AUSTIN
CONVENTION CENTER
DEPARTMENT

Memorandum

To: Mayor and City Council Members

From: Trisha Tatro, Interim Director
Austin Convention Center Department

Date: August 19, 2020

Subject: Convention Center Economic Impact and Market Viability Study & Master Plan Update

The purpose of this memo is to provide the final reports of the Austin Convention Center Master Plan Update and the Austin Convention Center Expansion Economic Impact and Market Viability Study, per Council Resolution No. 20190523-029. The final reports are attached to this memo and are the results of many months of hard work by Conventional Wisdom, Gensler Architects, HVS, and Austin Convention Center staff.

Some key takeaways from these reports:

- The current Convention Center is at a competitive disadvantage due to a lack of meeting space and adequately sized exhibit hall and ballroom space as compared to its peers. Expansion of the existing center will allow ACCD to remain competitive in the marketplace through retention of current market share and capture of a larger share of the market plus new market growth.
- Expansion of the Center is phased to allow for continuous operation of the Center during construction and positions the Convention Center well for retaining current market share.
- The completed phases of expansion will double the size of the existing Center. It is estimated the completed phases of expansion project will have a $300 million economic impact on the local community, provide over $14 million in tax revenue to the City, and support over 1,700 additional jobs.
- Expansion of the Center, in conjunction with the ongoing initiatives like Waterloo Greenway, the Palm District, and Project Connect, will transform the southeast corner of Downtown Austin into a community-centric destination as envisioned in The University of Texas at Austin Report on Convention Center Expansion.

The Austin Convention Center Department will present the findings of these reports, as well as a financial update for expansion, at your September 15, 2020 work session. Additionally, ACCD is working with the Office of Real Estate Services to bring forward an exclusive negotiating agreement for consideration on your September 17th agenda related to expansion.

Convention Center staff will reach out to your offices to set up virtual meetings to discuss these reports and the exclusive negotiating agreement in further detail, and I am available to answer any questions by phone 512-404-4218, or email at trisha.tatro@austintexas.gov.

CC: Spencer Cronk, City Manager
Rodney Gonzales, Assistant City Manager
Alex Gale, Interim Director, Office of Real Estate Services

EXPANSION STUDY

Austin Convention Center

AUSTIN, TEXAS

SUBMITTED TO:

Mrs. Trisha Tatro
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June 10, 2020

Mrs. Trisha Tatro
Austin Convention Center
500 East Cesar Chavez Street
Austin, Texas 78701
Trisha.Tatro@austintexas.gov

Re: Austin Convention Center
Austin, Texas

Dear Mrs. Tatro:

Attached you will find our Expansion Study of an Austin Convention Center in Austin, Texas.

We certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. We look forward to hearing your comments.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Thomas Hazinski

Thomas A. Hazinski, MPP
Managing Director

Anthony Davis

Anthony Davis
Project Manager

Convention, Sports & Entertainment
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August 11, 2020

Mrs. Trisha Tatro
Austin Convention Center
500 East Cesar Chavez Street
Austin, Texas 78701
Trisha.Tatro@austintexas.gov

Re: Austin Convention Center
Austin, Texas

Dear Mrs. Tatro:

Attached you will find a high-level summary of our Expansion Study for the Austin Convention Center in Austin, Texas, which was submitted on June 10, 2020.

It has been a pleasure working with you.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Thomas Hazinski

Thomas A. Hazinski, MPP
Managing Director

Anthony Davis

Anthony Davis
Project Manager

Executive Summary
Austin Convention Center Expansion Study

Scope of Services

The Austin Convention Center ("ACC") engaged HVS Convention, Sports & Entertainment Facilities Consulting ("HVS") to conduct an analysis of an expansion of the facility in Austin, Texas. In accordance with the Scope of Services, HVS performed the following scope of services:

1. Inspected the ACC,
2. Interviewed facility management and other key stake holders,
3. Conducted a market analysis,
4. Surveyed current and potential users of the ACC,
5. Analyzed historical ACC Group Sales and Operations,
6. Analyzed competitive and comparable convention centers,
7. Projected event demand, attendance,
8. Forecast the financial operations, and
9. Estimated economic and fiscal impacts.

Key Findings

By all measures, Austin is a highly prized convention destination, but its current convention center infrastructure has not been able to accommodate all event demand. While the COVID-19 pandemic has interrupted convention activity across the US and the resulting economic dislocation is likely to temporarily reduce event attendance, normal levels of meeting activity will eventually return as the economy recovers. Expansion of the ACC during this recovery period will allow the ACC to capture a larger market share of events. Coordination of the ACC expansion with City planning efforts will improve the urban landscape and provide renewed access to Waller Creek.

Event Planner Survey Results

- In a survey of event planners,
  - 83% of respondents indicated that they were "very likely" or "somewhat likely" to use an expanded ACC, and only 4% of respondents indicated that they were "very unlikely" or "somewhat unlikely" to use an expanded ACC.

- Austin appeals to event planners as convention destination because its popularity draws an elevated level of attendance compared to the attendance at the same events in other cities.
- More than one-fifth of event planners believe that expanding the convention center is the most important improvement to make in Austin.
- The ACC generates room night demand during weekdays when hotels need convention business to support their room occupancy and rates.

Comparable Venue Assessment

Analysis of fourteen competitive convention centers in the state of Texas and across the United States reveals that:

- Currently, the ACC ranks 13th largest in total function space among the set of competitive convention centers.
- After the proposed expansion occurs, the ACC would be the second largest in the competitive set.
- On a variety of destination selection criteria, Austin and the ACC ranked seventh among state and national competitors, ahead of Dallas, Minneapolis, and Indianapolis, but behind Houston, San Antonio, and Nashville.

Building Program Recommendations

Gensler and Conventional Wisdom developed building program recommendations for the ACC expansion. While various options for redevelopment remain under consideration, this report is based on a proposal for an expansion that would occur in three phases. The phased approach will enable the ACC to operate at as close to historic levels as possible while the expansion occurs.

BUILDING PROGRAM SUMMARY

Event Space	Floor Areas (sf)	
	Current ACC	Expanded ACC Total
Exhibit	247,000	454,000
Ballroom	67,000	160,000
Meeting	55,000	290,000
Total	369,000	904,000

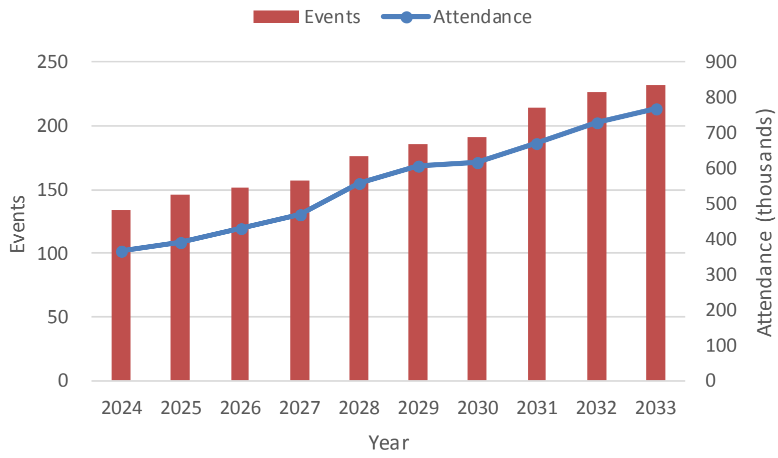
- The ACC expansion would create a larger and more contiguous exhibit hall. The current ACC exhibit hall is smaller and less flexible than most of its competitors.

- An expanded ACC would also increase the amount of flexible meeting space in the facility to meet evolving event planner needs.

Event Demand Projections

Expanding the ACC would allow it to host larger events, as well as more simultaneous events. HVS demand projections are based on the historic operations of the ACC. The figure below shows the HVS projections of events and attendance.

EVENT AND ATTENDANCE PROJECTIONS



- HVS projects that expanding the ACC will increase the number of annual events from slightly over 100 to nearly 215. Most of the increase in the number of events comes from meetings, conventions, and conferences. Total attendance is projected to increase by more than 350,000 because of to the expansion, due to more convention and conference attendees.

- These projections assume that the COVID-19 pandemic has been contained by the time of expansion and the number of events and attendees will recover to historical levels.

Financial Projections

HVS applied revenue and expense parameters to facility demand to forecast the operations for the proposed ACC expansion. Revenue and expense parameters were derived from an analysis of historic financial operations.

- The expansion of the ACC is projected to increase total revenue by approximately $28 million from $33 to $61 million. Total expenses are projected to increase by approximately $25 million, from nearly $58 million to $83 million. The operating net income loss of the ACC is typical for a convention center of this size.

Annual Economic and Fiscal Impacts

A convention center creates two types of economic impact in a city: spending impacts from event attendees and planners, and hotel market impacts. Event attendees and planners create spending impacts by importing spending when they attend an event, stay at a hotel, shop, and eat. Hotel market impacts occur when a large block of rooms is reserved for an event at the ACC. This creates a hotel market phenomenon called "compression," which occurs when high occupancies in one or more hotels increase occupancy and room rates in other hotels. The ACC currently induced between $72.5 and $77.3 million in annual hotel room revenue in current year dollars.

HVS also calculated the economic and fiscal impact of the ACC by comparing total spending of event attendees and planners in Austin with an ACC expansion to total spending with no expansion. See the figure below for the increase in economic impact from the expansion of the ACC.

FIGURE 1-1
ECONOMIC IMPACT SUMMARY

Summary of Impacts*	Current ACC	Increase from Expansion	Total
Economic Impact (millions)	$494.9	$306.8	$801.7
Fiscal Impact (millions)	$11.75	$14.94	$26.69
Jobs	2,868	1,772	4,640

*In a stabilized year.

Conclusion

The ACC, and Austin as a whole, are in high demand among event planners and attendees and an expansion of the ACC is necessary to keep pace with demand. The expanded ACC will accommodate more and larger events by creating a larger and more flexible exhibit hall and increasing the amount of flexible meeting space. The proposed expansion will make the ACC more compatible with modern events, which require less large exhibit hall space and more flexible meeting and breakout space.

The forecasts presented in this summary are subject to all the assumptions and limiting conditions contained in the HVS June 10, 2020 report. For a more complete understanding of these forecasts, readers are advised to review that report in its entirety.

1. Introduction

Nature of the Assignment

The Austin Convention Center ("ACC") engaged HVS Convention, Sports & Entertainment Facilities Consulting ("HVS") to conduct an analysis of an expansion of the facility in Austin, Texas. An expanded ACC could host more simultaneous events as well as larger events and allow it to compete more effectively for business against state and national competitors.

Ownership and Management

The ACC was opened in 1992 after the existing Palmer Auditorium was deemed too small to host major conventions. An expansion project began in 1999, which nearly doubled the size of the convention center, and the expanded facility reopened in 2002. The name of ACC was changed in 2004 to the Neal Kocurek Memorial Austin Convention Center, in honor of Neal Kocurek, a civic leader who rallied support for the construction of the convention center.

Methodology

In accordance with the Scope of Services, HVS performed the following tasks:

1. Thomas A. Hazinski, MPP and Anthony Davis from HVS travelled to Austin, Texas on November 19th and 20th for a site visit and client meeting. During this visit, they toured the facility, performed a site inspection, met with facility management and other key industry participants, and gathered relevant data.
2. Analyzed the economic and demographic data that indicate whether, and the extent to which, the local market area supports the ACC expansion.
3. Surveyed current and potential users of the ACC to understand their event needs, their overall impressions of Austin and the ACC, and the likelihood of booking events in the expanded facility.
4. Reviewed and analyzed historical demand and attendance data provided by the ACC.
5. Reviewed and analyzed sales and marketing data provided by Visit Austin.
6. Compiled data on 14 competitive and comparable convention centers to inform and test the reasonableness of the building program recommendations.
7. Recommended a facility program based on the above steps.
8. Prepared event demand and attendance forecasts based on the implementation of the program recommendations.

