

**RESPONSES TO CONCESSIONS AND CONTRACTS COMMITTEE REQUESTS  
FOR INFORMATION REGARDING THE MILLENNIUM YOUTH  
ENTERTAINMENT COMPLEX (MYEC) AND THE AUSTIN PARKS  
FOUNDATION**

**Millennium Youth Entertainment Center (MYEC)**

**Contract History**

- See Attachment A Fact Sheet on Millennium Youth Entertainment Complex.

**What is the status of repairs to the kitchen / food prep area? It has been closed due to HVAC needing repair. Are there funds to do this? Is the Concession required to pay for that?**

- City Council appropriated a total of \$2.9 million in the Fiscal Year 2022 and 2023 Capital Budgets to address various repairs and improvements at the MYEC.
- PARD committed \$370 thousand of this balance to an ADA/TAS accessibility improvements project that is addressing exterior and interior items that are non-compliant with ADA/TAS. The project is currently under construction and anticipated to be completed by early summer 2023.
- PARD has assigned the remainder of the capital funding to replace the flat membrane roof, replace rooftop HVAC units, and investigate alternatives for kitchen ventilation.
- The status of these projects is as follows:
  - The food court improvements have been completed, and it is open.
  - 80% complete with ADA upgrades (theater, access ramp, sinks, parking spaces).
  - Project is currently in the inspection phase of the work that has been completed to date. Inspection was unsuccessful due to some outstanding compliance issues on the part of the general contractor. The project manager is scheduled to meet with general contractor and will request the necessary corrections.
  - Carpeting throughout the venue has been completed.
  - Roof replacement, HVAC, and vent hood installation are pending. Roof replacement will now include a temporary roof patch to avoid damage to the newly replaced carpet.
  - The HVAC package involves replacement of eight roof-top units, which includes relocation of three units to enhance performance and maintenance. The mechanical engineer is updating the construction drawings set and structural engineers are completing the review. Once drawings have a 95% set, a final review shall be ready for City approval, prior to submitting the 100% set. Completion of drawings is expected by end of July. The HVAC units have been ordered, but delivery is not expected until the spring of 2024. One unit was replaced last summer as an emergency replacement.

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**I read that 400K was allocated from the Austin Cultural Trust for the renovation of the Millenium Youth Complex. What work will this cover? Renovation of the movie theater, which has not been working since 2010? Any other necessary repairs to the Millenium?**

- The Millennium was awarded a \$400,000 grant from the Austin Economic Development Corporation's (AEDC) Cultural Trust in August of 2022.
- The goal of the Cultural Trust is to “utilize City of Austin resources to secure and preserve existing spaces for arts, music, and culture in an effort to provide predictable and affordable spaces.”
- The Millennium Theater qualified for funding as a “creative space”. Previously used as a cinematic theater from 1999 (circa) - 2010, the 125-seat theater will be modified to support more performing arts events, audiences, and users.
- Anticipated uses of the space include, musician hire, speech/drama groups, professional development space for theater industry professionals, comedy/drama small performances, etc.
- The cinema screen will not be removed. Thereby, allowing the venue to continue to host small community meetings and private hire requiring a large screen. It should be noted that the technology required to operate as an active cinema changed in 2010-2011 as the film industry adopted digital technology.
- The theater is currently undergoing upgrades to meet current ADA compliance guidelines. AEDC funds will then be used to purchase new seating, drapes/stage curtain system and paint for the space. A lighting and sound package will also be added. Two storage rooms adjacent to the theater will also be converted to proper dressing rooms for performers. Capital improvement funds allocated by the City of Austin have been leveraged to secure a portable stage and to carpet the space.
- No other areas within the Millennium will be renovated using AEDC funding. Monies are earmarked for the Millennium Theater and related areas only.

**What PARD funds have been allocated to the MYEC for the past 3 years?**

Below are the amounts for the draws:

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	Amount
FY20	680,500.00
FY21	680,500.00
FY22	680,500.00

The General Fund also paid utilities/phone/gas separate from the draw.

