



## MEMORANDUM

**TO:** Mayor and Council

**FROM:** Rebecca Giello, Interim Director  
Economic Development Department

**DATE:** June 1, 2018

**SUBJECT:** Response to City Council Resolution 20180322-99, regarding use of 10414 McKalla Place as a Major League Soccer stadium

The attached report is responsive to Austin City Council Resolution 20180322-99, directing the City Manager to evaluate 10414 McKalla Place specifically for use as a Major League Soccer stadium, with a report due June 1, 2018. The Economic Development Department led an interdisciplinary team of subject matter experts throughout the City of Austin to complete the report.

The Austin City Council on March 22, 2018, approved Resolution 20180322-99 providing direction to the City Manager to conduct a community engagement process and analysis regarding the use of a community owned tract specifically for a Major League Soccer stadium. The Resolution builds upon City staff's response to Council Resolution 20171109-046 whereby the City Parks and Recreation Department December 14, 2017, memorandum to City Council identified McKalla Place as appropriate for additional exploration as a location for a Major League Soccer stadium.

This report provides information regarding the use of 10414 McKalla Place, as a potential site for a Major League Soccer stadium and includes components identified in the Resolution.

Staff is available to City Council for additional information and is prepared to brief Council at the June 12, 2018, Council Work Session.

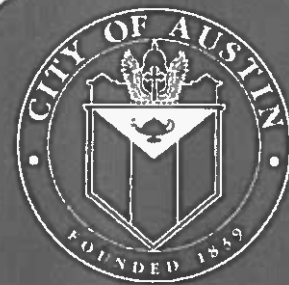
**cc:** Spencer Cronk, Austin City Manager  
Elaine Hart, Chief Financial Officer  
Greg Canally, Deputy Chief Financial Officer

ATTACHMENT



## McKALLA PLACE

Staff response to  
Austin City  
Council  
Resolution  
20180322-99



City of Austin Economic  
Development Department

June 1, 2018



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## Executive Summary

This Report responds to City Council Resolution 20180322-99, to evaluate certain publicly owned land generally and McKalla Place specifically for use as a Major League Stadium, with a report due June 1, 2018. McKalla Place was one of 8 sites identified in the report prepared by the City of Austin Parks & Recreation Department, in response to City Council's original resolution, (20171109-046), which directed staff to identify City parcels that could be used for a Major League Soccer stadium.

The City owns the roughly 24 acres of underutilized land in fast growing North Austin near the southeast corner of Braker Lane and Burnet Road. Environmental remediation of the property completed over the last several years has elevated this property's strategic importance as a real estate asset. The City has a successful history of redeveloping underutilized City-owned property through partnerships with the private sector.

The Council directive called for a number of specific components in order to more fully understand whether the site can accommodate a stadium and, if so, the potential impacts in terms of economics, transportation network, utility infrastructure and public safety. Staff addressed these elements through an interdisciplinary team relying on the technical experts from twenty City departments. To respond to aspects of the Council's resolution, the Economic Development Department engaged entities with specific expertise in assessing the impacts of major league franchises to communities. In addition, in an effort to provide meaningful insight responsive to the resolution, staff interacted with representatives of Precourt Sports Ventures (PSV) to understand how Major League Soccer and teams operate.

City staff completed a community engagement process hosting 11 meetings and initiating both a paper and online survey tool to garner feedback through numerous mediums in an effort to reach a community wide audience in a condensed time frame. Surveys were offered in English and Spanish, with access to iPads and desktops for electronic submission in larger community meetings. A Web site was launched at the onset of the engagement process as an information tool, which hosted a Question and Answer page to diligently respond to questions posed by the public to City staff. Staff worked with multiple partners to provide responsive information to the community – to include PSV when questions were targeted specifically for this expertise. The Web site continues to serve as an informational platform and is available at <http://www.austintexas.gov/mckalla>.

Per Council direction, this report provides an analysis of McKalla Place for a soccer stadium; and alternatively as a general mixed-use redevelopment that incorporates affordable housing. Overall, staff's assessment indicates that McKalla Place is a suitable site for a Major League Soccer stadium. There is current compliant zoning, sufficient utility capacity, and daily on-site trips would be low. Alternatively, if a Major League Soccer stadium was not sited at McKalla Place, the parcel could be redeveloped via a Request for Proposal Process, which could evaluate potential uses such as affordable housing, creative space, parks, and partnerships with non-profits, as had been previously outlined by City staff at the March 6 City Council Work Session on redevelopment of city land. Staff will continue to follow the process outlined at that Work Session for redevelopment of City owned parcels<sup>1</sup>.

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<sup>1</sup> Please refer to the presentation for the March 6 2018 City Council Work Session at: <http://www.austintexas.gov/edims/document.cfm?id=294293>

## I. Introduction

The Austin City Council on March 22, 2018, approved Resolution 20180322-99 providing direction to the City Manager to conduct a community engagement process and analysis regarding the use of a community owned tract (10414 McKalla Place) specifically for a major league soccer stadium. The Resolution builds upon City staff's response to Council Resolution 20171109-046 whereby the City Parks and Recreation Department's December 14, 2017 memorandum to City Council identified McKalla Place as an option for additional exploration as a location for a major league soccer stadium. The community and civic leadership dialogue with Precourt Sports Ventures (PSV) over the intervening months culminated in the City Council directive for staff to focus further exploration only on the McKalla Place property. This report provides information regarding the use of 10414 McKalla Place, as a potential site for a Major League Soccer (MLS) stadium.

The Council directive called for a number of specific components in order to more fully understand the physical, community value and economic impact context of a potential MLS stadium. The physical characteristics of the site serve as the foundation to discern the site's potential as a location for stadium or other uses. This site and scenario analysis (Section II), led by the City of Austin Economic Development Department in partnership with twenty<sup>2</sup> other Departments as well as Capital Metro, directly responds to the following issues City Council identified in the Resolution:

- Site Existing Conditions
- Reuse potential of the Property<sup>3</sup>
- Important Considerations for Property Reuse<sup>4</sup>

City staff based its review of the use of the land as a soccer stadium on PSV's site concept plan publicly released on May 15, 2018. Section II Site Analysis, and Section III Scenario Analysis, therefore, provide the land development framework governing the sites reuse for a soccer stadium or other types of land uses.

This land development analysis helped participants of a community engagement process, also called for in the Resolution, understand the physical context for this site as a potential location for a major league soccer stadium. City of Austin hosted informational sessions and surveys provided and gathered important information on community values and concerns that inform

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<sup>2</sup> Austin Energy (AE), Austin Fire Department (AFD), Austin Police Department (APD), Austin Recovery Resources (ARR), Austin Transportation Department (ATD), Austin Water Utility/ Watershed Protection (AWU), Development Services Department (DSD), Corridor Program Office, Emergency Medical Services (EMS), Financial Services, Neighborhood Housing and Community Development (NHCD), Office of Real Estate (ORES), Parks and Recreation Department (PARC), Planning and Zoning (PAZ), Public Works, Special Events,

<sup>3</sup> "An economic analysis of direct and indirect benefits, opportunity costs (such as the possible opportunity for an affordable housing development), potential liabilities and substitution effects."

<sup>4</sup> "Financial opportunities and challenges, including but not limited to: Improvements to the surrounding transportation network; Improvements to the surrounding utility infrastructure; Necessary public safety services to the facility; An estimation of traffic considerations and transit options, with input from Capital Metro on the feasibility of a stadium train station;..."

Council consideration of this opportunity and the potential redevelopment of the property. Section IV summarizes the input received from the engagement process.

Finally, in order to effectively respond to Council's resolution, City staff commissioned a third party consultant, Brailsford & Dunlavey, to conduct an economic impact analysis on the potential community benefits, opportunity costs and substitution effects for a major league soccer stadium on this property. The economic impact analysis is attached as Section V of this report. All of the following Sections (II –V) together seek to provide a foundation upon which City Council could consider McKalla Place as a site for a soccer stadium.

## II. Site Analysis

### A. Site Description

The ±24.158 acre site consists of two adjacent tracts centrally located in North Austin within the full purpose jurisdiction of the City. The main parcel Tract I (23.56 acres) abuts Tract II (0.598 acre narrow parcel 50 feet wide) that connects the main parcel to Burnet Road. The site has frontage on the Capital MetroRail, and access to three roadways including, Braker Lane, Burnet Road, and McKalla Place. The site is approximately 1 mile from the interchange of US 183 and MOPAC (Loop 1). Nearby developments include the Domain mixed-use lifestyle center, JJ Pickle Research Campus, and the IBM Campus. In addition, the site is located in the Little Walnut Creek Watershed and the Urban Desired Development Zone.

In 1995 the City of Austin through Austin Water (AW), purchased the property for \$1,422,630 for use as a North Service Center. AW is currently using the site for storage of construction related materials. Reflecting its current use, the 2017 Travis County Appraisal District Assessed Value is approximately \$9,645,000.



10414 McKalla Place Context

## B. Current Entitlements

The site is within the North Burnet / Gateway Neighborhood Planning Area (NBG-NPA) and within the Green Building Mandatory overlay. The NBG zoning district is intended for redevelopment into a higher density urban mixed-use neighborhood that is more pedestrian friendly and takes advantage of the links to commuter rail transit and the area's key position in the urban core. Similar to other publicly-owned properties (such as the University of Texas J.J. Pickle Research Campus), the majority of the site retained its original base zoning rather than being rezoned under the North Burnet / Gateway Regulating Plan, the implementing code for the Neighborhood Plan.