9. Prepared a financial forecast for the proposed expanded ACC.
10. Prepared an economic and fiscal impact analysis for the proposed ACC expansion.

HVS collected and analyzed all information contained in this report. HVS sought out reliable sources and deemed information obtained from third parties to be accurate.

Description of Existing Facility

Located in downtown Austin, the ACC serves the city as the primary public venue for conventions, conferences, and trade shows. It also hosts sporting events, consumer shows, banquets, and local meetings.

The following image provides an aerial view of the ACC and surrounding infrastructure. An overview of the function spaces at the ACC and photos of the ACC interior follow.

AERIAL VIEW OF THE AUSTIN CONVENTION CENTER

FIGURE 1-1
CURRENT FACILITY PROGRAM AND CAPACITIES

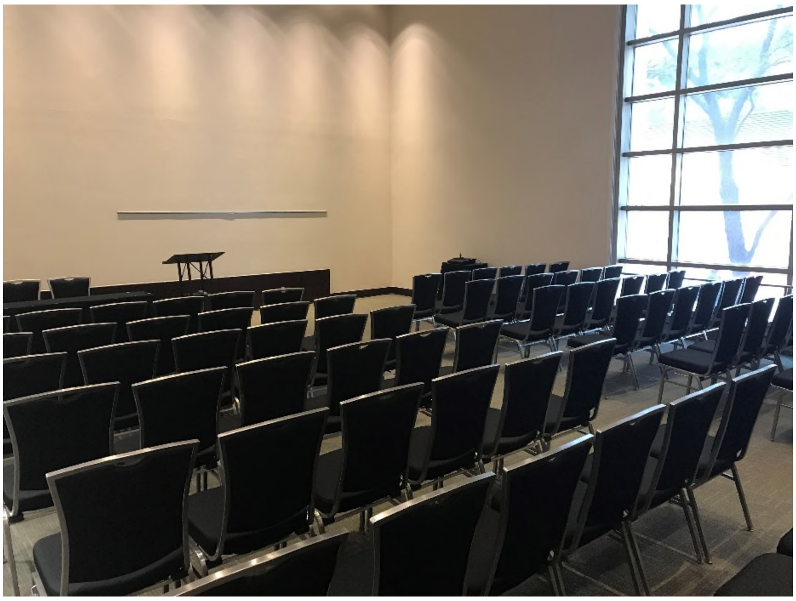
Event Space	Total Area (SF)	Capacities			Exhibit Booths (10'x10')
		Theatre	Banquet	Classroom	
Exhibit Hall	**247,052**	**20,333**	**14,117**	**11,016**	**1,289**
Hall 1	44,100	4,032	2,520	1,728	225
Hall 2	32,640	3,024	1,865	1,300	179
Hall 3	49,232	4,392	2,813	2,052	280
Hall 4	79,525	5,285	4,544	3,954	410
Hall 5	41,555	3,600	2,375	1,982	195
First Floor Ballroom	**23,418**	**2,201**	**1,472**	**1,142**	
Ballroom A	15,288	1,432	994	766	
Ballroom B	3,896	373	224	176	
Ballroom C	4,234	396	254	200	
Fourth Floor Ballroom	**40,510**	**3,812**	**2,646**	**2,318**	
Ballroom D	26,540	2,408	1,824	1,516	
Ballroom E	4,470	471	274	274	
Ballroom F	4,570	481	274	293	
Ballroom G	4,930	452	274	235	
First Floor Meeting Rooms (3)	**3,693**				
Third Floor Meeting Rooms (18)	**20,432**				
Third Floor Show Offices (5)	**2,465**				
Fourth Floor Meeting Rooms (18)	**27,602**				
Total Meeting Space (44)	**54,192**				
TOTAL FUNCTION SPACE	**365,172**				

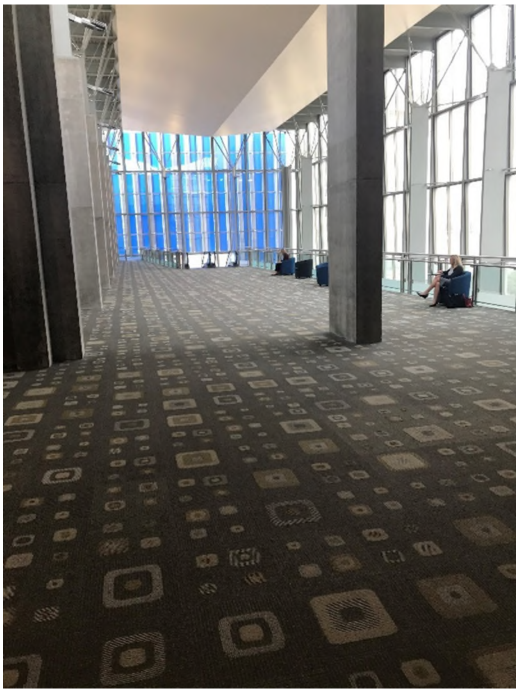
Source: ACC

The current ACC has more than 365,000 square feet of function space, including a nearly 250,000-square-foot exhibit hall that can be divided into five separate halls. There are two ballrooms on the first and fourth floors of the facility, offering approximately 23,000 and 41,000 square feet of ballroom space, respectively. There is more than 54,000 square feet of meeting space, spread across 44 rooms.

The following pictures are of the interior of the existing ACC.

INTERIOR OF THE AUSTIN CONVENTION CENTER





Market Area Analysis

Austin is experiencing a period of growth, led by the technology sector and large tech companies like Dell, Google, Apple, and Facebook. As the state capital, Austin is home to many large state associations, as well as a large government workforce. The growing tech sector and the University of Texas at Austin provide a major source of demand for group events. The number of visitors to Austin, and their associated spending, has grown 70% and 93%, respectively since 2009. The number of enplanements at Austin-Bergstrom International Airport has nearly doubled since 2009.

The lodging supply in Austin is plentiful, with a diverse mix of property sizes and chain scales. The area around the ACC is dominated by the JW Marriott and Fairmont, which each offer over 1,000 rooms, and the Hilton, which offers over 800 rooms. The Fairmont and Hilton are directly connected to the ACC via skybridges, and the JW Marriott is two blocks away.

The economy and amenities in Austin make it an ideal location for state, regional, and, national conventions and meetings.

User Survey and Interviews

HVS conducted a web-based survey of event planners to provide a basis for assessing the potential demand for the expansion of the ACC. HVS obtained a list of 1,435 event planners from Visit Austin and the ACC. Fourteen percent of those solicited responded, which is a typical response rate for event planner surveys. Respondents included professionals from organizations representing national, regional, state, and local associations, government entities, and corporate and other organizations conducting or planning events. Key results include the following:

- Event planners, who have hosted an event at the ACC, rate the ACC highest on the quality of services, the size of the ballroom, and the size of the exhibit hall. However, since respondents had hosted an event at the ACC previously, it may positively skew the responses to this question. Event planners who cannot fit their event in the ACC were not asked this question.
- The number of breakout meeting rooms are rated the lowest by respondents, which indicates that an expansion of the ACC should increase the number of breakout meeting rooms.
- Event planners highlighted the helpfulness and professionalism of the ACC staff when planning events, the availability and quality of the Wi-Fi and other technology offered by the ACC, as well as the location of the ACC and its proximity to downtown Austin. The helpfulness of the staff and quality of the technology indicates the ACC delivers a high level of customer satisfaction.

- When asked what change is important to make the ACC, one-fifth of respondents said adding more exhibit space. Other responses from event planners suggested improvements to wayfinding and walkability in the ACC.
- The primary impact of expansion is to improve the availability of dates and space at the ACC. Under current booking policies, the ACC turns away certain types of business. An expansion would allow the ACC book more simultaneous events.
- Austin is well known as a convention destination. This level of awareness about Austin is extraordinarily high and speaks to the success of Visit Austin and the ACC have had in promoting the city.
- The ACC benefits from Austin's strong destination appeal. One-fifth of respondents highlighted that Austin is popular and that prospective event attendees want to be there. A similar number of respondents indicated that the number of entertainment options in Austin makes it an excellent destination for events.
- The most commonly listed weakness by event planners was the lack of air access and a lack of available hotel rooms. Both of these weaknesses are already being addressed: Austin-Bergstrom International Airport is undergoing an expansion that will nearly double the number of gates and is planning on expanding international service with flights to Asia. The Austin hotel market is expected to continue to expand, with a 600-room Marriott hotel opening adjacent to the ACC in 2020.
- Event planners strongly endorse expansion. More than one-fifth of respondents believe that expanding the convention center is the most important improvement to make in Austin, the most frequent response from event planners
- The ACC has national appeal. Most event attendees come from across the country to attend events in Austin.
- The ACC generates room night demand during weekdays when hotels need convention business to support their room occupancy and rates. Most events take place from Tuesday through Thursday, which helps supplement room night demand generated by leisure tourism, which is highest on weekends and lower during mid-week.
- Expansion should improve the availability of meeting space and increase the ratio of meeting space to total space. Thirty-six percent of event listed meeting space as the most important type of space to expand at the ACC, followed by ballroom (29%) and exhibit space (26%). This relatively even split indicates that the ACC expansion needs to include all three types of space in

complementary amounts that would enable the expanded ACC to host multiple simultaneous events.

- Event planner interest in an expanded ACC is strong, as indicated by a 79% net promoter score.

The survey results indicate that the expansion of the ACC would create an increase in demand at the convention center. Expansion of all of the ACC's function spaces would 1) make the venue more attractive to event planners, 2) allow the facility to accommodate larger events, 3) relieve many scheduling conflicts, and 4) enable the ACC to host more simultaneous mid-size events that require exhibit, ballroom, and meeting spaces.

Comparable Venue Assessment

HVS analyzed fourteen competitive convention centers in the state of Texas and across the United States. This analysis provides a basis comparing the proposed ACC building program with the function spaces and other amenities in each of the facilities along with other characteristics of the markets relevant to the success of the venue.

HVS ranked the ACC along with the set of state and national competitors on a variety of destination selection criteria. The criteria include citywide parameters such as population, household income, number of businesses, travel costs, air access, and convention center district parameters, as defined by a 15-minute walk time from the venue, which includes the presence of arts and entertainment opportunities, hotel supply, restaurants and bars, and storefront businesses. The rank is based on a scale of 0 to 1.

The figure below shows the rank of the Austin Convention Center and each of its competitive facilities and the total of all scores.

FIGURE 1-2
COMPETITIVE VENUE ANALYSIS

Rank	City	Weighted Destination Score
1	Seattle	0.744
2	San Diego	0.546
3	Denver	0.541
4	San Antonio	0.418
5	Houston	0.414
6	Nashville	0.350
7	**Austin**	**0.347**
8	Minneapolis	0.334
9	Phoenix	0.322
10	Dallas	0.301
11	Indianapolis	0.256
12	Salt Lake City	0.247
13	Fort Worth	0.235
14	Columbus	0.227
15	Louisville	0.175

Austin ranks seventh in the set of Comparable and Competitive venues, slightly behind Nashville. It ranks behind other Texas cities San Antonio and Houston, but ahead of Dallas and Fort Worth.

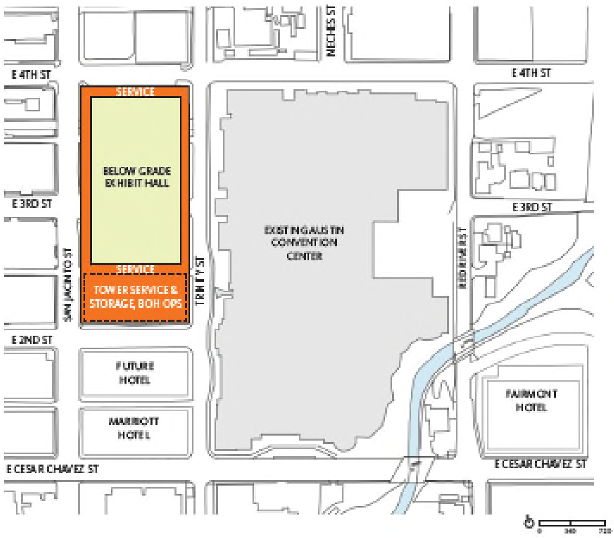
Building Program Recommendations

Gensler and Conventional Wisdom developed building program recommendations for the ACC expansion. While various options for redevelopment remain under consideration, this report is based on a proposal for an expansion that would occur in three phases. The three phase approach will enable the ACC to operate at as close to historic levels as possible while the expansion occurs.