SERVICE	FY22	FY21	FY20
Electric Services	\$63,709	\$41,656	\$53,445
Gas/Heating Fuels	\$3,805	\$2,853	\$2,945
Water Service	\$1,592	\$1,207	\$2,543
Wastewater Service	\$1,197	\$575	\$903
Drainage Fee Expense	\$12,807	\$12,761	\$13,024
Garbage/Refuse Collection	\$253	\$249	\$249
Telephone	\$4,100	\$4,135	\$3,669
<b>Total</b>	<b>\$87,462</b>	<b>\$63,435</b>	<b>\$76,777</b>

Total Expenditures:

FY22	FY21	FY20
\$767,962	\$743,935	\$757,277

### **What are the Next Steps?**

The Parks and Recreation Department (PARD) in cooperation with ARCDC is engaging MYEC stakeholders and community members to ensure robust opportunities for participation. As the City of Austin considers the future contractual relationship with ARCDC, this process should develop a vision for the future of the MYEC that identifies key interests and concerns of the community, the mission of the MYEC, and possible improvements needed to fulfill the vision. As part of the process, the community input will inform a future solicitation for the management of the MYEC.

#### Anticipated Timeline

- Connect, Gather Community Ideas and Feedback: May to July 2023

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- Small group discussions
- Community survey and pop-ups at MYEC
- Recommendations: August to September 2023
- Small group discussions (follow-up to previous ones)
- Priorities survey and pop-ups at MYEC

### **Austin Parks Foundation**

#### **Zilker Eagle Update**

The new train manufacturer will be picking up the existing train coaches from Zilker Park to take to their machine shop for modifications starting Monday, July 10, 2023. This will be a multistep process since it will require several trips to collect all the coaches. The pick-ups will happen early in the morning to avoid crowds at the park. Monday will be the first pick up, and there may be one or two more that week or the following weeks. As soon as these dates are known, Austin Parks Foundation (APF) will communicate with PARD staff.

At the end of July, APF will provide a public communication and press release regarding the status of the Zilker Eagle.

#### **Contracts**

- Old Bakery and Emporium Park Concession Agreement - APF and the City, through PARD, conduct a concession program, under which APF operates and manages a food and beverage concession at the site. All funds from the concession agreement are used for improvements to the site during the term of this agreement.
- Construction, Operations, and Maintenance Agreement between the City of Austin and the Austin Parks Foundation for a Miniature Train Operation at Zilker Metropolitan Park – APF has undertaken the responsibility to create and fund a limited liability company to design and reconstruct the train. The scope of work includes constructing the train route; purchasing a train for the train operation; making ready the existing depot station and surrounding landscaping for the train operation; managing and operating the train operation; maintaining the train, tracks, depot station, and distributing the proceeds from the train operation to nonprofit organizations operating within and around Zilker Park.
- Annual Event Agreement – The agreement is between the City of Austin and C3Presents, LLC, A Texas Limited Liability Company on behalf of Austin Parks Foundation. The purpose of this agreement is to define the roles and responsibilities of each party and to grant use and occupation of parkland space and premises for the Austin City Limits Festival (ACL).

**Millennium Youth Entertainment Complex**  
**1156 Hargrave St. – District 1**

**History of the Complex**

- The Millennium Youth Entertainment Complex (MYEC) was constructed in 1999 on the former site of the Rosewood Shopping Center in East Austin. A collaboration between the City of Austin, HUD, and the Austin Rosewood Community Development Corporation, the Millennium was created to provide a safe, recreational environment for local youth.
- Community leaders and citizens (deemed Promise Keepers) worked diligently to contribute to the project and have continued to promote its existence as a staple in the Rosewood District.
- This 55,000 square-foot entertainment complex offers 16 bowling lanes, roller skating, a professional grade basketball court, a video arcade, a movie theater, and a food court. Each year, the Millennium hosts thousands of patrons in both community activities, fellowship, and commercial events. The venue routinely serves as a mega voting site for civic engagement, a resource distribution hub during a weather crisis, and as a meeting location for neighborhood planning and town halls.
- The Millennium is dedicated to the memories of Tamika Ross (1976–1992) and Juan Cotera (1973–1996). While their deaths served as an inspiration for the creation of the building, today their spirits represent hope for the future and the promise of peace in the surrounding community.

