice, commercial and retail development has been seen as an economic engine that can support the other, non-commercial community benefits being achieved at Mueller.

CITY RESOURCES

The **Redevelopment Services** division manages the public interest of Mueller's public-private partnership. As part of their efforts, Redevelopment Services helps mitigate difficulties with permitting, plan review and inspection that are the result of the unique design and building types allowed within Mueller's zoning, such as live-work shop houses.

Austin Energy Green Building Program utilizes a team of experts including mechanical, electrical, civil, architectural engineers, architects, and other code specialists to guide commercial clients from planning to construction to achieve green building ratings and meet their sustainability and energy efficiency goals.

The **Small Business Program** has worked with several businesses in Mueller and continues to offer their extensive resources to all small and local businesses. These include SBP's seven main offerings:

- **BizAid** - Business orientation and business education programs that assist small businesses at any stage of development, idea to startup through expansion;
- **BizOpen** - an online learning platform that provides assistance for small business owners navigating the City's development process
- **Information and Referral** services that provide answers and guide entrepreneurs through the abundance of resources available to small businesses;
- **Special Events** - that help businesses build their networks, connect with available resources, and learn from successful Austin business owners and industry experts;
- **Locally Austin** - a no-cost online (web and app-based) marketing service that connects customers to locally owned small businesses in Austin;
- The **Business Solutions Center**, is a technology-based resource



center with access to information, resources, and business support services located at One Texas Center;

- The **Family Business Loan Program (FBLP)**, a low-interest expansion loan for businesses that are at least two years old.

DEVELOPER RESOURCES

Catellus' leasing practices are comparable to best practices in the industry, utilizing marketing partners and brokers who are knowledgeable of each business segment and the market. Additionally, because a healthy small and local business component is important to the Mueller vision, targeted efforts are being made to reach small and local businesses including:

- Outreach events, tours and informational open house sessions;
- Networking through local and minority chambers and small business advocate groups;
- Local business incubator options at the food trailer park and weekly farmers' market;
- Branding, marketing, events and community relations to create visibility and the foundation for a thriving location that imparts "the nature and character of Austin";
- Local leasing representation with existing ties to the small and local business community.

The consistent implementation of the Mueller plan has delivered a diversity of commercial spaces and locations, described previously, that encourages a wide-ranging scale of business opportunities, from owner-operated shops to major employers. Attention is given to matching businesses to locations that best suit their needs and means. Size of space, business setting and consumer traffic patterns are considered. Inquiries are matched to the location alternatives that may best suit their business plan.

As is common practice, Catellus and other builders and landlords at Mueller work with tenants individually on leasing arrangements, space finish-out, marketing opportunities, and other elements of the business relationship to address unique needs. As time progresses and attrition naturally occurs, previously occupied space will provide additional alternatives for small and local businesses, often with reduced construction timelines and cost.

Professionals on the Mueller project team and tenant coordinators working with retail construction provide one-on-one support or resource referral where



needed in those areas identified as challenges by small businesses, including design and construction; plan review and permitting processes; green building requirements, and marketing exposure through community online and event opportunities.





Rendering of the future mixed-use, Town Center District.

MOVING FORWARD

City Council Resolution No. 20141120-107 seeks to anticipate potential challenges that may prevent the achievement of the 30 percent local business goal for the Town Center as identified in the MDA. To date—in the existing built components of the 42-acre Town Center district—the 30 percent goal is being exceeded.

Catellus and the City anticipate that, while the lease rates for new construction in the Town Center—and at other comparable developments throughout Austin—may not be feasible for some small local businesses, the 30 percent goal can be achieved and exceeded for the district as a whole, staying consistent with current City policy on retail development, and without the need of further action from City Council.

ADDITIONAL SUPPORT FOR BUSINESS

By taking a holistic approach, and exploring additional opportunities, Catellus and the City can further establish a climate that is conducive to meeting and exceeding the requirements of the MDA and attaining the community vision for the development. Strategies being considered include expanded outreach and support efforts. These efforts could help make businesses aware of opportunities within Mueller and pair businesses with resources that will help them address common challenges and attain enduring success. Some of the possibilities being explored include:

- **Resource Coordination:** connecting businesses with organizations offering services like Austin Area Urban League, Austin Independent Business Alliance, BiG Austin, City of Austin Small Business Program, varied Chambers of Commerce and higher education resources like Austin Community College;
- **Education and Outreach:** hosting education sessions for small businesses looking at or already in Mueller, covering topics of interest;
- **Consultation:** connecting businesses pursuing space or already in Mueller with resources for consultation and review of business plans, as well as technical assistance or financial assistance in the form of existing City and not-for-profit loan programs;
- **Facilitation:** providing expanded facilitation and support for small and local business tenants as they work through the permitting and construction process.

LEARNING MORE ABOUT MUELLER

Additional opportunities to learn more about the Mueller development are available. Tours and meetings can be arranged by City project managers on Mueller and can include Catellus.