The first phase of construction would create a new development on the site directly to the west on Trinity Street and adjacent to the existing ACC. In the second phase, the north half of the existing ACC would be torn down and rebuilt while the rest of the building continues to operate. In the third phase of development, the South half of the existing building would be replaced. The resulting development would create a single integrated building connected across Trinity Street via skybridges on the second, third, and fourth levels, and connected below-grade with a contiguous exhibit hall that will run beneath Trinity Street.

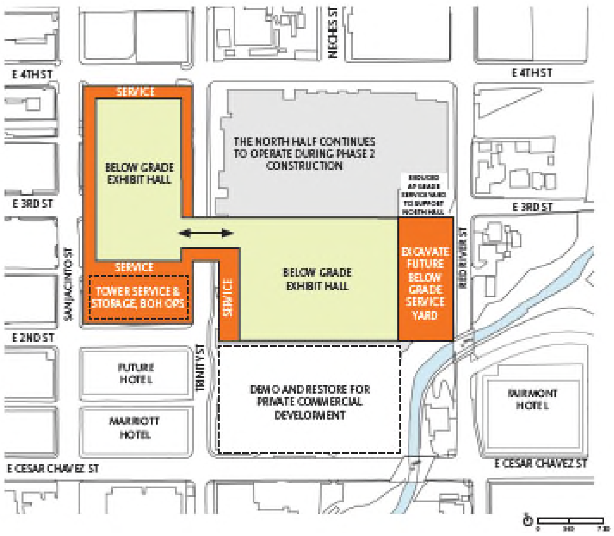
The figures below, provided by Gensler and Conventional Wisdom, illustrate the phasing of construction on the exhibit hall.

CONSTRUCTION PHASE 1- WEST EXPANSION



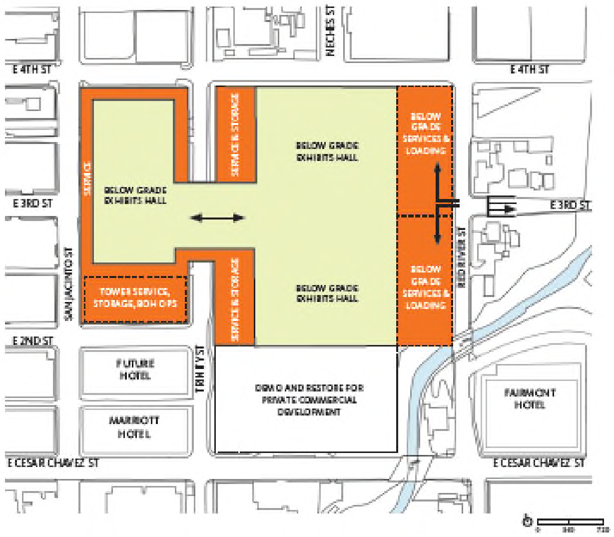
Source: Gensler, Conventional Wisdom

CONSTRUCTION PHASE 2- SOUTHERN EXPANSION



Source: Gensler, Conventional Wisdom

CONSTRUCTION PHASE 3- NORTHERN EXPANSION



Source: Gensler, Conventional Wisdom

FIGURE 1-3
BUILDING PROGRAM SUMMARY

Event Space	Floor Areas (sf)	
	Current ACC	Expanded ACC Total
Exhibit	247,000	454,000
Ballroom	67,000	160,000
Meeting	55,000	290,000
Total	369,000	904,000

The expanded building program recommendation would serve two purposes in improving ACC operations. The first objective is to create a larger and more contiguous exhibit hall. The current ACC exhibit hall is smaller and less flexible than most of its competitors, making it difficult to retain events that are increasing in size and need more space than the ACC can offer.

The second is to increase the amount of flexible meeting space in the facility. Recent trends in events require more meeting space, and meeting spaces to accommodate smaller gatherings of event attendees. Fewer events require large exhibit halls and more events are using large ballrooms for general sessions and meeting rooms for breakouts and smaller gatherings.

Demand History

The ACC provided HVS with a summary of the number of events and corresponding total attendance that occurred at the facility from 2015 through 2019. The following figure presents the event and attendance history at the ACC for the past five years.

FIGURE 1-4
SUMMARY OF DEMAND HISTORY

	2015	2016	2017	2018	2019
Event					
Conventions	37	38	42	36	38
Tradeshows	2	1	3	1	1
Consumer Shows	11	9	16	11	11
Conferences	12	11	11	12	10
Banquets	7	5	9	7	6
Meeting	31	18	25	15	26
Sports	8	4	5	3	3
Concerts & Entertainment	1	3	1	2	1
Other	3	na	2	3	2
South by Southwest	1	1	1	1	1
Total	113	90	115	91	99
Estimated Attendees					
Conventions	130,329	174,600	186,480	216,500	156,750
Tradeshows	1,700	10,000	3,200	1,500	1,200
Consumer Shows	86,063	45,100	132,600	80,700	84,700
Conferences	23,854	12,875	17,275	23,400	13,000
Banquets	12,250	3,280	5,775	5,275	8,730
Meeting	14,225	8,330	15,165	7,800	10,913
Sports	33,500	22,700	29,100	18,000	4,300
Concerts & Entertainment	900	2,850	2,500	4,600	1,000
Other	35	na	30	32	15
South by Southwest	105,000	150,000	150,000	200,000	200,300
Total	407,856	429,735	542,125	557,807	480,908

Source: ACC

The ACC hosted between 90 and 115 events per year since 2015. Most events are conventions or meetings, but the ACC also hosts a significant number of conferences and consumer shows. Attendance peaked in 2018 at approximately 560,000 attendees. Although the number of annual events increased from 2018 to 2019, attendance decreased because the average event size was smaller. This change reflects the periodic nature of booking patterns rather than a trend. In any given year, the booking of one or two events with high attendance can cause large swings in annual attendance levels.

Demand Projections

HVS's analysis suggests that expanding the ACC would allow it to host larger events, as well as more simultaneous events. The following figure compares the projected demand in a stabilized year in a no expansion scenario, which assumes all planned maintenance and operations remain the same, with projected demand in an expansion scenario, as well as the difference. HVS projects that it will take three years after the expansion is completed for demand to stabilize.

FIGURE 1-5
SUMMARY OF DEMAND PROJECTIONS

Event Type	Events		Average Attendance		Total Attendance	
	Base 2024	Stabilized 2033	Base 2024	Stabilized 2033	Base 2024	Stabilized 2033
Conventions	38	65	4,539	4,700	172,000	306,000
Tradeshows	2	6	2,923	2,200	6,000	13,000
Consumer Shows	12	15	7,232	7,200	87,000	108,000
Conferences	11	35	1,596	2,000	18,000	70,000
Banquets	7	25	1,051	1,100	7,000	28,000
Meeting	23	55	494	500	11,000	28,000
Sports	4	6	4,623	4,700	18,000	28,000
Concerts & Entertainment	2	4	1,530	1,500	3,000	6,000
Other	2	2	9	10	20	20
South by Southwest	1	1	161,060	250,000	161,000	250,000
Total	102	214			483,000	837,000

Source: HVS

HVS projects that expanding the ACC will increase the number of annual events from slightly over 100 to nearly 215. Most of the increase in the number of events comes from meetings, conventions, and conferences. Total attendance is projected to increase by more than 350,000 due to the expansion, with due to more convention and conference attendees.

These projections assume that the Covid-19 pandemic has been contained by the time of expansion and the number of events and attendees will recover to historical levels.

Financial Projections

HVS applied revenue and expense parameters to facility demand to forecast the operations for the proposed ACC expansion. Revenue and expense parameters were derived from analysis of historic financial operations.

The figure below compares estimates of financial operations for the ACC in a stabilized year of operation in a no expansion scenario as well as the expansion scenario. The pro forma statement includes operating revenue and expense and all figures are inflated to 2024 dollars.

FIGURE 1-6
COMPARISON OF FINANCIAL OPERATIONS ($2024)

	Base Year CY 2024		Stabilized Year CY 2033	
	Amount	% Total	Amount	% Total
Revenue				
Food and Beverage (Gross)	$18,223	54%	$37,834	61%
Facility Rental	3,031	9%	4,520	7%
Event Services	5,864	17%	8,898	14%
Parking	4,845	14%	8,020	13%
AV Services (Net)	1,242	4%	2,124	3%
Other	408	1%	408	1%
Total Revenue	$33,613	100%	$61,804	100%
Operating Expense				
Salary and Benefits	$30,071	89%	$34,811	56%
Food & Beverage Costs	10,300	31%	21,385	35%
Utilities	2,998	9%	5,513	9%
Repair & Maintenance	3,008	9%	5,531	9%
Administrative & General	1,436	4%	2,640	4%
Supplies & Equipment	3,164	9%	5,818	9%
Marketing	433	1%	796	1%
Insurance	225	1%	413	1%
Other	(1,220)	-4%	(1,220)	-2%
Services Other	7,459	22%	7,459	12%
Total Operating Expense	$57,875	172%	$83,146	135%
OPERATING INCOME (LOSS)	($24,262)	-72%	($21,342)	-35%

The expansion of the ACC is projected to increase total revenue by approximately $28 million from $33 to $61 million. Most of this increase comes from an increase in the sales of food and beverages associated with events. Total expenses are projected to increase by approximately $25 million, from nearly $58 million to $83 million. The largest increase in expenses comes from an increase in food and beverage costs, as well as salary and benefit increases. The operating net income loss of the ACC is typical for a convention center of this size.

Annual Economic and Fiscal Impacts

A convention center creates two types of economic impact in a city: spending impacts from event attendees and planners, and hotel market impacts. Event attendees and planners create spending impacts by importing spending when they attend an event, stay at a hotel, shop, and eat. Hotel market impacts occur when a large block of rooms is reserved for an event at the ACC. This creates a hotel market phenomenon called "compression," which occurs when high occupancies in one or more hotels increase occupancy and room rates in other hotels.

Historic Hotel Market Impact

Using data from STR and the ACC, HVS estimated the historic impact of the ACC on the downtown hotel market in Austin. While most out of town attendees to ACC events stay in the downtown area, the room nights generated by these events affect the room rates and occupancy of the entire city.

HVS analysis estimates that the current ACC accounted for approximately $58 million in annual downtown hotel room revenues in Austin from 2015 to 2019.

Due to a lack of available data, HVS did not provide a statistical analysis of revenue impact the ACC has in other sub-markets in the City. However, based on previous studies in cities like Austin, downtown areas generate approximately 75% to 80% of the total hotel revenue impact citywide. If this is the case in Austin, the ACC would have induced between $72.5 and $77.3 million in annual hotel room revenue from 2015-2019.

Expansion Spending Impacts

HVS also calculated the economic impact of the ACC by comparing total spending of event attendees and planners in Austin with an ACC expansion to total spending with no expansion. See the figure below for the increase in economic impact from the expansion of the ACC.

FIGURE 1-7
ECONOMIC IMPACT SUMMARY

Summary of Impacts*	Current ACC	Increase from Expansion	Total
Economic Impact (millions)	$494.9	$306.8	$801.7
Fiscal Impact (millions)	$11.75	$14.94	$26.69
Jobs	2,868	1,772	4,640

*In a stabilized year.

In a stabilized year, HVS projects that the ACC expansion would increase its economic impact by more than $300 million annually. This increase in economic activity would increase City of Austin annual tax revenues by approximately $14.9 million and support more than 1,700 additional jobs.