**Entities**

- City of Austin/Parks and Recreation Department
- Austin Rosewood Community Development Corporation (ARCDC) (Corporation) – Local Government Corporation, established by Council Resolution in 1995
- ASM/Staff: Kim Wright, Facility Manager– Private company, third-party vendor to City of Austin

**Contracts**

- Financing Agreement - COA/ARCDC
  - Between the City of Austin and the Austin Rosewood Community Development Corp., Council approved in 1996.
  - Purpose: HUD Section 108 guaranteed loan to finance the construction of the facility, HUD loans were paid off by the City of Austin in August 2016
  - Contract expired 9/30/2016.
- Facility Management Agreement by and between LMI/HHI, LTD. d/b/a Leisure Management International and Austin-Rosewood Community Development Corporation for Central City Entertainment Center - Leisure Management International/ARCDC
  - Term - March 5, 1997, to October 1, 2009.
  - Corporation grants to manager, and manager accepts, the exclusive right and obligation, in its own name, as an independent contractor and not as an agent of Corporation, to provide those management services to Corporation as are set forth in this agreement in connection with manager's management, operation and administration of the facility and, in connection therewith, to perform or furnish or cause to be performed or furnished, subject to the provisions, and subject to the availability of funds, all of such management services all upon the terms and subject to the limitations of the agreement. Manager and Corporation acknowledge and agree that manager shall retain control of the facility as the manager and operator thereof pursuant to the agreement, but that manager may delegate certain specific and limited responsibilities related to the management and operation of the facility to third parties but shall

retain the exclusive authority and responsibility with respect to the management and operation of the facility.

- Corporation appointed Jesus Olivares (former PARD director) as authorized representative.
- Responsibilities of manager included, but were not limited to standards of care, duty and liability, pre-opening duties and responsibilities, and post-opening management duties and responsibilities.
- Contract replaced with ARCDC MYEC 2010 Contract Renewal
- ARCDC MYEC 2010 Contract Renewal - Facility Management Agreement – ARCDC/ASM
  - October 1, 2009 -October 1, 2029.
  - Between Austin Rosewood Community Development Corp. and ASM
  - Purpose: Operation and Management of the facility
  - Contract to expire on 9/30/2024. One five-year extension option remains.
- Funding, Operations and Administrative Agreement between the Austin Rosewood Community Development Corporation and the City of Austin – COA/ARCDC
  - Needed between the City of Austin and Austin Rosewood Community Development Corp.
  - Purpose: intended to detail the City's and the Corporation's responsibilities related to the ongoing financial support, operations, and administrative services with respect to the MYEC
  - Contract term – initial term 2/01/2021 – 9/30/2024; three extension options (Term must be determined by both parties.)

### **Contract Background Information**

#### **Recitals to Financing Agreement between City of Austin (City) and Austin-Rosewood Community Development Corporation (Corporation)**

- WHEREAS, on August 3, 1995, the City Council of the City passed a resolution adopting a 1995-1996 community development program in accordance with Chapter 373, Texas Local Government Code as amended; and
- WHEREAS, the program includes the development of the Central City Entertainment Center (the mortgaged property); and
- WHEREAS, in connection with the development of the mortgaged property, the City has previously submitted an application to and has received conditional approval from the United States Department of Housing and Urban Development (HUD) for a loan guarantee under Section 108 of Housing and community Development Act of 1974, as amended; and
- WHEREAS, on November 16, 1995, The City Council of the City adopted a resolution approving the creation of the Corporation as a local government corporation under Subchapter D of Chapter 431, Texas Transportation Code, for the purpose, among others, of developing the mortgaged property; and
- WHEREAS, on July 18, 1996, the City Council of the City adopted an ordinance authorizing the execution and delivery of certain notes and contracts (HUD documents) relating to the \$8,875,000 HUD Section 108 guarantee loan to finance the Corporation's construction of the mortgaged property; and
- Whereas on July 18, 1996, the City Council of the City adopted a resolution authorizing the lease of the land to the Corporation; and
- WHEREAS, the HUD documents contemplate that the City will advance the funds received by the City pursuant to the HUD loan guarantee to the Corporation for the purpose of developing the mortgaged property on the land; and
- WHEREAS, the HUD documents contemplate that the City, as a condition to receiving the HUD loan guarantee, will cause the Corporation to guarantee the City's obligations under the HUD documents and to secure such guarantee by establishing in favor of the United States Secretary of Housing and Urban Development (i) a lien on

the Corporation's leasehold interest in the mortgaged property and (ii) a lien on and an assignment of the net revenues from the operation of the mortgaged property; and