### Tract Zoning

- Tract I LI-NP (Limited Industrial Services, Neighborhood Plan Combining District)
- Tract II NBG-NP (North Burnet/Gateway, Neighborhood Plan Combining District)

Having retained the Limited Industrial (LI) base zoning, Tract I is exempt from the development standards required by the NBG Regulating Plan.

A soccer stadium as PSV proposed in their preliminary site plan (issued May 15, 2018) is allowed in LI zoning as a conditional use (defined as "Outdoor Entertainment"). In this zoning category, development is limited to 75% building cover, 80% impervious cover, a Floor-to-Area Ratio (FAR) of 1:1, and a maximum height of 60 feet. Since the proposed stadium exceeds the permitted height limit, the property would require approval for a Planned Development Area (LI- PDA) to alter the height maximum, approve the conditional use and alter any other development standards.

## C. Site Access

The site is served by various modes of transportation. Below describes current access and near term improvements underway by mode:

- **Auto Access:** Direct access to this large site surrounded by other parcels is limited, lacking direct frontage on Burnet Road and Braker Lane. The driveway connection to Burnet Road could be improved for pedestrian, bicycle and emergency vehicle access, but is too close to the intersection to allow regular vehicle access without active traffic control in an event condition. Although currently exempt from the NBG regulating plan requirement of a connector road through the site, the site would benefit from taking advantage of roadway improvements planned for the two adjacent apartment complex projects currently under construction along Braker Lane and Burnet Road. Reuse of the property from a current passive use of storage to active use would require public infrastructure improvements to reconnect the site to the surrounding major road network.

Braker Lane and Burnet Road are major arterials that serve parcels fronting on the northern and western boundaries of the site. The City has plans to upgrade the capacity of both these arterials in the near term. On April 26, 2018, Austin City Council adopted recommendations for a Corridor Construction Program to receive funding from the 2016 Mobility Bond.

- **Bike/Pedestrian:** Sidewalks and other pedestrian and bicycle facilities are generally poor or non-existent in the area. The multiple redevelopment projects along the corridor are anticipated to leverage full streetscape improvements along their frontages as envisioned in the North Lamar / Burnet Corridor Development Program. The 2016 Mobility Bond also funded a trail along the Capital MetroRail Red Line between Walnut Creek Trail and Braker Lane.
- **Bus Transit:** Capital Metro currently operates four bus routes adjacent to the site with bus stops currently located near the intersection of Burnet/Braker. One of these routes directly connects with Downtown and the University of Texas, thereby offering transfers with a multitude of other services. One MetroRapid route also operates in the vicinity; however, its current pattern travels within the UT Pickle Research Campus with no stations adjacent to the site. Capital Metro will make significant changes to the system in June 2018 reflected in the image below:
  - **MetroRapid:** Future plans include consideration to straighten service to operate two-way along Burnet Road; a new southern anchor point at the new Westgate Transit Center (Ben White/Manchaca) opening in 2019 and plans to extend further south to Slaughter Lane.
  - **MetroBus:** Future plans are to look at the operation of Route 466 Kramer Rail Connector to improve directness between Kramer Station and adjacent developments.



- **Commuter Transit:** Just north of the site, Kramer Station currently serves MetroRail while both MetroRapid and MetroBus bisect the intersection of Braker Lane / Burnet Road. Current discussion by Capital Metro within the context of the North Burnet / Gateway Plan indicates a possibility for a new station to replace the current Kramer Station. If a



proposed private redevelopment north of this site (Brandywine Broadmoor project<sup>5</sup>) moves forward and elects to build a new MetroRail station adjacent to their site, the existing Kramer Lane Station would need to be closed, as it is too close to the proposed Broadmoor Station. However, if the Kramer Lane Station was moved approximately ½ mile south adjacent to the McKalla Place site, both could operate. For more details on recommended transit improvements, see the [Capital Metro MLS Stadium Evaluation Memo](#).

#### D. Water Quality and Detention / Watershed Impacts

The site forms the headwaters of Little Walnut Creek and is located between the drainage basins of Shoal Creek and Walnut Creek. The Little Walnut Creek channel begins at a small trestle bridge carrying the Capital Metro rail line across the stream at the edge of the site. City of Austin Watershed Protection staff recommend a water quality and detention pond size of approximately 15% of the site area, assuming the 80% impervious cover allowance if the zoning is maximized.



<sup>5</sup> Brandywine Development, the new owners of the IBM campus north of Top Golf, have plans for redevelopment of the campus into a dense, mixed-use transit oriented development and are currently in the rezoning process to NBG TOD Gateway, contingent on the relocation of the Kramer Lane MetroRail Station to Broadmoor, adjacent to their site. [Zoning Case #C14-2016-0136](#)

## E. Utilities

The site, being located in a fully developed commercial / industrial area, is well served by utilities.

**Water:** The existing water distribution system in this area is capable of meeting the estimated water demand. There is an existing 16-inch water main in Burnet Road that feeds an existing 12-inch water main located within Track II. An existing 8-inch water main is located within Track I near the southeastern corner of property. However, any redevelopment of the property will trigger the need to upgrade the water infrastructure to put in place a dual fed system. Doing so will improve system performance and reliability.

**Wastewater:** The subject tract is located within the Little Walnut wastewater drainage basin. The site is served by a network of three existing 8-inch gravity wastewater mains in the property and along its eastern boundary discharging into a 21-inch wastewater interceptor.

**Reclaimed Water:** AW reclaimed water program does not currently serve the area but has long term plans (10+ years) to extend reclaimed infrastructure into the area.

**Electrical:** Austin Energy has not identified any geographically specific limitations or opportunities with the site. New electrical distribution infrastructure will be needed for any development. There is an existing high-voltage transmission line easement on the eastern edge of the site adjacent to the Capital Metro rail line, and various other overhead distribution and service line easements along the north and west boundaries of the site, with various telecom attachments. Austin Energy operates a chilled water system at the Domain. The site is too remote from the Domain chiller to connect, but a separate satellite plant would be considered for any development exceeding 4,000 tons of cooling, which translates to about 2 million square feet of air conditioned space.

## F. Environmental Condition

The site was occupied between 1956 and 1985 by Reichold Chemical, a chemical company that manufactured specialty chemicals for the boat and fiberglass industries. In 1995 the City of Austin purchased the property for a North Service Center, upon completion of pre-purchase Phase I and II Environmental Site Assessments that did not reveal environmental impairments. The facility closed in 1985 as a result of an explosion. Reichold reported removal of all hazardous materials and received clean closure from the Texas Water Commission<sup>6</sup> in December that year.

During construction of the service center in 2003, an explosion occurred at the property during excavation activities, injuring several workers. After the explosion, the City immediately halted construction activities<sup>7</sup> and completed multiple investigations to determine the cause of the explosion. Extensive remediation was conducted, resulting in environmental clearance to an industrial/commercial land use standard in 2006. Upon additional testing and monitoring in 2015, the Texas Commission on Environmental Quality (TCEQ) issued a final closure letter for

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<sup>6</sup> Agency predecessor of the Texas Commission on Environmental Quality (TCEQ) responsible for brownfields mitigation

<sup>7</sup> The City had expended \$10,725,000 in the construction of the NCS prior to the cessation of construction.

unrestricted/residential land use on June 26, 2017<sup>8</sup>. For more details on environmental remediation see the summary here.

### III. Scenario Analysis

#### A. Framework

This Section responds to the City Council directive to identify opportunity benefits and costs arising from the use of the property for a soccer stadium, but also, alternatively, as general mixed-use redevelopment with an affordable housing component. What follows after a review of market trends (Subsection B), zoning (Subsection C) and infrastructure parameters (Subsection D) related to the site, are a review of two scenarios: the soccer stadium site and a general mixed-use redevelopment (Subsection E).

**MLS Stadium Scenario:** The stadium scenario is the PSV site plan for the property issued May 15, 2018: a 20,000 seat stadium, 1,000 surface parking spaces and open space/pedestrian trail connections.

**Generalized Mixed-Use Redevelopment Scenario:** While there was not sufficient time to conduct the appropriate market and financial analysis needed to ascertain their financial viability of a generalized mixed-use redevelopment of the site, staff was able to develop a methodology to ascertain a highly generalized “test” of a range of land use options that could fit on the site. Two land use scenarios were developed to help bracket a range of land uses that could occur on the site. One scenario sought to deliver income restricted housing units at a density appropriate for lower intensity of development. To anchor the higher end of development intensity, a second scenario simulated a development that delivered the maximum amount of development intensity permitted by rezoning the property to that allowed in the NBG Regulating Plan and the requisite density bonuses granted for affordable housing. The “blended” scenario represents a generalized land use program.

#### B. Market Observations

The area within a mile of the site has been transitioning from industrial to commercial/mixed-use since the Tech Bust of early 2000. One of the first developments that proved a harbinger of this market trend was the first phase of the Domain, opened in 2007, on what was formerly an industrial property. In response to these changes in market condition, and in anticipation of the opening of the Capital MetroRail, the City Council adopted the North Burnet Gateway

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<sup>8</sup> Several building foundations remain at the site that were laid during the initial construction of the North Service Center (NSC) for AW. At the time of the remediation, the plan was that AW’s NSC would occupy the site. Because the foundations for the NSC were built after Reichhold Chemicals ceased operations but before the explosion and subsequent remediation, there is the potential that one of the foundations may be covering unexcavated contamination. If future development requires excavation in the area of the foundations or in the previously installed utility corridors, it is recommended that the foundations be removed and the soils underneath be excavated and inspected for any remaining contaminants.