Intangible Impacts

Like the public forums that have served cities throughout the millennia from ancient Rome to the present day, convention centers are a critical part of the civic and economic life of a city. While the spending generated by visitors to the convention center provides a measurable residual impact of the ACC, this metric does not capture its primary value and importance to the City of Austin. The ACC serves a forum for the exchange of information and as a center of commerce. The quantity and quality of these exchanges generate immeasurable value. When civic groups meet to discuss the pressing issues of the day, when non-profit groups gather to celebrate and raise funds, when associations educate their members, when tradeshow attendees transact business, when exhibitors advertise and sell their goods to the general public, the impacts of ACC events are felt locally, nationally, and internationally. As a part of the fastest growing city in the US, the ACC should grow to meet the increasing need for information and commercial exchange.

Impact of the COVID-19 Pandemic on ACC Performance

The impact of COVID-19, a strain of the coronavirus identified in Wuhan, China in December 2019, has been felt throughout the United States. Federal, state, and local governments, individual corporations, and other institutions have imposed travel restrictions and other safety measures. Currently, there is limited insight into how long it will take for the infection rate decrease to an acceptable level for public assembly events, such as conventions, public shows, and concerts, to resume. Growth in testing, improved treatments, and ultimately, a widely available vaccine will be necessary before a return to normalcy.

As of this writing, most convention centers, including the ACC, have temporarily ceased normal operations. Most businesses have restricted travel as a precautionary measure or in response to government mandates. HVS expects the COVID-19 pandemic to be under control by the time the ACC expansion occurs and does not anticipate any long-term changes in ACC demand due to the impact of COVID-19.

Conclusion

The ACC, and Austin as a whole, are in high demand among event planners and attendees and an expansion of the ACC is necessary to keep pace with demand. Austin is already a popular leisure destination and the city is growing as a technological center and corporate hub. Feedback from event planners indicates that Austin and the ACC offers one of the most popular destinations in the US.

The expanded ACC will accommodate more and larger events by creating a larger and more flexible exhibit hall and increasing the amount of flexible meeting space. The proposed expansion will make the ACC more compatible with modern events, which require less large exhibit hall space and more flexible meeting and breakout space.

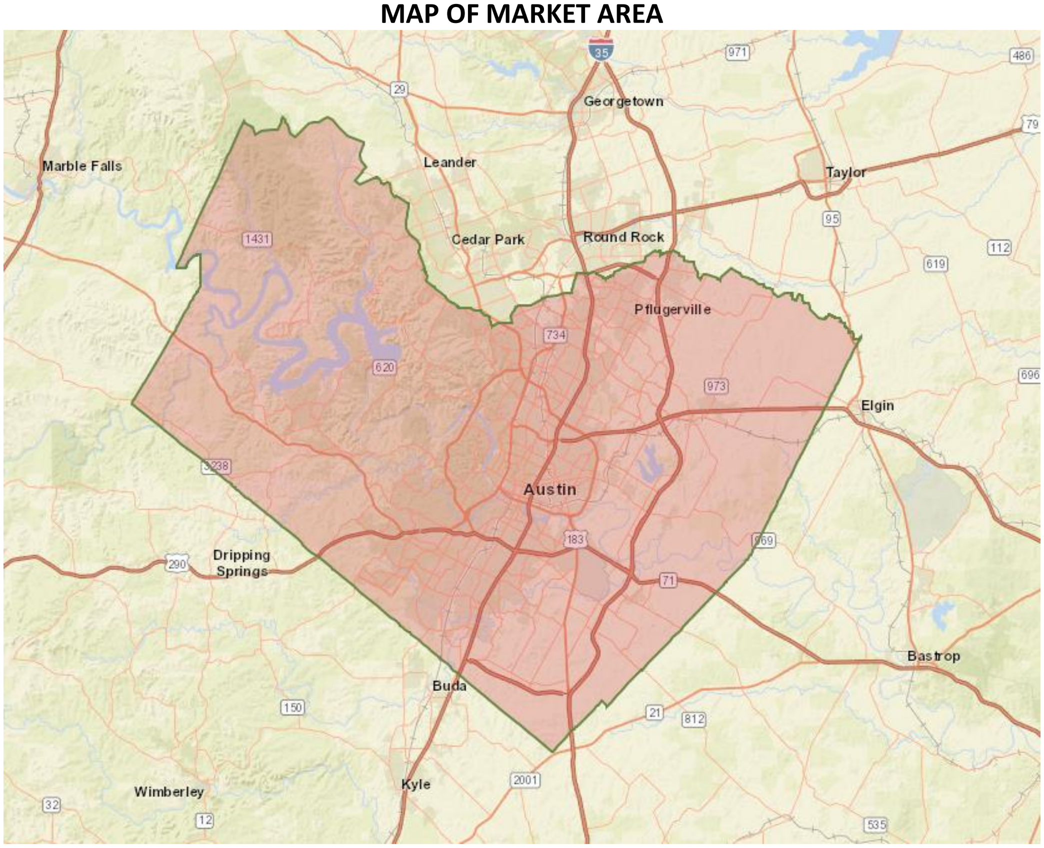
2. Market Area Overview

This market area analysis reviews economic and demographic data that describe the overall condition of the local economy in Austin, Texas, and indicate growth or decline of the performance of the Austin Convention Center ("ACC"). HVS analyzed the following indicators: population, income, sales, workforce characteristics, employment levels, major businesses, airport access, transportation, hotel supply, and tourism attractions.

Market Area Definition

The market area for a convention center consists of the geographical region that offers transportation access, lodging, and other amenities to users of the facility. For this study, HVS defined the market area as Travis County. The following map shows the market area.

MAP OF MARKET AREA



Texas is situated in the southern United States and measures roughly 262,015 square miles. It is bordered by Louisiana and Arkansas to the east, the Gulf of Mexico to the southeast, Mexico to the south and southwest, New Mexico to the west, and Oklahoma to the north. Texas is the second largest state and is characterized predominantly by open plains. Interstate 35 bisects the state on a north/south axis, while Interstates 10 and 20 provide regional east/west access.

The capital of Texas is Austin, located in the central part of the state. Other major cities include Dallas/Fort Worth (north), Houston (southeast), San Antonio (south), among many others that provide economic benefits. Although the weather varies somewhat among the state's different regions, winters are mild and summers are warm. Precipitation is plentiful in areas, allowing the state to be the nation's greatest cotton producer. Oil is an important element of Texas' natural resource production. Manufactured goods include chemical and allied products, petroleum and coal products, food and kindred products, and transportation equipment.

Economic and Demographic Review

For this analysis, HVS used the Complete Economic and Demographic Data Source published by Woods & Poole Economics, Inc as a primary source of economic and demographic statistics. Woods & Poole runs a well-regarded forecasting service that uses a database containing more than 900 variables for each county in the nation. Their regional model yields forecasts of economic and demographic trends. Census data and information published by the Bureau of Economic Analysis serve as the basis for historical statistics. Woods & Poole uses these data to formulate projections, and the group adjusts all dollar amounts for inflation to reflect real change.

FIGURE 2-1
ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

Economic Indicator/Area	Beginning Amount	2003	2008	2018	2022	Ending Amount	Estimated Annual Compound Change 2018 to 2022
Resident Population (millions)							
Travis County	0.9					1.3	1.8%
Austin-Round Rock, TX MSA	1.4					2.3	2.0%
State of Texas	22.0					30.5	1.6%
United States	290.1					341.3	0.9%
Per-Capita Personal Income* (thousands)							
Travis County	$42.4					$57.0	1.4%
Austin-Round Rock, TX MSA	$38.0					$50.6	1.3%
State of Texas	$34.0					$45.8	1.3%
United States	$37.3					$48.5	1.3%
W&P Wealth Index							
Travis County	120					125	0.0%
Austin-Round Rock, TX MSA	107					110	0.0%
State of Texas	92					96	0.0%
United States	100					100	0.0%
Food and Beverage Sales* (billions)							
Travis County	$1.8					$3.4	2.5%
Austin-Round Rock, TX MSA	$2.4					$5.1	2.5%
State of Texas	$29.6					$60.1	2.2%
United States	$388.5					$633.9	1.5%
Total Retail Sales* (billions)							
Travis County	$14.2					$23.0	2.3%
Austin-Round Rock, TX MSA	$27.2					$41.6	2.5%
State of Texas	$304.9					$490.5	2.1%
United States	$4,030.5					$5,381.5	1.4%

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Travis County's projected growth in population, per-capita personal income, food and beverage sales, and total retail sales either meets or exceeds the state and national growth rates. The Woods and Poole Wealth Index measures per capita income and weights the income by source. It is a measure of relative wealth. The wealth index in Travis County is well above the national and state average. The Austin-Round Rock Metropolitan Statistical Area, which includes the cities of Austin, Georgetown, Round Rock, and Cedar Park, is also growing faster than the State of Texas and the country.

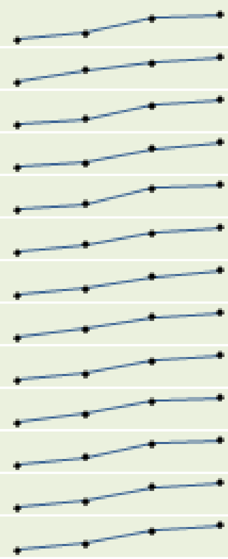
Workforce Characteristics

The characteristics of an area's workforce indicate the type and amount of transient visitation local businesses would generate. Sectors such as finance, insurance, and real estate (FIRE), wholesale trade, and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Some employers of manufacturers, construction, transportation, communications, and public utilities (TCPU) contribute many visitors to the area.

The following table shows the Travis County workforce distribution by business sector.

FIGURE 2-2
HISTORICAL AND PROJECTED EMPLOYMENT

Sector/Geographic Area	Beginning Amount (thousands)	2003 2008 2018 2022	Ending Amount (thousands)
Travis County			
Professional And Technical Services	73		173
State And Local Government	134		169
Retail Trade	86		161
Health Care And Social Assistance	65		145
Accommodation And Food Services	61		134
Construction	56		110
Finance And Insurance	44		103
Administrative And Waste Services	52		98
Other Services, Except Public Administration	51		90
Real Estate And Rental And Lease	37		87
Other	206		346
Total Travis County	865		1,615
U.S.	166,026		214,599



Source: Woods & Poole Economics, Inc.

From 2003 to 2022, the Professional and Technical Services sector and the Real Estate sector are projected to expand the most, each growing by approximately 117%. Many technology companies, like Apple, Google, and Facebook, have made plans to expand their existing offices in Austin. All sectors in Travis County have grown consistently over the period studied, and the total number of jobs is projected to nearly double from 2003 to 2022.

Major Business and Industry

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the market area.

FIGURE 2-3
MAJOR EMPLOYERS

Firm	Number of Employees
State of Texas	63,511
The University of Texas at Austin	26,041
City of Austin	13,531
Dell Technologies	12,000
Ascension Seton	10,297
St. David's HealthCare	9,021
Apple, Inc.	6,000
IBM	6,000
Federal Government	6,000
Samsung Austin Semiconductor	6,000

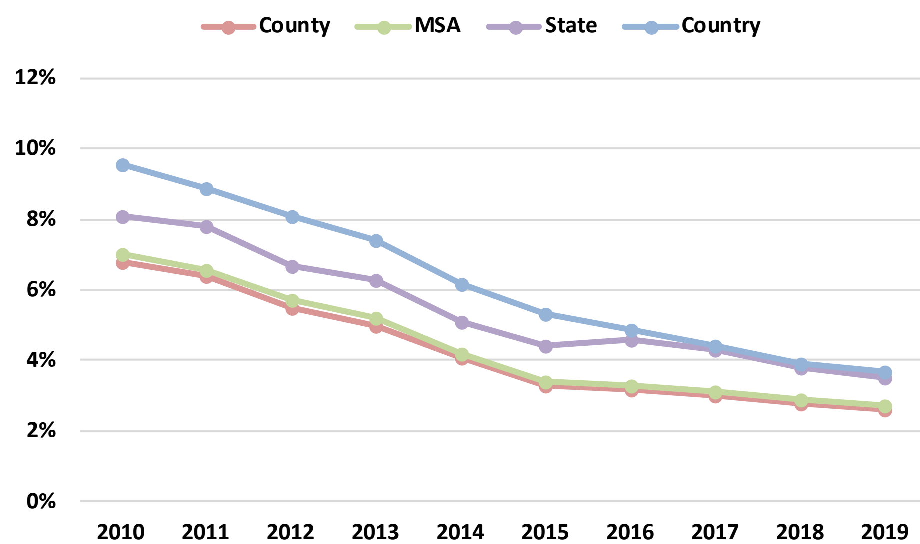
Source: Austin Chamber of Commerce

As the capital of Texas, Austin benefits from a large presence of both state and federal government jobs. The technology sector is well-established with Dell, IBM, Samsung, and Apple, which announced plans for a $1 billion, 3-million-square-foot campus to open in 2022 that could house up to 15,000 employees. Other technology companies like Facebook, Oracle, and Amazon also have offices in Austin.

