

Below are the responses to the questions posed by the Tourism Commission via email in November 2022,

1. How does a private company (Fairmont Hotel) that has meeting facilities take place of a city-owned convention center?"

The short answer is—it doesn't. Our hotels serve to augment the available rental space at the Convention Center. Conventions that currently book require a mix of exhibition, meeting and banquet space, and that the hotels typically only provide two of the three space types. A planner will sometimes consider hotel space to supplement convention center space, but it is never ideal. Meeting and event planners consider the total mix of available space when evaluating a destination for their event. Clients generally prefer to work with one venue such as the Convention Center, for the bulk of their programming for ease of contracting, logistics and budgeting. Another thing to note is that many of the conventions hosted at the Convention Center would be unable to fit into meeting room space at the hotels only. Hotel meeting space is generally paired with Convention Center business that exceeds the capacity at the Center.

2. How do we make guidelines on that as a commission?

We cannot advise on that; but generally, the City cannot compel action from a private entity doing their normal course of business.

3. What is the convention's centers thoughts on the complications of outsourcing to a third-party entity for convention business

There is not business case for this; the Convention Center is proud to employ over 300 full time employees in addition to our temporary employees that support our events on an as-needed basis. As a City department, we provide a robust benefits package and payscales in line with other City departments. As a City department our employees are covered by municipal civil service as well, and our minimum wage is \$20 hour, in accordance with City of Austin compensation rules.

A convention center that is privately controlled is not compelled to provide revenue to the City in the manner the Convention Center currently does; namely, the 30% of all eligible HOT that is collected that is given to the City for the Live Music Fund, Cultural Arts, and Historic Preservation. Additionally, private sector managers incur all of the personnel and operational costs but also are paid a substantial "fee" that is primarily profit. Most management contracts avoid responsibility for booking the facility, and have limited responsibility for maintenance and capital planning, relying instead on the public contract administrator. Finally, many management contracts do not have responsibility to manage or coordinate operations with food service and other preferred or exclusive vendors.

4. General update on the recovery of the convention business compared to 2019? Back on track?

The Austin Convention Center (ACC) worked with Visit Austin to achieve 124% of the booking goal for citywide groups in FY22. ACC hosted 91 programs in FY22, compared to 99 in FY19. ACC building occupancy in FY22 is 57%, compared to 10% in FY21 and 65% in FY19. ACC is entering FY23 with a healthy 60% occupancy; the industry standard for full occupancy is 65%. ACC has 85 groups booked so far in FY23, with 44% of these bookings representing new clients that have never met at the Austin Convention Center before.

5. When does the Convention Center close?

We will have a construction schedule and closure date when we release the RFQ.

6. What are the plans when its closed?

The Convention Center will proactively coordinate with the area hotels in order to implement a “campus” approach to events on the books that we can accommodate under this model. Other events will be rebooked to future years when the Center is reopened. Finally, during the closure, the Center will begin booking bigger and new events for the new facility.