Neighborhood Plan 2035 (NBGNP) in 2007 and Regulating Plan two years later. The NBG Regulating Plan permits entitlements under Transit Oriented Development (TOD) zoning in specific subdistricts up to maximum density entitlements similar to downtown, which is why the area has been referred to as “Austin’s 2<sup>nd</sup> Downtown”. The demand for high density residential in the Neighborhood Plan area is evidenced by a recent zoning request for TOD density entitlements permitted in this subdistrict of the Regulating Plan on the former IBM property to the north of the site.

Recent developments provide evidence that the market trend away from heavy industrial to retail, higher density residential, office and light industrial projects will continue:

- Endeavor, the original developer of the Domain, began the migration across Burnet Road with Top Golf and the apartments surrounding the extension of Esperanza Crossing.
- Brandywine Development, the new owners of the IBM campus north of Top Golf, have plans for redevelopment of the campus, and are currently in the rezoning process to NBG TOD Gateway.
- Two apartment complexes are currently under construction immediately adjacent to the McKalla Place site, and the parcel immediately to the west, fronting Burnet Road, has been proposed for a mixed-use tower<sup>9</sup>.
- The existing long span industrial structures in the area, combined with flexible zoning, has allowed the surrounding area to become a hub of the booming local craft beer industry. Approximately 6 microbreweries with tap rooms are located within ½ mile of the site. Such structures are also well suited to adaptive reuse for creative industries and live performance spaces.

As the Domain approaches build-out, there are signs that the market for higher density mixed use development is spreading throughout the NBGNP area.

#### C. Entitlements: North Burnet / Gateway Planning Area Zoning

The scenario analysis assumes that the property would be rezoned in a manner consistent with other rezoning requests within a mile of the property. The assumption of rezoning to permit higher density mixed-use development could occur by either retaining the underlying LI zoning or rezoning the property under the North Burnet / Gateway Regulating Plan. Prior to the adoption of the NBG Master Plan and Regulating Plan, the Domain acquired additional entitlements not permitted under LI zoning through the addition of Planned Development Area (LI-PDA), which allows modifications to the base zoning. With the adoption of the Regulating Plan, significant changes to entitlements and development standards would most likely require rezoning under the North Burnet / Gateway Regulating Plan. The following features of the North Burnet / Gateway Regulating Plan would govern the redevelopment of the site:

- Pedestrian Priority Collector Street connecting McKalla Place and Braker Lane through the site in conjunction with rezoning to a North Burnet / Gateway zoning category;

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<sup>9</sup> All of the residential development in the area to date has been mid-rise, stick-framed / podium construction, typically wrapping an above ground parking structure. Some of the buildings in the Domain have concrete podiums containing ground floor retail, but many of the buildings off of the main retail streets do not.

- Connector street connecting through the parcel immediately north of the site fronting Braker Lane to the site<sup>10</sup>;
- Subdivision of the property into a grid of interconnecting streets and blocks, resulting in blocks that have a maximum block length of 660 feet and a maximum perimeter of 1,800 feet; and,
- Development bonus system that allows greater height and density in exchange for community benefits such as affordable housing, with the TOD subdistrict offers maximum entitlements similar to downtown (8:1 Floor Area Ratio).



10414 McKalla Place Site Analysis

The generalized mixed-use redevelopment scenario assumes the receipt of entitlements in a manner that accords with the North Burnet / Gateway Regulating Plan.

<sup>10</sup> The apartment project, which is currently under construction, dedicated the Right-of-Way and will build the section of street as part of their project.

#### D. Infrastructure Upgrades for Any Future Development

The site is adequately serviced by public water, wastewater and electricity. Their immediate access to the site makes the reuse of the property technically feasible. The table below summarizes water, wastewater and fire flow capacity assumptions for each scenario.

| Scenarios  |                |                       |
|------------|----------------|-----------------------|
| Utility    | Soccer Stadium | General Redevelopment |
| Water      | 1250 gpm       | 928 - 2721 gpm        |
| Wastewater | 361 gpm        | 278 - 7111 gpm        |
| Fire Flow  | 2500 gpm       | 2500 gpm              |

Notes:

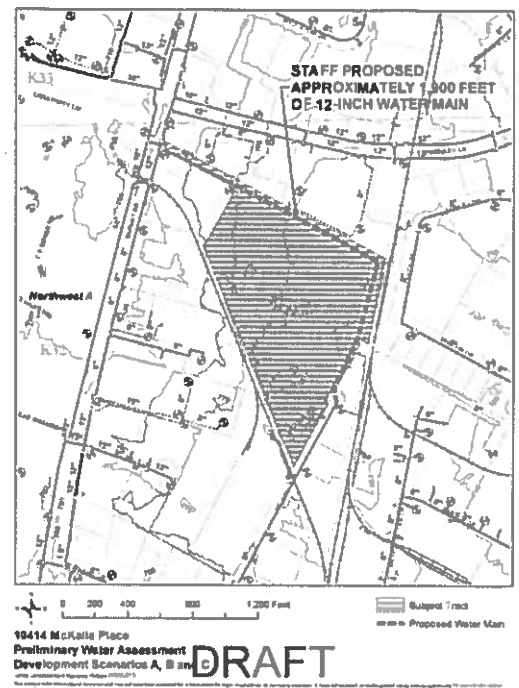
Water: In gallons per minute (gpm) during peak hour

Wastewater: Peak wet weather flow gpm

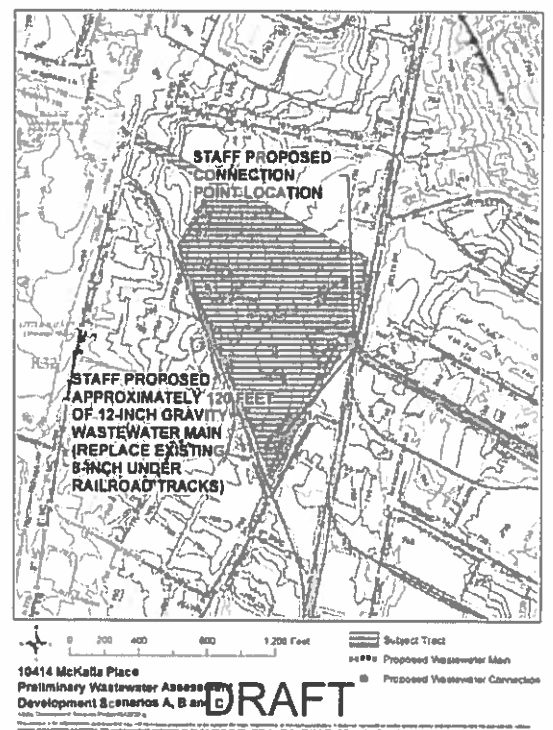
Although the property is served by essential infrastructure, redevelopment of the site – either scenario - would require basic area-wide infrastructure upgrades to better serve the property and surrounding area. What follows are infrastructure upgrades and estimated costs triggered by the site's redevelopment. Upgrades related to either scenario or both are denoted in the summary table. Typically the City would request the developer to pay for these costs but the sharing of those costs can be negotiated through a public-private partnership.

| Future Development Area-Wide Infrastructure |                |         |                       |
|---|----------------|---------|-----------------------|
| Public Infrastructure Category              | Estimated Cost | Stadium | General Redevelopment |
| Water                                       | \$ 665,000     | X       | X                     |
| Waste Water                                 | \$ 144,000     | X       | X                     |
| Water quality                               | \$ 1,500,000   | X       | X                     |
| Parkland Fee                                | \$ 1,000,000   |         | X                     |
| Roads, sidewalks Streetscape                | 13,000,000     |         | X                     |
| Transit Facilities                          | \$ 640,000     | X       | X                     |
| MetroRail                                   | \$ 13,000,000  | X       | X                     |
| Total                                       | \$ 29,949,000  |         |                       |

**Water:** Water transmission system improvements within the site would improve efficiency. Under all scenarios, it is anticipated that approximately 1,900 feet of 12-inch water main will need to be constructed to connect the 12-inch water main in the subject tract flag at Burnet Road to the 8-inch water main in McKalla Place. The estimated amount of the water distribution upgrade is \$665,000.



- **Wastewater:** The existing 21-inch wastewater interceptor on the east side of the Capital Metro railroad tracks has capacity available to serve development of the subject tract under all scenarios; however, the existing 8-inch gravity wastewater main spanning across the Capital Metro railroad tracks will need to be replaced with a 12-inch gravity wastewater main in order to meet the level of service proposed under all scenarios. The estimated amount for the upgrade is \$144,000.



- **Electrical:** Austin Energy is interested in pursuing opportunities for integrated solar for any development on the site. No cost estimate is provided.

## Water Quality / Parkland Dedication

The North Burnet / Gateway (NBG) Regulating Plan allows for as little as 5% of the site area to be dedicated, with the balance of the dedication requirement met by fee-in-lieu. The development buffer to protect the sites environmentally sensitive area can also serve as parkland area. The blended scenario assumes that the parkland is the multi-functional pond / amphitheater, a transit plaza and pocket park (estimated at \$1,500,000 in cost). This scenario dedicates 7 acres or 30% of site area to parkland, allowing for an off-set to the fee-in-lieu, estimated at approximately \$500,000.