Unemployment Statistics

Unemployment statistics measure the health of the local economy. The following table presents historical unemployment rates for the market area.

FIGURE 2-4
UNEMPLOYMENT STATISTICS

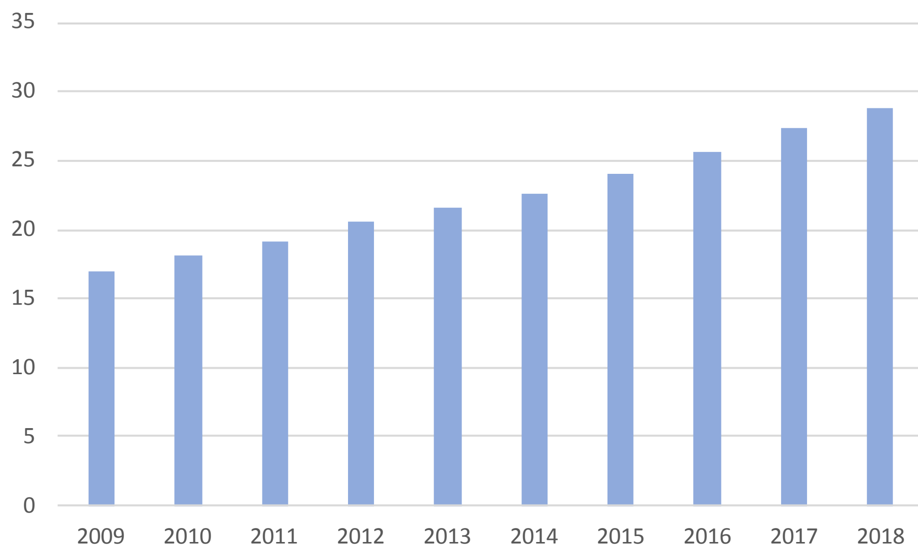


The level of unemployment in Travis County has been nearly equal to that of the Austin-Round Rock, TX MSA over the period studied, and has been historically below national and state averages. The unemployment level in Travis County, and nationally, has slowly decreased from the recession in 2009 and has remained stable over the last four years.

Growth in Visitation

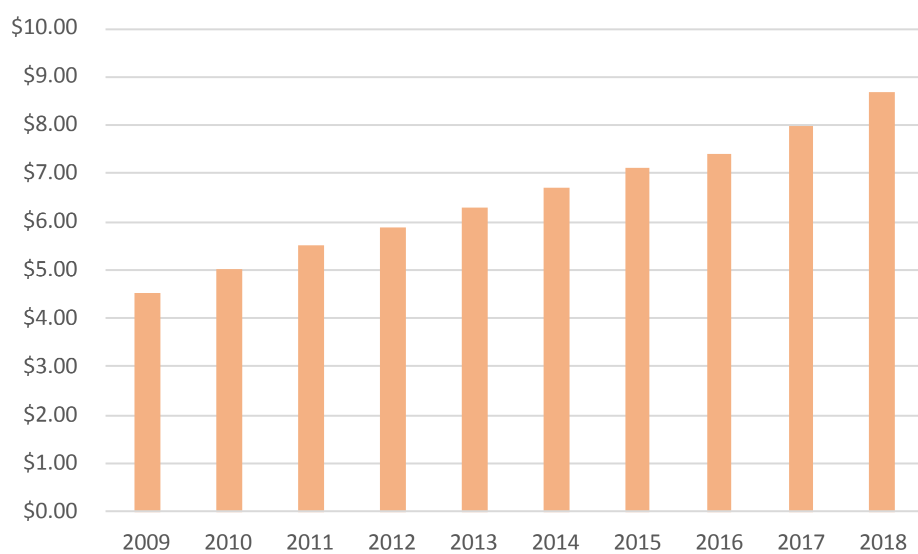
Visitation to Austin has grown substantially over the last ten years. The following figures show the number of visitors to Austin from 2009 to 2018, as well as their spending over the same period. Data was provided by Visit Austin.

FIGURE 2-5
VISITORS TO AUSTIN FROM 2009 TO 2018 (MILLIONS)



Source: Visit Austin

FIGURE 2-6
VISITOR SPENDING IN AUSTIN FROM 2009 TO 2018 ($ BILLIONS)



Source: Visit Austin

Increasing each year over the period studied, the number of visitors to Austin and their spending has grown by 70% and 93%, respectively, since 2009. Austin is an increasingly popular destination.

However, these two tables do not tell the whole story about the growth of tourism in Austin, and the role the ACC plays in the tourism market. While Austin is a popular leisure destination, most leisure travel occurs during the weekends. This is a challenge because the popular amenities that leisure travelers enjoy cannot function solely off of leisure demand. Restaurants, hotels, music venues, and other entertainment options need customers during the week when leisure travel is low.

The ACC attracts groups to Austin, predominantly during the week. Group travelers help support Austin hotels, restaurants, and entertainment venues when leisure demand is low. Convention, conference, or other event attendees need somewhere to sleep, things to eat, and things to do when the event is over for the day. So while the ACC may appear to be a minor piece of attracting visitors and their spending to Austin, it is a vital piece that complements and supports the leisure travel segment.

Airport Statistics

Airport passenger counts indicate a market's ability to support conference events. Trends in passenger counts reflect local business activity and the area's economic health. Event planners consider airport access when choosing a destination for their conferences and meetings.

The Austin-Bergstrom International Airport (AUS) is a multi-use facility that serves general aviation, commercial aviation, the State Aircraft Pooling Board, and the Texas Army National Guard. Many major commercial airlines and regional partners serve the airport. In 2015, Airports Council International ranked AUS as the third-best airport in North America for airport service quality. The $72-million Terminal East Infill project, which began in 2014, was completed in July 2015. This project added approximately 55,000 square feet of space to the terminal; additionally, about 17,000 square feet of existing space was renovated. Furthermore, a new parking garage and car-rental facility opened in October 2015; this project consolidated the car-rental facility and added roughly 800 parking spaces. An additional parking facility, known as Park&Zoom, opened in 2016, and a combination pet-boarding and parking facility, known as Bark&Zoom, opened in May 2017. To support the airport's growth, construction began on an additional 6,000-space parking structure in 2017; the first two levels opened in December 2018. Construction on a $378-million expansion project was completed in the second quarter of 2019 to accommodate the significant increases in passenger traffic; this project added nine gates and nearly 175,000 square feet of terminal space and expanded the terminal apron. This expansion enables the airport to accommodate an additional four million passengers, bringing total annual capacity to 15 million.

The following table illustrates the previous decade's passenger traffic statistics for Austin-Bergstrom International Airport.

FIGURE 2-7
AIRPORT STATISTICS - PASSENGER STATISTICS

Year	Passenger Traffic	Annual Percent Change
2010	8,694,000	
2011	9,081,000	4.5%
2012	9,430,000	3.8%
2013	10,018,000	6.2%
2014	10,719,000	7.0%
2015	11,898,000	11.0%
2016	12,437,000	4.5%
2017	13,889,000	11.7%
2018	15,820,000	13.9%
2019	17,344,000	9.6%
YTD through March 2020		
2019	3,707,949	
2020	3,226,597	-13.0%

Source: Austin-Bergstrom International Airport (AUS)

Passenger traffic at Austin-Bergstrom Airport has increased annually by at least 3.8% since 2010, increasing by as much as 13.9% in 2018, and has doubled from 2010 to 2019. Year-to-date enplanements through March 2020 demonstrate some of the effects of COVID-19 on tourism and travel.

Lodging Supply

A convention center's ability to attract out-of-town groups depends greatly on the availability of nearby hotel rooms within a reasonable distance to the facility. Moreover, different events have different preferences with respect to the types of hotels that best meet the needs of their delegates and attendees. Most planners of professional conferences and trade shows prefer large blocks of full-service hotel rooms in nationally branded properties. Some consumer show and sporting event attendees prefer less expensive, limited-service hotel options that offer guest amenities such as complimentary breakfast and free internet connections.

Smith Travel Research ("STR") maintains a database of approximately 140,000 hotel properties and 13 million hotel rooms around the world. The figures below show the STR database inventory of all hotel rooms in the city of Austin by service level and size. The quality of the hotels also indicates the market's ability to support the convention center.

FIGURE 2-8
LODGING SUPPLY BY SIZE IN AUSTIN

Size (Number of Guest Rooms)	Number of Properties	Number of Guest Rooms
Less than 50	31	939
50 to 99	61	4,679
100 to 199	112	15,260
200 to 299	17	4,327
300 to 399	8	2,770
400 and over	8	5,326
Total	237	33,301

Source: STR

FIGURE 2-9
LODGING SUPPLY BY SERVICE LEVEL IN AUSTIN

Chain Scale	Number of Properties	Number of Guest Rooms
Luxury	14	3,619
Upper Upscale	31	7,967
Upscale	52	7,650
Upper Midscale	60	6,737
Midscale	21	2,031
Economy	59	5,297
Total	237	33,301

Source: STR

There are 237 hotels in Austin and over 33,000 rooms. Nearly half of the hotels have between 100 and 199 rooms and makeup roughly half of the total room supply. Seven hotels in Austin have more than 400 rooms, including the JW Marriott and Fairmont, which have more than 1,000 rooms each, and the Hilton, which has more than 800 rooms.

These tables do not include the planned 600-room Marriott Hotel, which is planning to open by the end of 2020. This would further enhance the lodging supply

Meeting and Event Infrastructure

The Austin Convention Center (ACC) underwent a $110-million expansion in 2002 that brought the size of the facility to roughly 881,400 gross square feet, encompassing six city blocks. The ACC currently features roughly 247,052 square feet of contiguous and column-free exhibition space within five exhibit halls. The expansion included the addition of the Grand Ballroom, measuring approximately 43,300 square feet. Located in tech-heavy Austin, the ACC's telecommunications infrastructure enables the facility to support gigabit Ethernet over its fiber optic network, making exhibitions and trade shows a more "hands-on" experience for both attendees and exhibitors. This LEED Gold-certified facility, in conjunction with the 800-room Austin Hilton Hotel, 1,048-room Fairmont, and 1,012-room JW Marriott, provides a highly competitive and attractive convention package for this market.

The Palmer Center is located on the other side of Lady Bird Lake from Downtown Austin but shares a campus with the Long Center for the Performing Arts. First opening as a city coliseum in 1949, the original structure was rebuilt after a 1998 bond election provided funding. It has two adjacent exhibit halls that are 45,000 and 25,000 square feet, respectively, as well as five, 1,000-square-foot meeting rooms for a total of 75,000 square feet of function space. The Palmer Center does not have any traditional ballrooms but offers 50,000 square feet of outdoor terrace space.