- WHEREAS, the City and the Corporation desire to enter into this agreement to evidence the arrangements for the development of the mortgaged property and to satisfy the requirements of the HUD documents; and
- WHEREAS, the City and the Corporation are authorized to enter into this agreement pursuant to the provision of Chapter 373, Texas Local Government Code, and Subchapter D of Chapter 431, Texas Transportation Code; and
- WHEREAS, on July 18, 1996, the City Council of the City adopted a resolution authorizing the execution of this agreement between the City and the Corporation; and
- WHEREAS, on July 18, 1996, the Board of Directors of the Corporation adopted a resolution authorizing the execution of this agreement between the City and the Corporation; and

Recitals to Facility Management Agreement by and between LMI/HHI, LTD. d/b/a Leisure Management International and Austin-Rosewood Community Development Corporation for Central City Entertainment Center

- The City of Austin ("City") owns a 4.978-acre tract of land in East Austin and has entered into a Financing Agreement with Corporation requiring Corporation to construct on such land the Central City Entertainment Center, a public family-oriented entertainment center for youth, which complex with all facilities, machinery, attachments, and appurtenances.
- It is Corporation's intention that the facility shall be operated in a professional manner with the objectives of providing a recreational environment for community youth while attempting to maximize the utilization of and revenues produced by the facility for the benefit of Corporation and attempting to minimize, to the extent reasonable and practicable, the net cost to Corporation.
- Corporation, after reviewing proposals received from private entities for pre-opening consulting and planning services and for post-opening facility management services, selected manager as the best qualified party to provide such services for the facility.
- The manager holds itself out as an organization whose principals have substantial experience and expertise in the management, operation, and marketing of public assembly facilities.
- Corporation has determined to grant to the manager, and the manager has agreed to accept the authority and responsibility to manage, operate and market the facility in accordance with the terms of this agreement.

Recitals to ARCDC MYEC 2010 Contract Renewal

- The City of Austin ("City") owns a 4.978-acre tract of land in Austin, Texas. On November 16, 1995, the City Council adopted a resolution approving the creation of the Corporation under Subchapter D of Chapter 431, Texas Transportation Code, for the purpose, among others, of developing the tract of land.
- In 1996, the City entered into a Financing Agreement ("Financing Agreement") with Corporation requiring Corporation to construct on such land the Central City Entertainment Center, later renamed the Millennium Youth Entertainment Complex, a public family-oriented entertainment center for youth with all facilities, machinery, attachments, and appurtenances.
- The facility is a 55,000 square foot facility. Entertainment and recreational activities and attractions are represented in the following activity centers: 16 lanes of bowling, a roller skating (entertainment) arena, a video arcade, 154 seat movie theater, and a food court.
- It was the Corporation's intention that the facility be operated in a professional manner within the mission, while attempting to maximize the utilization of and revenues produced by the facility for the benefit of Corporation and attempting to minimize, to the extent reasonable and practicable, the net cost to Corporation.
- In 1996, the City issued RFP No. KM96300004, requesting proposals for facility management.
- Corporation, after reviewing proposals received from private entities for pre-opening consulting and planning services and for post-opening facility management services, selected LMIHHI, LTD., d/b/a/ LEISURE

MANAGEMENT INTERNATIONAL, a Texas limited partnership, as the best qualified party to provide such services for the facility. Corporation and LMI signed the initial Facility Management Agreement effective March 5, 1997, for a five-year term, with the option for up to three five-year extensions.

- In 1999, the Corporation and Manager signed agreement Amendment 3, extending the facility pre-opening date.
- In 2000, LMI/HHI, LTD., d/b/a/ LEISURE MANAGEMENT INTERNATIONAL, a Texas limited partnership, merged with SMG. The merger assigned, with the consent of the City, LMI's role as manager.
- In 2004, the Corporation and Manager signed agreement Amendment 4, which included the exercise of an extension option effective June 18, 2004, to June 17, 2009, with two remaining five-year options.
- The manager holds itself out as an organization whose principals have substantial experience and expertise in the management, operation, and marketing of public assembly facilities.
- Corporation has determined to grant to the Manager, and the Manager has agreed to accept, the authority and responsibility to manage, operate, and market the facility in accordance with the terms of this Agreement, which, as indicated above, is intended to amend in its entirety the Pre-Existing Agreement.