## Roads, Sidewalks and Streetscaping

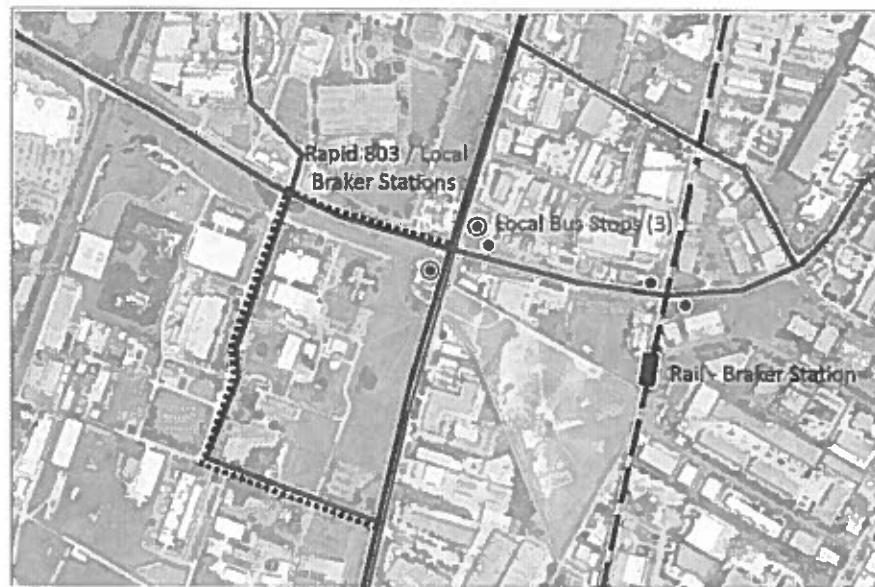
The NBG Regulating Plan requires a 'Pedestrian Priority Collector' to be constructed through the site between McKalla Place and Braker Lane in conjunction with any rezoning to a NBG zoning category. This new 'complete street' would be four-lane with on-street parking, off-street bikeway and wide sidewalks with street trees. The NBG Regulating Plan also requires a network of local streets to divide the large site into smaller blocks. The estimated cost of these new complete streets is \$13,000,000.

## Transit

Due to the confluence of quality transit service at this location, Capital Metro recommends coordinated investments to increase the visibility and access of transit to the site. These investments should also support seamless connectivity between different transportation modes, from transit to walking to biking to car-share. This project can be a model in best practices to provide convenient, reliable, and sustainable transportation options from various points of the community. To facilitate improved access to/from transit from adjacent travel corridors, Capital Metro recommends significant improvements to bus stops along both Burnet Road and Kramer Lane. These improvements include two new MetroRapid stations (with joint use for local bus) along Burnet Road and three bus stops for local service along Kramer Lane. Final locations and development would be coordinated with City of Austin Transportation Division; City of Austin Corridor Program Implementation Office and Capital Metro staff. In addition, proposed changes associated with MetroRapid would also be contingent upon approval and coordination with the Federal Transit Administration. The estimated cost of new MetroRapid and MetroBus stops on Burnet Road and Braker Lane is \$640,000.



MetroRail - Current discussion by Capital Metro within the context of the North Burnet Gateway Plan indicates a possibility for a new station to replace the current Kramer Station. If a new station is constructed at Broadmoor, the existing Kramer Station will need to close due to the close proximity (approximately ½ mile) of the two stations. A new station south of Braker could operate in conjunction with a station at Broadmoor due to the increased distance (approximately 1 mile). The relocation of the Kramer Station to south of Braker Lane would facilitate a controlled crossing of the tracks to allow pedestrian access to transportation modes and amenities east of the site. A new MetroRail Station is estimated to cost \$13,000,000.



There have been recent publications regarding the McKalla site and the MLS stadium proposal that mention the reuse of "abandoned" rail Right-of-Way (ROW) as a pedestrian path to the stadium. The ROW or rail spur is an easement owned by Capital Metro and is not abandoned. There is existing track along the entire segment that is used as an emergency pull off for the Metro Redline. The easement is for a railroad spur track and establishes ownership of a width of fifty feet (twenty-five feet on each side of the center line). At this time, Capital Metro has not been approached by the developers to discuss their desire to use this ROW and the terms of the easement require it to continue to be used for transit. Capital Metro has a potential need for continued and future use of this track for rail service and expansion, and no intention of allowing it to be utilized by another party unless it is for a use related to transit. Additionally, the spur was purchased using federal funds, which may require repayment if the ROW is used for a different purpose.

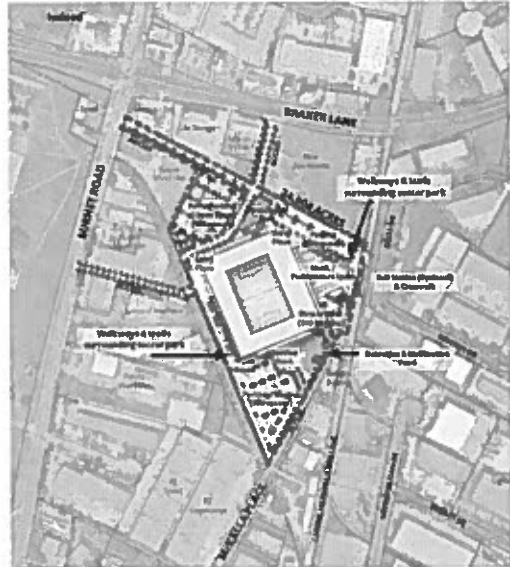
## E. Opportunities and Considerations

### 1. MLS Stadium Scenario

#### Program

This scenario is the site plan developed by PSV issued to the public and submitted to the City on May 15, 2018<sup>11</sup>. PSV assumes approximately 17 games will be played at the stadium each season and an assumed 16 other special events. Most will be scheduled on weekends, while some will be Wednesday evenings. The site plan illustrates what PSV presented during the community engagement process conducted in May 2018:

- Open air soccer stadium containing approximately 20,000 seats
- Limited on-site parking - approximately 1000 spaces
- Landscaped open space that can accommodate live performances
- Multi-modal transportation access on the site, including three road connections, bike/pedestrian trails around the perimeter of the property, and areas that could accommodate a light rail stop and service through transit, Transportation Network Companies (TNCs), and remote parking with potential shuttles.



#### Traffic Impact

Precourt Sports Venture (PSV) has engaged Kimley-Horn to prepare a stadium transportation plan for the McKalla Place site. The plan is primarily an events management plan, and does not address permanent transportation improvements that would be recommended for development of the site should an MLS Stadium be pursued. Limiting parking on site allows greater control of traffic entering and exiting the site at peak times. It also encourages patrons to choose alternative transportation options. Locating a sports facility in a mixed-use entertainment district allows for temporal dispersion of patrons by providing a place to go for food and beverages instead of contributing to increased vehicular traffic. Locating remote parking and pick-up zones nearby but not immediately adjacent to a stadium helps to disperse crowds of pedestrians leaving all at once at the end of a game. If City Council chooses to proceed further with PSV on an MLS Stadium located at McKalla Place, a full Traffic Impact Analysis (TIA) would be conducted in conjunction with the zoning

<sup>11</sup> As of report publication, the City has only received this site plan and not a formal business proposal from PSV. It is anticipated that they will issue a separate, more detailed report and formal offer concurrent with the submission of this report to City Council.

and/or site plan process. If the analysis determines that off-site transportation improvements are warranted by the traffic generated, a TIA mitigation plan would be developed to determine PSV's responsibility for improvements.

| Transportation Mode                      | Number of Patrons | Motor Vehicle Trips <sup>12</sup> |
|--|-------------------|-----------------------------------|
| Park-and-Ride Shuttle                    | 10,000            | 8,000                             |
| Vehicles for Hire (TNC)                  | 4,500             | 7,200 <sup>13</sup>               |
| Pedestrians (remote parking and transit) | 3,000             | 1,200 <sup>14</sup>               |
| On-site Parking                          | 2,500             | 2,000                             |
| Bicycle                                  | 500               | 0                                 |
| <b>Total</b>                             | <b>20,500</b>     | <b>18,400</b>                     |

While PSV has not submitted a comprehensive study to enable Austin Transportation Department (ATD) to provide a detailed analysis, ATD has provided a summary evaluation and recommendations in the memo.

#### Public Safety

Austin Police Department crowd control and traffic management will likely be necessary at intersections such as Burnet Road and Braker Lane immediately following a soccer match, as is typical of other large events. The Travis County Constable's Office Precinct 2 is located immediately adjacent to the site, at 10409 Burnet Road, Suite 150. They have expressed interest in participating in crowd control and traffic management if an MLS stadium is built at McKalla Place.

The Austin Fire Department's primary focus is response times, ingress into and egress from the property. With the majority of expected traffic flowing into the property being foot traffic from the Domain property, preemptive traffic control devices will be necessary at the intersection of Burnet Road and Braker Lane. The stadium will have to meet all fire code requirements to include mass emergency notification system, evacuation plan, and proper placement of fire hydrants and fire lanes.

Austin-Travis County Emergency Medical Services does not foresee any issues with this location. See size comparison between a typical MLS stadium and existing Austin sports facilities and attendance at special events.

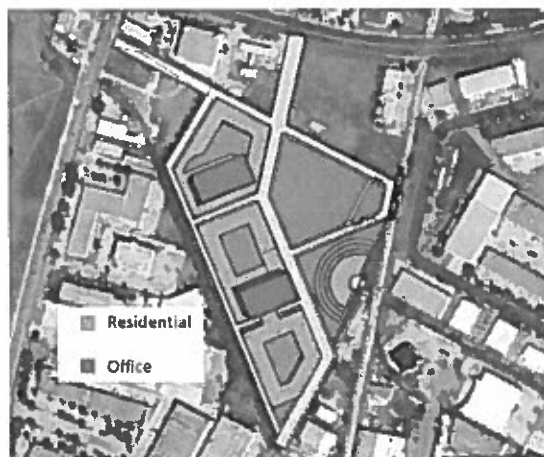
<sup>12</sup> Total trips generated in area, not the site. Trips into and out of site are limited by 1,000 parking spaces. Assumes 2.5 patrons / vehicle average, one trip arriving and one trip leaving area.