Tourist Attractions

The market benefits from a variety of tourist and leisure attractions in the area. The peak season for tourism in this area is during the spring and fall months, as well as throughout the academic year because of the numerous events associated with The University of Texas. During other times of the year, weekend demand comprises travelers passing through en route to other destinations, people visiting friends or relatives, and other similar weekend demand generators. Primary attractions in the area include the following:

- The Texas Capitol is an extraordinary example of late 19th-century public architecture and is widely recognized as one of the nation's most distinguished state capitols. The capitol was placed on the National Register of Historic Places in 1970 and was designated a National Historic Landmark in 1986 for its "significant contribution to American history."
- The University of Texas at Austin is the largest institution of The University of Texas System. The University draws thousands of tourists annually to its multitude of athletic events, performing arts events, graduation ceremonies, and other similar special functions. Located on campus, the Lyndon Baines Johnson (LBJ) Presidential Library and Museum is the nation's most visited presidential library. The library and museum chronicle the life and times of Lyndon and Lady Bird Johnson.
- South by Southwest (SXSW) is a music, film, and interactive festival that is one of the largest events of this type in the country, with over 425,000 attendees from 95 countries in 2018; the total economic impact of SXSW was estimated to be roughly $350.6 million in 2018, which is similar to that of a city hosting the Super Bowl. Additionally, the Austin Film Festival and Austin City Limits (ACL) Music Festival both have a substantial impact on the Austin area's economy, notably during the fall. ACL Music Festival consistently attracts between 65,000

and 75,000 attendees each day over the two-weekend festival; this festival's total economic impact for 2018 was $264.5 million.

- The Circuit of The Americas (COTA) is the first multipurpose Grand Prix racing facility in North America. With a seating capacity of over 120,000, COTA opened by hosting the American leg of the Formula 1 World Championships in the fall of 2012. In September 2018, IndyCar entered into an agreement to begin racing at COTA beginning in 2019. Other major racing events scheduled at COTA include the United States Grand Prix, Grand Prix of the Americas, 6 Hours of Circuit of the Americas, and the Lone Star Le Mans. In addition to racing facilities, the complex contains a 40,000-square-foot conference center, retail space, and numerous restaurants. In January 2019, Major League Soccer announced that Austin would receive an expansion franchise; the Austin FC will begin play in a new purpose-built stadium in 2021.

- Zilker Park, a 351-acre green space, is located along the south shore of Ladybird Lake and offers grassy areas, children's playgrounds, walking trails, boat and canoe rentals, and a public pool. Zilker Park hosts many festivals that take place in Austin, including Austin City Limits, Blues on the Green, and the annual Zilker Musical. A 26-acre botanical garden is open daily, as is the Austin Nature and Science Center, and the Umlauf Sculpture Garden and Museum.

Conclusion

Austin is experiencing a period of growth, led by the technology sector and large tech companies like Dell, Google, Apple, and Facebook. As the state capital, Austin is home to many large state associations, as well as a large government workforce. The growing tech sector and the University of Texas, Austin, provide a major source of demand for group events. The number of visitors, and their associated spending, has grown 70% and 93%, respectively since 2009. This increase in visitors is reflected in the number of enplanements at Austin-Bergstrom International Airport, which doubled from 2010 to 2019.

The lodging supply in Austin is plentiful, with a diverse mix of property sizes and chain scales. The area around the ACC is dominated by the JW Marriott and Fairmont, which each offer over 1,000 rooms, and the Hilton, which offers over 800 rooms.

The economy and amenities in Austin make it an ideal location for state, regional, and national conventions and meetings.

3. Survey Findings

Overview

HVS designed and conducted a survey of event planners to provide a basis for assessing the potential demand at the expanded Austin Convention Center ("ACC"). This survey gathered information from professional event planners about their event needs and event destination preferences. The survey explored the impact of an expanded building program and potential improvements to the venue on event planner interest in Austin.

HVS collected contact information for 1,435 event planners from Visit Austin and the ACC. Via email, HVS introduced the purpose of the survey and provided a link to the web-based survey. We received 174 complete or partial responses to the survey, and there were 234 bouncebacks, for an estimated response rate of 14%. This response rate is typical for HVS event planner surveys.

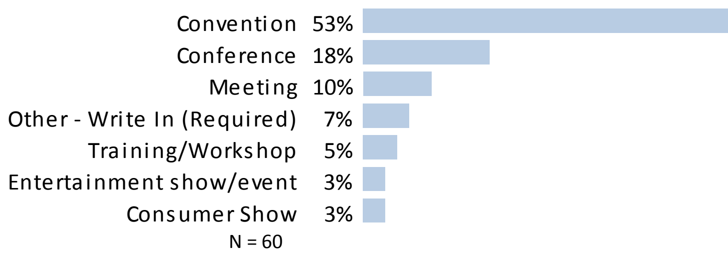
The following summary of responses highlights key results. Not all figures shown add to 100% due to rounding.

Past Events at the ACC

Forty-six percent of the respondents had planned an event at the ACC during the past five years.

HVS asked event planners to describe the events they had held at the ACC. The figure below summarizes their answers.

FIGURE 3-1
EVENT DESCRIPTION

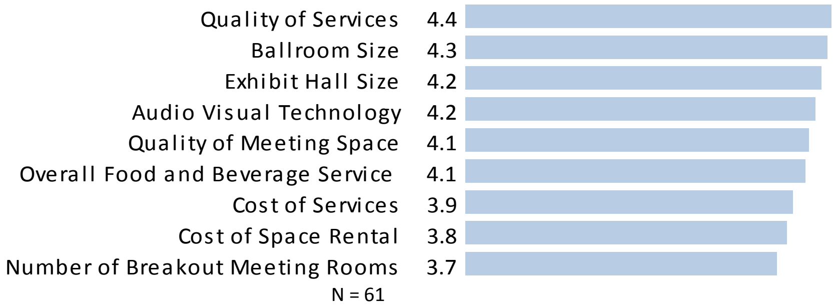


Respondents hosted conventions most frequently at the ACC, followed by conferences and meetings. Other types of events include a prom and a film festival.

Respondent Satisfaction

HVS asked event planners who had hosted an event at the ACC to rate their satisfaction with the venue's event space, service, and other amenities. In the following figure, a score of five indicates fully satisfied, and a score of one indicates extremely dissatisfied with their experience at the ACC.

FIGURE 3-2
EVENT PLANNER SATISFACTION WITH ACC



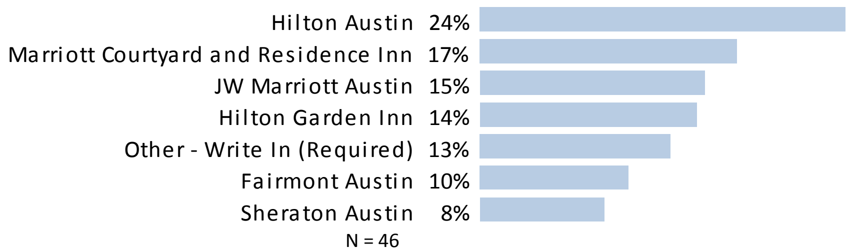
Event planners rate the ACC highest on the quality of services, which includes event and technological support, as well as the size of the ballroom and exhibit hall. The cost of services and cost of space rental, as well as the number of breakout meeting rooms, are rated the lowest at the ACC by respondents.

Hotel Use

Forty-six percent of planners hosted an event that used hotel rooms during the event. Events that use hotel rooms have a larger economic impact because attendees come from out of town, as opposed to events that attract attendees from the local market.

HVS asked event planners who had hosted an event at the ACC which hotel they had used while hosting an event. Some events require multiple hotels.

FIGURE 3-3
HOTEL ROOM USE DURING EVENT



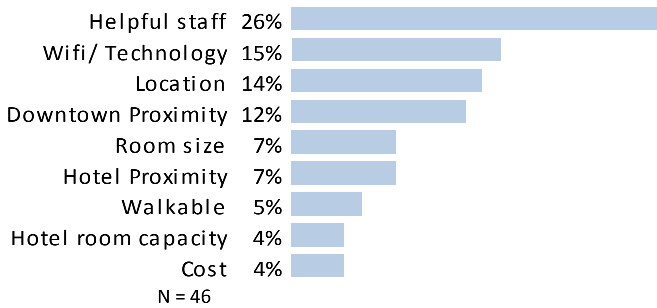
The Hilton Austin was the most frequent choice of event planners, followed by the Marriott Courtyard and Residence Inn. All hotels listed were used relatively often by event planners, with the Sheraton Austin as the least popular hotel despite being used by nearly 10% of respondents. Other hotels listed included the Four Seasons, the Stephen F. Austin, the Hyatt Place, and the Westin.

Some planners indicated that they required more than twenty hotels for their event and used hotels citywide to house attendees. The large number of different hotels used by event planners suggests that there is a diverse base of events that use the ACC, from price-sensitive state associations and conferences to more lavish medical and tech conferences and conventions.

Venue Strengths and Weaknesses

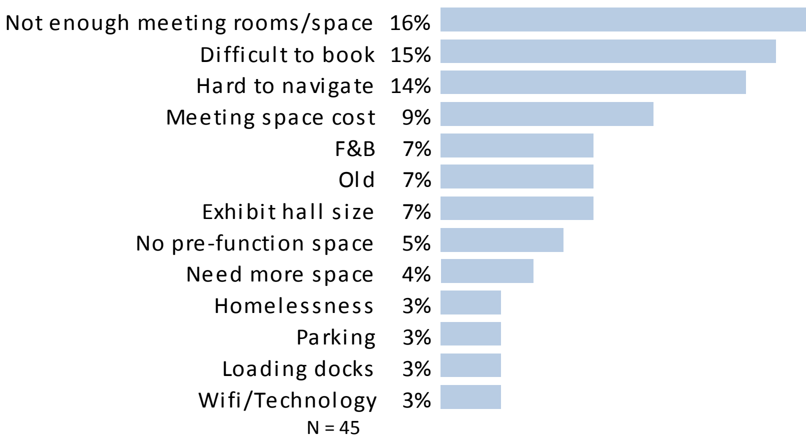
HVS asked event planners who had hosted an event at the ACC to describe, in their own words, what they thought the strengths and weaknesses of the ACC were, and to suggest the most important improvements the ACC. HVS then classified the answers into the categories shown below.

FIGURE 3-4
ACC VENUE STRENGTHS



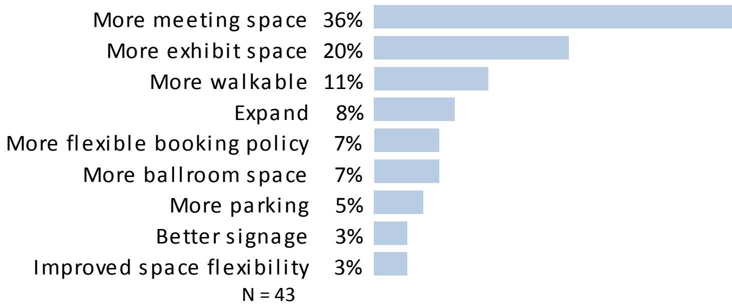
Event planners highlighted the helpfulness and professionalism of the ACC staff when planning events, the availability and quality of the wifi and other technology offered by the ACC, as well as the location of the ACC and its proximity to downtown Austin.

FIGURE 3-5
ACC VENUE WEAKNESSES



Event planners considered the lack of meeting rooms and space as a major weakness of the ACC. The difficulty of booking the ACC, due to the lack of space and available dates, and the difficulty of getting around the ACC and finding the correct meeting room were also listed as common weaknesses by respondents. The ACC has recently improved the signage and wayfinding in the facility, which may address this issue.

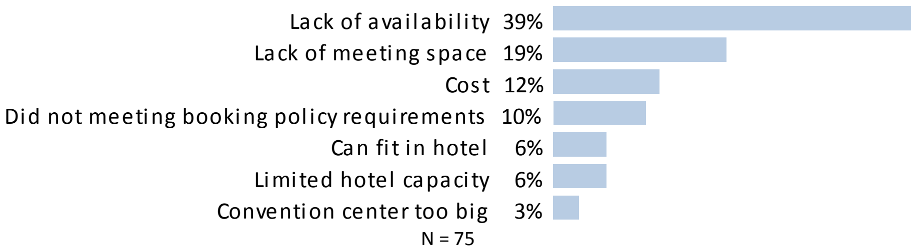
FIGURE 3-6
MOST IMPORTANT IMPROVEMENT TO THE ACC



More than one-third of respondents believe that the ACC needs more meeting space, and one-fifth of respondents believe that the ACC needs more exhibit space. Other responses from event planners include making it easier to walk around the ACC and making the whole facility larger.