Recitals to Funding, Operations and Administrative Agreement between the Austin Rosewood Community Development Corporation and the City of Austin

- WHEREAS, on August 3, 1995, the City Council of the City passed a resolution adopting a 1995-1996 community development program (the "Program") in accordance with Texas Local Government Code Chapter 373; and
- WHEREAS, the Program included the development of the Central City Entertainment Center, currently known as the Millennium Youth Entertainment Complex (the "MYEC"); and
- WHEREAS, on November 16, 1995, the City Council of the City adopted a resolution approving the creation of the Corporation as a local government corporation under Texas Transportation Code Chapter 431, Subchapter D, for the purpose, among others, of developing and operating the MYEC; and
- WHEREAS, on July 18, 1996, the City Council of the City adopted an ordinance authorizing the execution and delivery of certain notes and contracts (the "HUD Documents") relating to the \$8,875,000 HUD Section 108 guaranteed loan to finance the Corporation's construction of the MYEC; and
- WHEREAS, on April 2, 2009, the City Council of the City, through Resolution 20090402-015, amended the Corporation's Articles of Incorporation and approved the Corporation's amendment of its Bylaws to expand the number of voting Board of Director positions from seven to nine, creating positions 8 and 9; and
- WHEREAS, on December 14, 2017, the City Council of the City, through Resolution 20171214-026, appointed and reappointed the Corporation's Board of Directors Positions one through nine; and
- WHEREAS, on or about July 16, 2016, the City's and the Corporation's responsibilities on the construction project program phase (to develop and construct the MYEC and to satisfy the provisions of the HUD loan guarantee, Section 108 of the Housing and Community Development Act of 1974 Agreement) were fulfilled, and this Agreement is intended to detail the City's and the Corporation's responsibilities related to the ongoing financial support, operations, and administrative services with respect to the MYEC; and
- WHEREAS, on August 8, 2019, the City Council of the City, through Resolution 20190808-068, appointed and reappointed the Corporation's Board of Directors positions 1, 2, 3, 6, 7, 8, and 9; and
- WHEREAS, the City and the Corporation desire to enter into this Agreement to evidence the arrangements for the continued operation and funding of the Property, as defined below, including the City's and the Corporation's duties regarding operation of the Property; and
- WHEREAS, the City and the Corporation are authorized to enter into this Agreement pursuant to the provisions of Texas Transportation Code Chap. 43 I, Subchapter D and Texas Local Government Code Chap. 394; and
- WHEREAS, on May 19, 2020, the Board of Directors of the Corporation authorized the execution of this Agreement between the City and the Corporation; and



- WHEREAS, on January 27, 2021, the City Council of the City authorized the execution of this Agreement between the City and the Corporation; and

**Roles and Responsibilities**

- City of Austin
  - Provides administrative services per the Financing Agreement, including the posting of meeting agendas for the Austin Rosewood Community Development Corporation
  - Makes quarterly payments to the Austin Rosewood Community Development Corporation, at this time the City of Austin directs pay ASM on behalf of the ARCDC.
- Austin Rosewood Community Development Corporation
  - Requests from Council additional operating funds as needed.
  - Contracts with vendors to provide major capital repairs and improvements, expenditures related to facility and machinery breakdown or upgrades.
- ASM
  - Operates as an independent contractor, responsible for facility management, operation and administration.
  - Coordinates marketing and advertising for the facility
  - Provides food and beverage concessions.
  - Hires/supervises facility staff.
  - Monitors real and projected operation expenses.
  - Maintains the facility in good order and condition, subject to ordinary wear and tear.
  - Prepares monthly operating reports.
  - Implements/monitors comprehensive risk management and energy efficiency programs for the facility.
  - Notifies Austin Rosewood Community Development Corporation of any condition that jeopardizes the public safety or the structural soundness or operational capacity of the facility.
  - Maintains public safety and security procedures.
  - Prepares a capital expenditure budget and annual operation budget.
  - Maintains control and authority of operating fund.