<sup>13</sup> Assumes 4 trips per TNC – operator would leave area after drop-off, and new TNC operator would pick-up.

<sup>14</sup> Assumes ½ pedestrians arrive by transit, ½ remote parking, at 2.5 patrons / vehicle.

## 2. Generalized Mixed-Use Redevelopment Scenarios

The following scenario contemplates a mixed use development pattern within the range bracketed by low and high density scenarios that assumes 20% of units as income restricted housing. The land use mix includes approximately 45,000 square feet of retail, 500,000 square feet of office and 1,000 units of apartments that would be permitted upon rezoning per the NBG Regulating Plan. The site plan below provides a layout of the development.



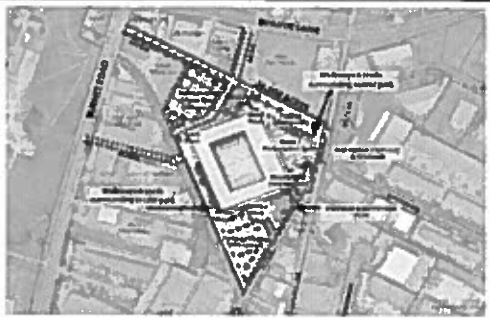

As noted, the limited amount of time precluded undertaking a market analysis and detailed financial analysis that would be needed to determine financial viability of any development program. Staff calibrated the development programming based on the following assumptions and through input from Neighborhood Housing and Community Development Department for income restricted housing<sup>15</sup>:

- Stated commercial and residential rents come from CBRE market reports and stated rents of similar developments within .5 miles of the site.
- The overall project achieves a 12% internal rate of return based on cash flow after debt service with no assumption of sale or municipal incentive structure.
- The income restricted units receive 4% Low Income Housing Tax Credit (LIHTC) allocation, the assumptions for which have been reviewed with Neighborhood Housing and Community Development.
- Purchase price of the land is the residual land price resulting from the 12% Internal Rate of Return hurdle.
- The property is rezoned to NBG TOD Midway, in conjunction with the relocation of the Kramer Station, typical of other rezoning occurring in the area, and avails itself of the density bonus to allow a maximum height of 240 feet for the office components.
- The residential components are typical stick frame / podium construction wrapping parking structures below the office towers.

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<sup>15</sup> EDD met with NHCD staff to discuss early scenarios developed in the sensitivity analysis and consulted a local affordable housing expert on the feasibility of attracting LIHTC funding for income restricted units. NHCD previously evaluated the site as having high potential for affordable housing.

The table below is a comparison of each scenario for a variety of factors:

| Scenarios                 |   |  |
|---------------------------|---|--|
|                           | Stadium   | General Redevelopment  |
|                           |  |    |
| Zoning                    | LI-PDA  | NBG - TOD  |
| Land Uses                 | Stadium   | Approximately 1,000 units of Apartments<br>Approximately 45,000 Square Feet Retail<br>Approximately 500,000 Square Feet Office |
| % Income Restricted units | 0   | 20% (5% required development by bonus)<br>200 (50 required by development bonus)   |
| Daily/Event Trips On Site | ~ 1000  | ~11,600  |
| Area Vehicle Trips        | ~ 18,400  | N/A  |
| Parkland                  | 5 acres   | 7 acres  |
| Impervious Cover          | 67%   | 65%  |
| Noise Ordinance           | Exempt  | Applies  |
| Exterior Lighting         | Per Chapter 25-2 Subchapter E   | Per Chapter 25-2 Subchapter E  |
| Safety                    | Per Special Events  | Per Code   |
| Affordable Housing        | None On Site  | On Site Units  |

A key component for consideration related to this analysis are the economic benefits arising from a major league soccer stadium which is detailed in Section V.

Should City Council decide to pursue redevelopment of the site, a framework for redevelopment presented to Council at its March 6, 2018, Work Session includes initiating activities such as land planning; appraisals; and analysis related to debt and financial positioning. As a part of the framework for redevelopment, staff will incorporate outcomes from the City's Strategic Plan along with community objectives to make recommendations to Council for use of City owned land, which will include the most appropriate procurement process.

Section IV below summarizes the input from the community engagement process directed by City Council prior to PSV's issuance of their site plan.

#### IV. Community Engagement

Austin City Council Resolution No. 20180322-099 directed the City Manager to initiate and complete a community engagement process related to the use of McKalla Place as a potential site for an MLS stadium. The Economic Development Department (EDD) and Communications and Public Information Department engaged a number of stakeholders and conducted community Information Sessions and questionnaires to gather input on the City of Austin's preliminary exploration process of a community owned asset being utilized as a potential Major League Soccer stadium.



*Photo: Information Session at Montopolis Recreation Center*

The goals of the engagement activities were to inform the community of the potential of a Major League Soccer stadium at 10414 McKalla Place and gather feedback on community benefits that should be considered if the City of Austin were to enter into a partnership for a future project. A web site is available to keep the community updated on available information.

EDD hosted 11 Information Sessions throughout the engagement process. The public had the opportunity through both an online tool as well as a hard copy feedback tool to provide input and rank community benefits that should be prioritized through a potential partnership with MLS. Hard copy surveys in English and Spanish were distributed at meetings where 323 community members attended; 112 participants at Informational Sessions submitted surveys. Results from feedback through the hard copy survey tool found that the areas in which participants would like to see prioritized outcomes through a potential partnership with MLS are: 1) transportation options; 2) affordable housing / increasing housing options; and 3) recreation or open space.

A SpeakUpAustin! online survey was also designed as an element of community engagement. The SpeakUpAustin! survey drew 5,205 views, 1,024 participants, and 383 comments. The feedback related to community benefits were similar to the hard copy survey, which prioritized potential partnership outcomes through: 1) transportation improvements; 2) affordable housing / increasing housing options; and 3) recreation and open space. The SpeakUpAustin! Online survey and engagement meetings were promoted on the City of Austin's Twitter (145,000 followers) and Facebook accounts (16,776 followers) in English and Spanish.

Both questionnaires resulted in a majority 'Very Positive' opinion about a MLS team playing in a new stadium on McKalla Place, the site under review throughout this report.

Please note, however, that the feedback tools were designed as an alternate opportunity for the public to provide feedback rather than as a method to provide statistical research analysis.



*Photo: Information Session at Northgate Neighborhood Association*

Additional information about the engagement process including a list of Information Sessions and locations, Speak Up Austin! survey results, as well as answers to community questions posed at Information Sessions can be viewed at [www.austintexas.gov/mckalla](http://www.austintexas.gov/mckalla).

V. Economic Impact Analysis

(Brailsford and Dunalvey Memo)





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## MEMORANDUM

**DATE:** May 31, 2018

**TO:** The City of Austin

**FROM:** Brailsford & Dunlavey

**RE:** Economic and Fiscal Impact Analysis of Proposed Multi-Purpose MLS Stadium Project

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### CREDENTIALS

Founded in 1993, Brailsford & Dunlavey is a program management and development advisory firm with comprehensive in-house planning capabilities, dedicated to serving municipal governments, professional sports teams, educational institutions, and non-profit clients. B&D Venues is a specialized practice group within Brailsford & Dunlavey that focuses exclusively on the planning and development of sports facilities. The group is comprised of some of the industry's most experienced planners and project managers and has completed more than 200 projects. B&D Venues' planning engagements include MLS, MLB, NFL, NBA, and NHL facilities, which has led to over \$6 billion in completed construction value.

### PURPOSE

The purpose of this analysis is to quantify the one-time and recurring economic and fiscal impacts generated by the construction and annual operations of a new multi-purpose Major League Soccer ("MLS") Stadium Project ("the project") and MLS franchise (the "franchise") will have on the City of Austin ("City") and Travis County ("County"). The analysis is developed on the basis of general information provided by PSV regarding the scope and scale of the project.

### SUMMARY OF FINDINGS

Development of the project will generate meaningful one-time and recurring economic and fiscal impacts. During the construction period, the project will support \$54.2 million in economic activity, \$49 million in wages, and 934 full-time equivalent jobs within the City. Within the County, the construction period will support \$88.4 million in economic activity, \$74.4 million in wages, and 1,528 full-time equivalent jobs. All impacts to the County are inclusive of those that accrue to the City throughout this analysis.

On a recurring basis, franchise and stadium operations will support \$25.6 million in economic activity, \$22.1 million in wages, and 342 full-time equivalent jobs within the City. Within the County, operations will support \$31.6 million in economic activity, \$30.7 million in wages, and 507 full-time equivalent jobs. The 20-year net present valuation of these figures are also quantified in Figure 1.



| Construction Period Impacts              | City of Austin | Travis County  |
|--|----------------|----------------|
| Output: \$                               | 54,162,640     | \$ 88,373,000  |
| Wages: \$                                | 48,970,320     | \$ 74,386,560  |
| Jobs (FTE):                              | 934            | 1,528          |
| Recurring Impacts                        | City of Austin | Travis County  |
| Output: \$                               | 25,632,302     | \$ 31,626,860  |
| Wages: \$                                | 22,118,425     | \$ 30,727,675  |
| Jobs (FTE):                              | 342            | 507            |
| 20-Year NPV of Recurring Impacts at 4.5% | City of Austin | Travis County  |
| Output: \$                               | 384,368,980    | \$ 474,260,322 |
| Wages: \$                                | 331,676,661    | \$ 460,776,604 |

**FIGURE 1: Economic Impact Summary Table – Construction Period, Recurring Impacts, and 20-Year Net Present Valuation of Recurring Impacts**

The project will also generate meaningful public tax revenues. The City of Austin benefits from \$349,000 in sales and use tax in year one of operation and the Capital Metro Transit Authority ("CMTA") is a recipient of the same total. The City also will also receive an estimated \$322,000 from the hotel occupancy tax and \$58,000 from the mixed beverage tax. The project will generate fiscal benefits of \$11.4 million to the City and \$5.4 million to the CMTA when measured on a 20-year net present value basis at a 4.5% discount rate.