For event planners that have not hosted an event at the ACC in the last five years, HVS asked them to describe, in their own words, why they had not hosted an event. HVS then classified the answers into the categories shown in the figure below.

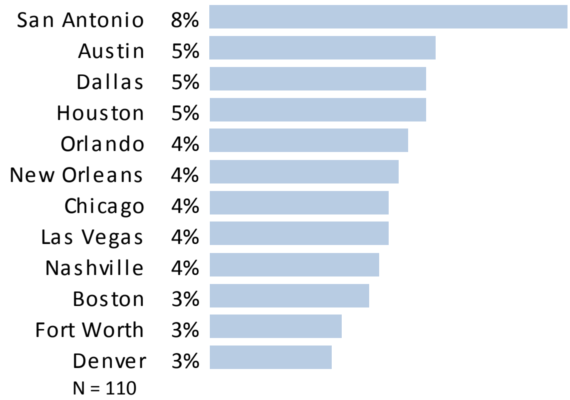
FIGURE 3-7
REASONS FOR NOT HOSTING EVENT AT ACC



When explaining why they have not held an event at the ACC, event planners cited the lack of availability and a lack of meeting space, as well as a strict booking policy as three of the most common reasons. These three reasons are linked as the limited amount of space in the ACC makes it harder to book, and forces the ACC to have strict booking requirements because they do not want to fill the building with an event that does not offer as many room nights or as much revenue as they can get from another event. Expanding the ACC will enable it to host more simultaneous events, which may enable it to loosen the booking policy requirements that exist today.

HVS asked those event planners that have not hosted an event at the ACC to list up to five other cities where they have hosted an event. HVS sorted the responses, and the figure below shows the most popular cities listed.

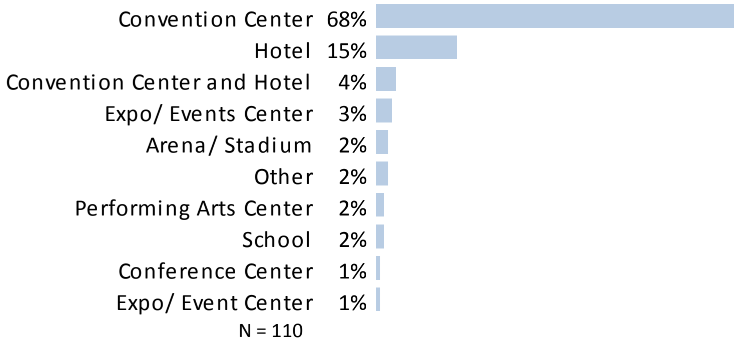
FIGURE 3-8
OTHER CITIES WHERE HOSTED AN EVENT



The four Texas cities San Antonio, Austin, Dallas, and Houston, are the most frequent locations for event planners to host an event. Outside of Texas, large convention cities like Orlando, New Orleans, Chicago, and Las Vegas were the most common cities listed. This suggests that Austin competes for state-based association events as well as larger national events.

HVS asked event planners who have not hosted an event at the ACC to describe the type of venue where they have hosted an event before. The figure below shows the most common types of venue listed by event planners.

FIGURE 3-9
TYPE OF VENUE WHERE HOSTED AN EVENT

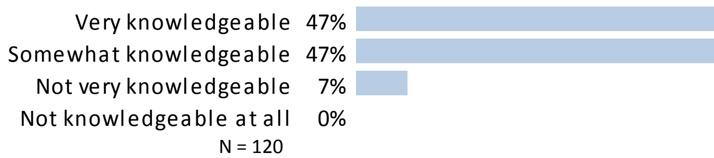


Nearly 70% of event planners use a convention center to host their event, the most common type of venue listed. Hotels are used by 15% of event planners, and a convention center and hotels are used jointly by nearly 5% of event planners. Other types of venues listed include museums, country clubs, the zoo, and fairgrounds.

Destination Strengths and Weaknesses

Cities compete for events primarily on the size of their facility, but also on the quality of the destination. Attendees like being in a popular or interesting destination with a variety of entertainment options. To evaluate how event planners feel about Austin as a destination, HVS asked event planners to rate their level of knowledge regarding Austin as an event destination.

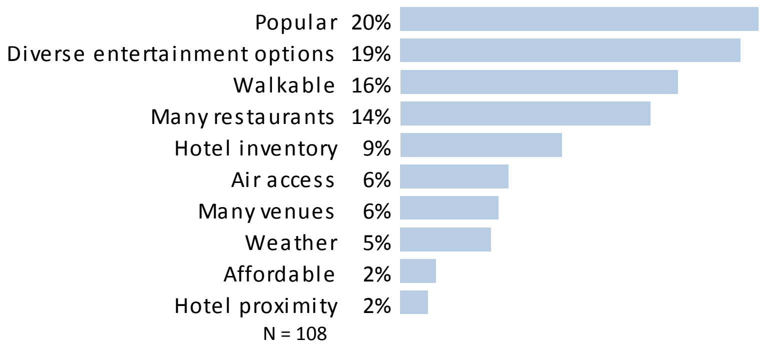
FIGURE 3-10
LEVEL OF KNOWLEDGE REGARDING AUSTIN



None of the respondents considered themselves not knowledgeable at all about Austin, and only 7% considered themselves not very knowledgeable. The rest of the respondents were split between being very or somewhat knowledgeable.

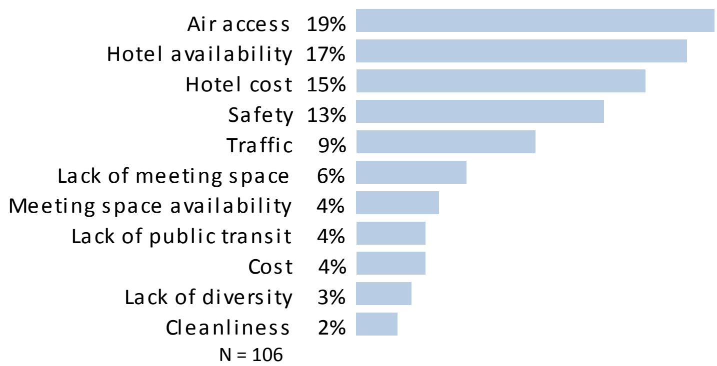
HVS then asked event planners to identify Austin's main strengths and weaknesses as an event destination in unaided responses. HVS classified the responses by category in the figures shown below.

FIGURE 3-11
AUSTIN STRENGTHS AS AN EVENT DESTINATION



One-fifth of respondents highlighted that Austin is popular and that prospective event attendees want to be there. A similar number of respondents indicated that the number of entertainment options in Austin makes it an excellent destination for events. The ease of walking around Austin, as well as the high number of restaurants, were also mentioned by approximately 15% of respondents.

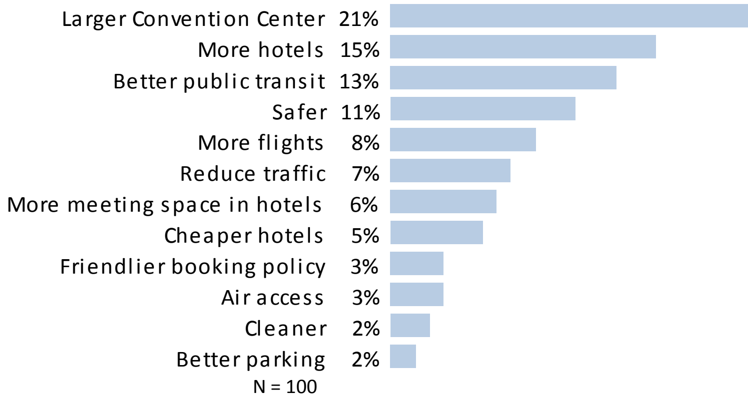
FIGURE 3-12
AUSTIN WEAKNESSES AS AN EVENT DESTINATION



The most commonly listed weakness by event planners was the lack of air access. Austin-Bergstrom International Airport is undergoing an expansion, which will nearly double the number of total gates by 2037. A lack of available hotel rooms and the cost of hotel rooms were also highlighted as weaknesses, likely due to the continued strength of the lodging market. Feeling unsafe was also mentioned by event planners, and specifically, the large population of homeless people near the ACC made event attendees uncomfortable.

In an unaided response, event planners identified the most important improvements to enhance Austin as an event destination. HVS then classified the responses by category in the figure shown below.

FIGURE 3-13
MOST IMPORTANT IMPROVEMENTS TO AUSTIN



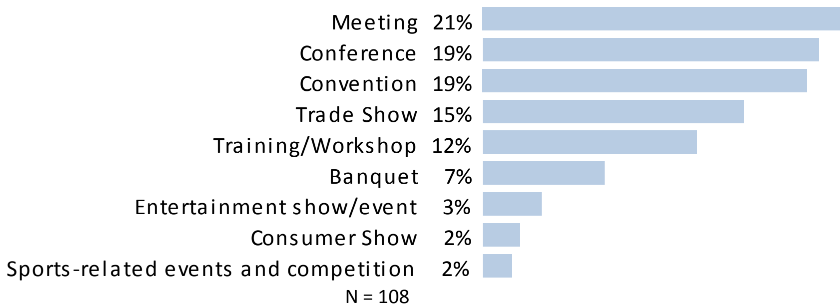
More than one-fifth of respondents believe that expanding the convention center is the most important improvement to make in Austin, the most frequent response from event planners. This supports the notion that the ACC needs to expand to keep up with demand. Adding more hotels to Austin, improving the public transit, and making it safer near the convention center were also mentioned by more than 10% of respondents.

Event Characteristics and Preferences

To determine preferences for events, HVS asked event planners to identify and describe their most typical event. This information included the name of the event, the type of event, venue needs, approximate attendance, scheduling, and lodging requirements.

The following figure breaks down the events by type.

FIGURE 3-14
EVENTS BY TYPE

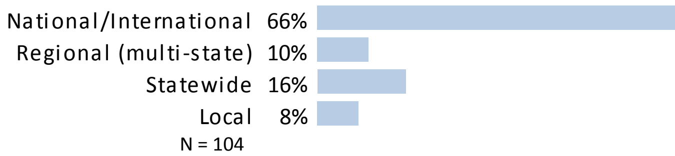


More than 15% of respondents plan meetings, conferences, conventions, and trade shows. Trainings or workshops and banquets were also mentioned by more than

5% of respondents. Various other event types each make up a small percentage of events.

HVS asked survey participants to identify the scope (geographic origin of attendees) of their most typical event.

FIGURE 3-15
GEOGRAPHIC ORIGIN OF ATTENDEES



More than 75% of events attract attendees from outside the State of Texas, and 66% of events attract attendees nationwide. Only 16% of events have attendees come from within Texas, and 8% of events have attendees from the Austin area.

HVS asked event planners to identify the type of space that their event is typically held. See the figure below.

FIGURE 3-16
EVENT SPACE USED

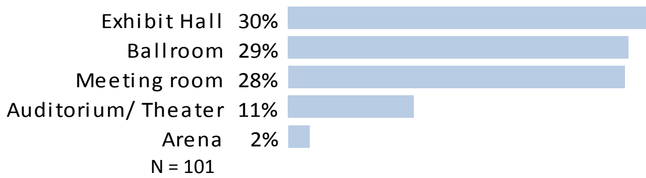
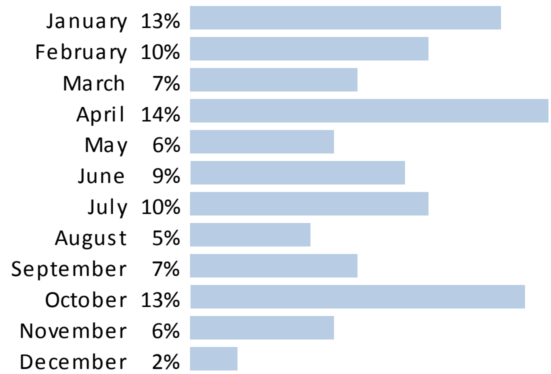


Exhibit halls, ballrooms, and meeting rooms are each used by approximately 30% of respondents, emphasizing the need for all three spaces to be expanded at the ACC. Approximately 10% of respondents use an auditorium or theater, and 2% of respondents use an arena to host their event.