#### QUALIFICATIONS

The findings of this study constitute the professional opinions of B&D personnel based on the assumptions and conditions detailed throughout. Impacts outlined herein are quantified based on B&D's professional expertise and discussions with PSV representatives to confirm the adequacy of estimates utilized herein. B&D analysts have conducted research using both primary and secondary sources which are deemed reliable, but whose accuracy B&D cannot guarantee. Due to variations in the national and global economic conditions, actual impacts realized may vary from projections, and these variances may be material.

#### ECONOMIC IMPACT METHODOLOGY

Impacts generated by the project are measured in terms of economic output, wages, and FTE employment, which are further divided into direct and indirect impacts. The direct impacts represent the economic activity created by construction of the project and recurring operations. The indirect impacts represent the value of additional economic demands that the franchise and stadium place on supplying industries and households in the city and county economies to support the initial change. The sum of the direct and indirect impacts includes all transactions attributable to the project and, as such, represents the total economic impact. A relationship between direct and indirect impacts is shown in Figure 2 below.

Direct impacts include franchise and stadium expenditures, cost of sales items, and off-site spending by patrons and visiting teams at hotels, retail stores, restaurants, and on transportation items. For example, a direct impact would include the purchase of food supplies for operating stadium concessions. The fee paid to the distributor is the direct impact. Some purchases may be provided by out-of-market companies and some jobs may be filled by out-of-market residents. Consequently, direct impacts are discounted to



account for non-local purchases, referred to herein as “leakage”, on a case-by-case basis. For instance, direct purchases of merchandise sold at events are far more likely to be provided by non-local merchants than purchases of food supplies, which can be directly procured by a local food distributor.

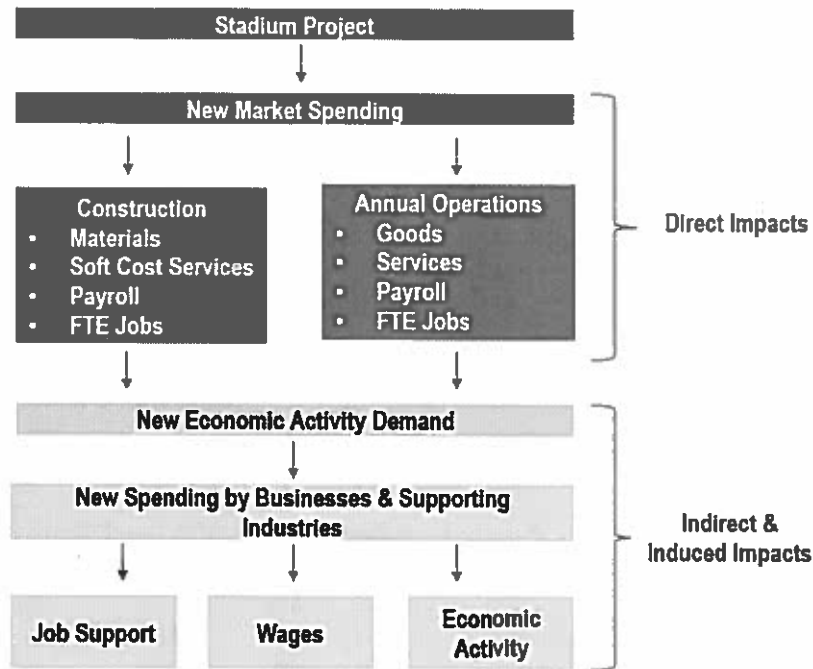


FIGURE 2: Economic Impact Flow Chart

B&D calculates impacts only on the basis of net new direct spending. Franchise revenues, such as ticket sales and spending on food and beverage, are *not* considered direct impacts. This spending is expressed in the form of operational purchases and remaining profit margins are generally reinvested elsewhere. Furthermore, B&D assumes that all patron expenditures (or those that reside within the City or County) from in-market patrons represents entirely displacement of existing spending patterns and is not considered net new direct spending as a result. B&D acknowledges a portion of this spending may not be entirely displacement spending, but in the absence of a patron survey, which is required to ascertain this estimate, has assumed it is entirely displacement spending for lack of more information. Although this approach yields somewhat conservative projections, it is more reliable in terms of estimating net new spending to a market.

RIMS II - Type II multipliers used in the analysis are specific to the City and County. Multipliers are classified as final demand and direct-effect multipliers. Final demand multipliers reflect the increase in demand for a particular product in a market (e.g., food and beverage product manufacturing). Direct-effect multipliers are considered a “jobs-to-jobs” multiplier, which relies on estimates of changes in initial jobs and associated wages in a final demand industry. The multipliers utilized to calculate indirect and induced impacts on the basis of direct expenditures are shown in Figure 3 below.

| City of Austin, TX   | Multiplier   |          |            |               |            |
|--|--------------|----------|------------|---------------|------------|
|  | Final Demand |          |            | Direct Effect |            |
|  | Output       | Earnings | Employment | Earnings      | Employment |
| Utilities  | 1.32         | 0.22     | 2.76       | 1.41          | 1.89       |
| Construction   | 1.38         | 0.33     | 5.83       | 1.29          | 1.44       |
| Food and beverage and tobacco product manufacturing                | 1.50         | 0.22     | 5.49       | 1.84          | 1.98       |
| Apparel and leather product manufacturing                          | 1.42         | 0.27     | 8.82       | 1.52          | 1.30       |
| Retail Sales   | 1.36         | 0.27     | 8.91       | 1.41          | 1.27       |
| Other Transportation Services                                      | 1.32         | 0.40     | 9.20       | 1.21          | 1.23       |
| Publishing industries, except internet (includes software)         | 1.39         | 0.27     | 4.32       | 1.48          | 1.81       |
| Insurance carriers and related activities                          | 1.37         | 0.28     | 4.97       | 1.38          | 1.55       |
| Professional, scientific, and technical services                   | 1.37         | 0.42     | 6.85       | 1.25          | 1.43       |
| Management of companies and enterprises                            | 1.47         | 0.53     | 7.58       | 1.25          | 1.48       |
| Administrative and support services                                | 1.37         | 0.43     | 12.79      | 1.23          | 1.19       |
| Performing arts, spectator sports, museums, and related activities | 1.37         | 0.31     | 10.78      | 1.37          | 1.26       |
| Amusements, gambling, and recreation industries                    | 1.42         | 0.32     | 13.16      | 1.37          | 1.20       |
| Accommodation  | 1.31         | 0.27     | 7.89       | 1.33          | 1.26       |
| Food services and drinking places                                  | 1.35         | 0.30     | 12.15      | 1.33          | 1.17       |

| Travis County, TX  | Multiplier   |          |            |               |            |
|--|--------------|----------|------------|---------------|------------|
|  | Final Demand |          |            | Direct Effect |            |
|  | Output       | Earnings | Employment | Earnings      | Employment |
| Utilities  | 1.51         | 0.21     | 3.43       | 1.41          | 1.89       |
| Construction   | 1.65         | 0.39     | 7.56       | 1.59          | 1.90       |
| Food and beverage and tobacco product manufacturing                | 1.43         | 0.21     | 4.80       | 1.84          | 1.79       |
| Apparel and leather product manufacturing                          | 1.64         | 0.42     | 13.98      | 1.56          | 1.35       |
| Retail Sales   | 1.73         | 0.41     | 13.18      | 1.65          | 1.44       |
| Other Transportation Services                                      | 1.68         | 0.43     | 10.20      | 1.58          | 1.63       |
| Publishing industries, except internet (includes software)         | 1.62         | 0.31     | 5.54       | 1.84          | 2.48       |
| Insurance carriers and related activities                          | 1.87         | 0.37     | 7.13       | 2.02          | 2.44       |
| Professional, scientific, and technical services                   | 1.90         | 0.57     | 10.36      | 1.61          | 2.06       |
| Management of companies and enterprises                            | 1.91         | 0.55     | 9.06       | 1.66          | 2.26       |
| Administrative and support services                                | 1.76         | 0.53     | 15.24      | 1.51          | 1.42       |
| Performing arts, spectator sports, museums, and related activities | 1.92         | 0.46     | 15.16      | 1.88          | 1.61       |
| Amusements, gambling, and recreation industries                    | 1.86         | 0.44     | 16.67      | 1.74          | 1.39       |
| Accommodation  | 1.66         | 0.39     | 11.11      | 1.65          | 1.51       |
| Food services and drinking places                                  | 1.72         | 0.43     | 16.67      | 1.57          | 1.31       |

Source: Bureau of Economic Analysis

**FIGURE 3: Economic Multipliers**

## MARKET CONTEXT

The geographic boundaries and demographic composition of the City of Austin and Travis County must be evaluated and analyzed to develop leakage and displacement assumptions, both of which influence net direct spending. In Figure 4, the proposed project site is shown in yellow and overlaid against Hays County (red), Travis County (blue), and Williamson County (green). The City of Austin's borders are not shaded but are outlined within Travis County. The project site is just south of Pflugerville within the northernmost portion of the City of Austin and Travis County. The location of this site suggests that, while a significant



percentage of patrons may be non-local) that a small portion of spending outside the stadium from patrons and visiting teams may occur outside City and County borders.

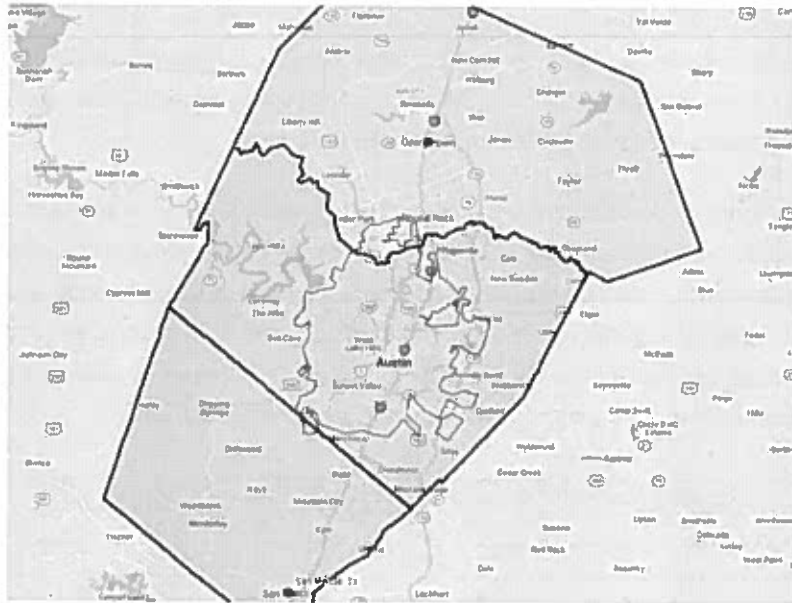


FIGURE 4: Regional County Map

Demographic characteristics for the Austin Metropolitan Statistical Area ("MSA") and other local areas are shown in Figure 5. B&D utilizes these characteristics to inform patron origination assumptions. The Austin MSA a population of over 2.1 million people. Approximately 58% of this population lives within Travis County, which has 1.24 million people, while the remainder of the MSA is primarily made-up by the Counties of Williamson and Hays at 25% and 10%, respectively. The City of Austin has a population of nearly 1 million people, nearly all of which live in Travis County. Interestingly, Williamson County's median household income levels are elevated in relation to all other areas, suggesting residents within this area are likely to have greater amounts of discretionary income available for entertainment expenditures.

| Market Area       | 2018 Population | Projected Growth Rate | 2023 Population | Median HH Income |
|-------------------|-----------------|-----------------------|-----------------|------------------|
| State of Texas    | 28,500,000      | 1.6%                  | 30,800,000      | \$59,622         |
| Austin MSA        | 2,143,988       | 2.7%                  | 2,451,110       | \$72,855         |
| Travis County     | 1,240,955       | 1.9%                  | 1,364,789       | \$71,495         |
| City of Austin    | 965,246         | 2.1%                  | 1,068,827       | \$67,443         |
| Williamson County | 556,315         | 3.7%                  | 665,828         | \$83,373         |
| Hays County       | 218,547         | 4.7%                  | 274,844         | \$66,768         |

Source: SitesUSA / US Census Bureau

FIGURE 5: Regional Market Demographic Characteristics

## CONSTRUCTION PERIOD IMPACTS

During the construction period, the project will have a one-time impact on the City of Austin and Travis County. As presently contemplated, construction of the stadium structure will cost no more than \$200 million. Additional costs will be incurred to prepare the project site, but the extent and type of these costs are unknown at the time of this analysis. As such, economic impacts from site preparation are acknowledged but not quantified for lack of more detailed information.

The project budget is comprised of \$160 million in hard costs and \$40 million in soft cost services, which is comprised of fees paid to the architectural and engineering team, project managers, and other professional services. Hard costs are further divided into material and labor; based on experience with similar projects, B&D estimates that material comprises 65% of hard costs while the remainder is devoted to labor. Estimates for procurement of services within the City and County are then applied to ascertain net direct spending. B&D's assumptions for the construction period are detailed in Figure 6.

| Construction Period Assumptions        | City of Austin | Travis County |
|--|----------------|---------------|
| [1] Total Budget:                      | \$200,000,000  |               |
| Hard Cost:                             | \$160,000,000  |               |
| Soft Cost:                             | \$40,000,000   |               |
| Labor as a % of Hard Cost:             | 35%            |               |
| Materials as a % of Hard Cost:         | 65%            |               |
| Labor:                                 | \$56,000,000   |               |
| Materials:                             | \$104,000,000  |               |
| Local Purchase of Labor:               | 50%            | 60%           |
| Local Purchase of Materials            | 30%            | 40%           |
| Local Purchase of Soft Cost Services   | 20%            | 30%           |
| Net Direct Labor Spending:             | \$28,000,000   | \$33,600,000  |
| [2] Net Direct Jobs:                   | 491            | 589           |
| Net Direct Material Spending:          | \$31,200,000   | \$41,600,000  |
| Net Direct Soft Cost Service Spending: | \$8,000,000    | \$12,000,000  |

[1] Per PSV proposal

[2] per BLS; \$24.92 average hourly wage inflated to mid-point 2020

FIGURE 6: Construction Period Assumptions

The project will deliver \$28 million in wages to City households and \$33.6 million to households in the County. The project will support 491 and 589 direct jobs in each area at a \$57,000 average annual wage. Furthermore, between spending on materials and soft cost services, the project will deliver \$39.2 million in spending in the construction final demand industry in the City and \$53.6 million within the County. Based on these direct spending figures, total economic impacts are as follows:

- Within the City of Austin, the construction period will support \$54.2 million in economic activity, \$49 million in wages, and 934 full-time equivalent jobs at an average wage of \$52,400. The indirect economic multiplier for output is 1.38.

- Within Travis County, the construction period will support \$88.4 million in economic activity, \$74.4 million in wages, and 1,528 full-time equivalent jobs at an average wage of \$48,700. The indirect economic multiplier for output is 1.65, which is reflective of the County's comparatively greater ability to produce goods and services that satisfy the initial change in market demand.

|                     | Construction Period Totals | City of Austin | Travis County |
|---------------------|----------------------------|----------------|---------------|
| Direct Output       | \$ 39,200,000              | \$ 53,600,000  |               |
| Direct Wages        | \$ 28,000,000              | \$ 33,600,000  |               |
| Direct Employment   | 491                        | 589            |               |
| Indirect Output     | \$ 14,962,640              | \$ 34,773,000  |               |
| Indirect Wages      | \$ 20,970,320              | \$ 40,786,560  |               |
| Indirect Employment | 443                        | 938            |               |
|                     | Totals                     | Totals         |               |
| Output:             | \$ 54,162,640              | \$ 88,373,000  |               |
| Wages:              | \$ 48,970,320              | \$ 74,386,560  |               |
| Jobs (FTE):         | 934                        | 1,528          |               |
| Average Wage:       | \$52,418                   | \$48,691       |               |

FIGURE 7: Construction Period Economic Impact Summary

The construction period does not generate quantifiable fiscal impacts since sales and uses taxes will not be collected on purchases of materials.

## RECURRING ECONOMIC IMPACTS

### Patron Spending

Recurring economic and fiscal impacts are heavily influenced by patron spending outside the stadium when attending an event. All projections outlined herein rely on 33 ticketed events annually, consisting of 17 MLS competitions and 16 non-tenant ticketed events. Based on this event calendar, the stadium will host an estimated 426,154

turnstile attendees on an annual basis. The division of patrons by their origination is shown in Figure 8. Patron origination assumptions are largely consistent with the population distribution of the region, with the City of Austin representing 45% of the MSA and Travis County representing 58%.

|        | Stadium Patron Distribution | Apportionment |         |
|--------|-----------------------------|---------------|---------|
| City   | In-Market Day Trippers      | 50%           | 213,077 |
|        | Out-of-Market Day Trippers  | 40%           | 170,462 |
|        | Overnight Stays             | 10%           | 42,615  |
| County | In-Market Day Trippers      | 60%           | 255,692 |
|        | Out-of-Market Day Trippers  | 30%           | 127,846 |
|        | Overnight Stays             | 10%           | 42,615  |

FIGURE 8: Stadium Patron Distribution Assumptions

B&D has applied daily spending ratios for lodging, food and beverage, retail, and transportation based on attendee type. According to assumptions outlined in Figure 9, the project will introduce \$16.8 million in gross spending within the City and \$16.2 million in gross spending within the County. After adjusting for displacement, the City receives \$12.6 million in direct spending while the County receives \$11.1 million in direct spending. Although the County is larger, the City is the recipient of a greater percentage of net direct spending as a result of its comparatively greater percentage of non-local patrons. After applying estimates



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for leakage, the City benefits from \$10.1 million in net direct spending while the County benefits from \$9.5 million.

| Spending Category            | In-Market Day Trippers | 213,077             | Out-of-Market Day Trippers | 170,462             | Overnight Patrons | 42,615              |
|------------------------------|------------------------|---------------------|----------------------------|---------------------|-------------------|---------------------|
| Lodging                      | \$ -                   | \$ -                | \$ -                       | \$ -                | \$ 93.33          | \$ 3,977,439        |
| Food and Beverage            | \$ 10.00               | \$ 2,130,771        | \$ 20.00                   | \$ 3,409,233        | \$ 38.00          | \$ 1,619,386        |
| Retail                       | \$ 5.00                | \$ 1,065,385        | \$ 7.00                    | \$ 1,193,232        | \$ 8.00           | \$ 340,923          |
| Transportation               | \$ 3.00                | \$ 639,231          | \$ 4.00                    | \$ 681,847          | \$ 5.00           | \$ 213,077          |
| <b>Gross Spending</b>        |                        | <b>\$ 4,221,623</b> |                            | <b>\$ 5,816,458</b> |                   | <b>\$ 6,770,232</b> |
| <b>Displacement</b>          | <b>100%</b>            | <b>\$ -</b>         | <b>0%</b>                  | <b>\$ 5,816,458</b> | <b>\$ -</b>       | <b>\$ 6,770,232</b> |
| <b>Total Spending</b>        | <b>\$ 16,808,313</b>   |                     |                            |                     |                   |                     |
| <b>Adjusted Spending</b>     | <b>\$ 12,586,690</b>   |                     |                            |                     |                   |                     |
| <b>Local Market Purchase</b> | <b>80%</b>             |                     |                            |                     |                   |                     |
| <b>Direct Spending</b>       | <b>\$ 10,069,352</b>   |                     |                            |                     |                   |                     |

| Spending Category            | In-Market Day Trippers | 255,692             | Out-of-Market Day Trippers | 127,846             | Overnight Patrons | 42,615              |
|------------------------------|------------------------|---------------------|----------------------------|---------------------|-------------------|---------------------|
| Lodging                      | \$ -                   | \$ -                | \$ -                       | \$ -                | \$ 93.33          | \$ 3,977,439        |
| Food and Beverage            | \$ 10.00               | \$ 2,556,925        | \$ 20.00                   | \$ 2,556,925        | \$ 38.00          | \$ 1,619,386        |
| Retail                       | \$ 5.00                | \$ 1,278,462        | \$ 7.00                    | \$ 894,924          | \$ 8.00           | \$ 340,923          |
| Transportation               | \$ 3.00                | \$ 767,077          | \$ 4.00                    | \$ 511,385          | \$ 5.00           | \$ 213,077          |
| <b>Gross Spending</b>        |                        | <b>\$ 5,065,947</b> |                            | <b>\$ 4,362,344</b> |                   | <b>\$ 6,770,232</b> |
| <b>Displacement</b>          | <b>100%</b>            | <b>\$ -</b>         | <b>0%</b>                  | <b>\$ 4,362,344</b> | <b>0%</b>         | <b>\$ 6,770,232</b> |
| <b>Total Spending</b>        | <b>\$ 16,198,523</b>   |                     |                            |                     |                   |                     |
| <b>Adjusted Spending</b>     | <b>\$ 11,132,576</b>   |                     |                            |                     |                   |                     |
| <b>Local Market Purchase</b> | <b>85%</b>             |                     |                            |                     |                   |                     |
| <b>Direct Spending</b>       | <b>\$ 9,462,689</b>    |                     |                            |                     |                   |                     |

FIGURE 9: City and County Stadium Patron Spending Totals

### **Stadium and Franchise Operational Spending**

Along with patron spending, franchise and stadium operational expenditures will also create additional spending patterns. B&D developed an independent financial estimate of annual stadium and franchise operations based on its professional experience and reviewed these assumptions with PSV to confirm their adequacy. Based on B&D's analysis, the stadium and franchise will generate gross spending of over \$33 million, approximately \$13 million of which is devoted to purchases of goods and services. B&D assumes 65% of this gross spending will occur within the City and 78% occurs within the County. Accordingly, the City receives \$8.5 million in net direct spending while the County receives \$10.2 million.

### **Personnel Spending**

Franchise and stadium operations require personnel for the front office, stadium, soccer operations, and unskilled labor positions for game day and food and beverage operations. Based on discussions with franchise representatives, annual operations will require approximately 200 full-time equivalent (FTE) positions. Unskilled laborers are converted into FTE units by dividing the annual wage basis by the average annual wage in the Austin marketplace for the appropriate position. These 200 FTE positions generate





wages of \$18.4 million. B&D assumes the City retains \$12.7 million (69%) of gross wages and 131 FTE jobs, while the County retains \$14.4 million (78%) of gross wages and 144 FTE jobs.

## Economic Impacts of Recurring Operations

Based on the assumptions detailed above, the City will receive \$18.7 million in direct spending on goods and services and \$12.7 million in direct wages. The County will impact from \$19.8 million in direct spending on goods and services and \$14.4 million in direct wages. When economic multipliers are applied to these direct spending figures, impacts expand to the following totals:

- Within the City of Austin, recurring operations will support \$25.6 million in economic activity, \$22.1 million in wages, and 342 full-time equivalent jobs at an average wage of \$64,600. The indirect economic multiplier for output is 1.37.
- Within Travis County, recurring operations will support \$31.6 million in economic activity, \$30.7 million in wages, and 507 full-time equivalent jobs at an average wage of \$60,600. The indirect economic multiplier for output is 1.60.

|  | Annual Totals | City of Austin | Travis County |
|--|---------------|----------------|---------------|
| Franchise & Stadium Operation Direct             | \$            | 8,458,861      | \$ 10,163,864 |
| Franchise & Stadium Operation Indirect           | \$            | 3,559,002      | \$ 5,183,858  |
| Patron Spending Direct                           | \$            | 10,204,298     | \$ 9,591,075  |
| Patron Spending Indirect                         | \$            | 3,410,140      | \$ 6,688,063  |
|  | Sub-Total     |                | Sub-Total     |
| Team Operation Direct Wages:                     | \$            | 12,699,582     | \$ 14,371,882 |
| Team Operation Indirect Wages:                   | \$            | 6,447,175      | \$ 12,383,351 |
| Patron Spending Indirect Wages:                  | \$            | 2,971,668      | \$ 3,972,443  |
|  | Sub-Total     |                | Sub-Total     |
| Franchise & Stadium Operation Direct Jobs (FTE): |               | 131            | 144           |
| Team Operation Indirect Jobs (FTE):              |               | 109            | 232           |
| Patron Spending Indirect Jobs (FTE):             |               | 102            | 130           |
|  | Totals        |                | Totals        |
| Output:  | \$            | 25,632,302     | \$ 31,626,860 |
| Wages:   | \$            | 22,118,425     | \$ 30,727,675 |
| Jobs (FTE):                                      |               | 342            | 507           |
| Average Wage:                                    | \$            | 64,614         | \$ 60,613     |

FIGURE 10: Recurring Economic Impact Summary Table

When measured on a 20-year net present value basis, the project will provide \$384 million in economic activity and \$332 million in wages to the City of Austin. Travis County will be a recipient of \$474 million in economic activity and \$461 million in wages. All calculations rely on a 4.5% discount rate.

|         | 20-Year NPV at 4.5% | City of Austin | Travis County  |
|---------|---------------------|----------------|----------------|
| Output: | \$                  | 384,368,980    | \$ 474,260,322 |
| Wages:  | \$                  | 331,676,661    | \$ 460,776,604 |

FIGURE 11: 20-Year NPV of Recurring Economic Impacts

## RECURRING FISCAL IMPACTS

In addition to the direct and indirect economic impacts, the project will generate significant tax revenues. In this analysis, only direct spending is utilized as the basis for calculation of fiscal impacts. A portion of indirect impacts may be subject to certain City and County taxes but those are not quantified in this analysis. The following tax categories are utilized for the purpose of this analysis:

- The City and CMTA each collect a 1% sales and use tax on sales of tangible personal property and services, creating a 2% local sales and use tax in addition to the statewide sales and use tax of 6.25%.
- A 7% occupancy tax and 2% venue project tax are assessed on hotel room nights within the City.
- The state collects a sales tax of 8.25% and a gross receipts tax of 6.7% on the sale of alcoholic beverages. The City of Austin receives 10.7% of this amount.
- Travis County also collects a property tax that varies based on taxing districts. However, property taxes are not presently collected on the site. B&D has not modeled the property tax implications of a highest and best use analysis of the site if it were to be developed by a private entity.

Based on these assumptions, the City of Austin benefits from \$349,000 in sales and use tax receipts in year one of operation and the CMTA is a recipient of the same total. The City also will also receive an estimated \$322,000 in hotel occupancy tax and \$58,000 from the mixed beverage tax. The project will generate fiscal benefits of \$11.4 million to the City and \$5.4 million to the CMTA when measured on a 20-year net present value basis at a 4.5% discount rate.

| Category                 | Jurisdiction  | 2019 | 2020 | 2021       | 2025       | 2030       |
|--------------------------|---------------|------|------|------------|------------|------------|
| Sales & Use Tax          | City          | \$ - | \$ - | \$ 348,518 | \$ 394,355 | \$ 462,741 |
| Sales & Use Tax          | CMTA          | \$ - | \$ - | \$ 348,518 | \$ 394,355 | \$ 462,741 |
| Mixed Beverage Tax       | City          | \$ - | \$ - | \$ 58,377  | \$ 66,344  | \$ 77,849  |
| Hotel Occupancy Tax      | City          | \$ - | \$ - | \$ 322,426 | \$ 366,430 | \$ 429,973 |
| [1] Property Tax         | County / City | \$ - | \$ - | \$ -       | \$ -       | \$ -       |
| <b>City Tax Impact</b>   | -             | \$ - | \$ - | \$ 729,322 | \$ 827,130 | \$ 970,563 |
| <b>CMTA Tax Impact</b>   | -             | \$ - | \$ - | \$ 348,518 | \$ 394,355 | \$ 462,741 |
| <b>County Tax Impact</b> | -             | \$ - | \$ - | \$ -       | \$ -       | \$ -       |

| 20-Year NPV         | Total               |
|---------------------|---------------------|
| City Tax Impact     | 4.50% \$ 11,406,201 |
| CMTA Tax Impact     | 4.50% \$ 5,438,898  |
| Property Tax Impact | 4.50% \$ -          |

[1] Property taxes are presently not collected on the proposed project site

**FIGURE 12: Fiscal Impacts – Years 2021, 2025, and 2030 and 20-Year Net Present Valuation by Jurisdiction**