HVS asked event planners to identify the month and the days of the week in which the typical event takes place.

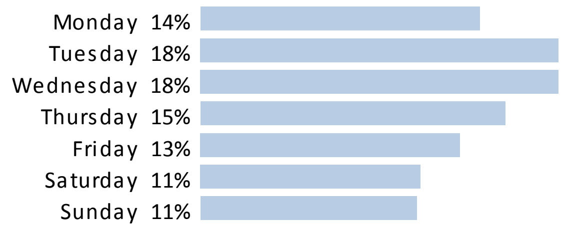
FIGURE 3-17
EVENTS BY MONTH



N = 104

Events occur year-round with January, April, and October as the most frequently cited months. December was the least common response, followed by August, May, and November.

FIGURE 3-18
EVENTS BY DAY OF WEEK

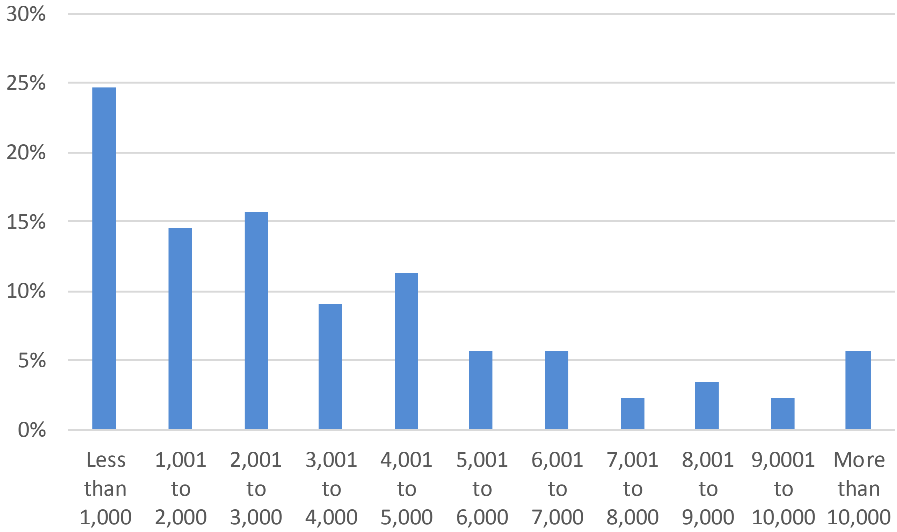


N =104, 225 responses total

Events take place throughout the week, with most occurring Tuesday through Thursday. The weekend days have the fewest events. This illustrates the valuable role the ACC plays in the Austin tourism market, as event attendees are most likely to be in Austin during the week when the leisure tourism market is relatively weak.

Event planners estimated the level of attendance at their events. The figure below shows the distribution of responses for a range of attendance levels.

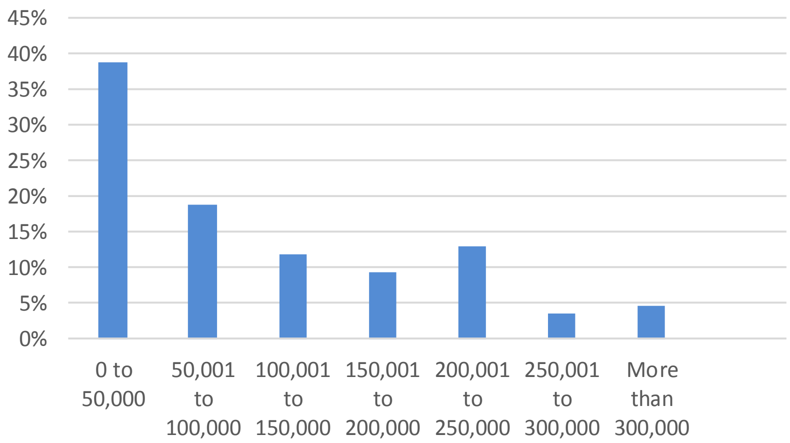
FIGURE 3-19
NUMBER OF DELEGATES



N = 89

Over 50% of events had 3,000 or fewer attendees, and 25% of events had more than 5,000 attendees. Five events had more than 10,000 attendees.

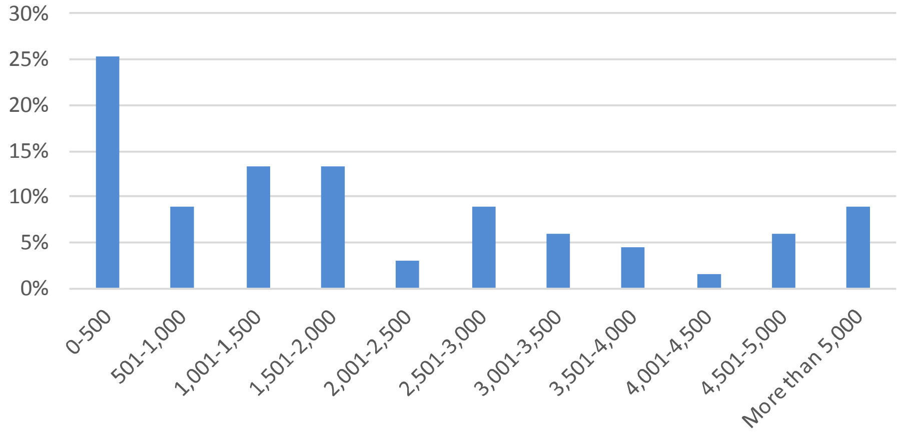
FIGURE 3-20
FLAT FLOOR SPACE NEEDED



N = 85

The current ACC offers nearly 250,000 square feet of flat floor space, and 91% of events described by respondents would be able to fit in the current facility. This suggests that increasing exhibit hall size at the ACC would have a limited impact on expanding the potential market. Rather, additional exhibit space would alleviate date and space conflicts and enable the ACC to host simultaneous events during peak seasons. The ACC would also be able to compete for large events it was previously too small for.

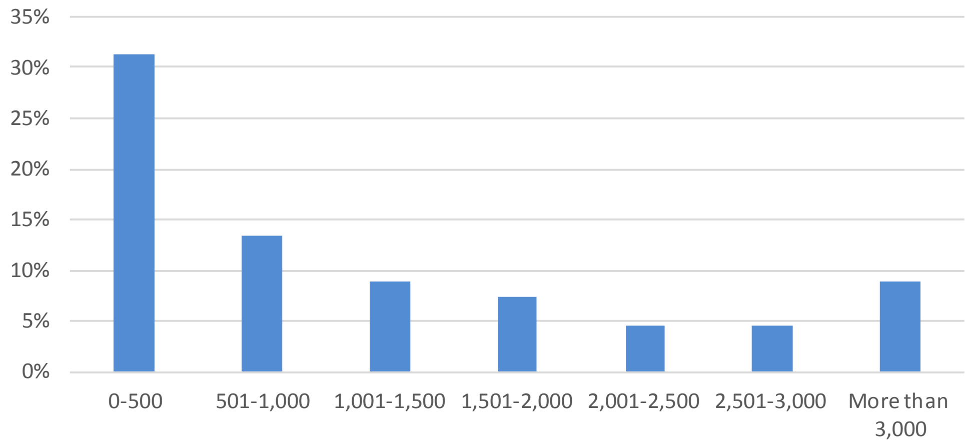
FIGURE 3-21
THEATER SEATING NEEDED



N = 67

More than 25% of events require less than 5,000 seats, and nearly 40% of events require more than 2,000 theater-style seats.

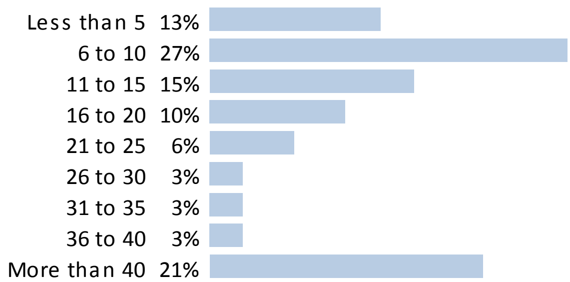
FIGURE 3-22
BANQUET SEATING NEEDED



N = 53

Nearly one-third of events require room for 500 banquet seats or less while 25% of events required more than 1,500 seats. At their largest, the current ACC ballrooms can host approximately 1,600 and 3,000 attendees in a banquet style.

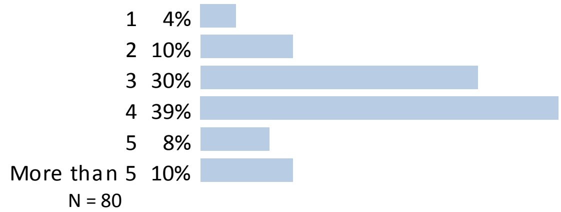
FIGURE 3-23
BREAKOUT ROOMS NEEDED



N = 78

Forty percent of events described use less than ten breakout rooms, which are likely smaller meetings and conferences. However, one-fifth of the events described required more than 40 breakout rooms in total. The current ACC can offer up to 54 breakout rooms; however, this includes show offices, divisions of larger meeting rooms, and boardrooms that may not be suitable for breakout sessions.

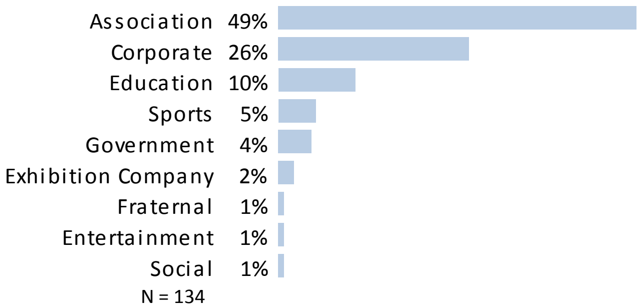
FIGURE 3-24
EVENT LENGTH



The most common event length reported was four days, shortly followed by three days. Two-day events and more than five-day events are planned by 10% of respondents.

Event planners reported that they represent the following types of organizations.

FIGURE 3-25
ORGANIZATION TYPE



Nearly half of event planners represent associations, which generally hold annual meetings that rotate to different venues. Corporate and education groups make up 26% and 10% of organizations, respectively. No other type of organization was represented by more than 5% of respondents.

Fifty-six percent of event planners tried but were unable to book an event at the ACC. Event planners indicated the following reasons they were unable to host an event at the ACC.

FIGURE 3-26
REASON UNABLE TO BOOK ACC

Dates unavailable at venue	38%
Insufficient function space	23%
Other - Write In (Required)	17%
Insufficient hotel package	10%
Available hotel room block too small	8%
Hotel room rates too high	4%

N = 90

The most common reason event planners were unable to book an event at the ACC is that the date was already booked by another event, or the venue was otherwise unavailable. Other reasons mentioned include insufficient function space and hotel package. Write-in answers included that the group chose another location and that the facility was too expensive.

For those event planners who indicated that there was an insufficient amount of function space at the ACC, HVS asked them which specific type of space was lacking.

FIGURE 3-27
LACKING FUNCTION SPACE AT ACC

Meeting room space	42%
Exhibit space	37%
Seating capacity	13%
Banquet space	8%

N = 21

Meeting and exhibit space was listed by more than 35% of respondents, with 42% indicating that a lack of meeting space made the ACC unable to host their event. Seating capacity and banquet space were mentioned less frequently, by 13% and 8% of respondents, respectively.

Expanded ACC Feedback

HVS explained to survey respondents that the ACC was considering expansion and asked respondents to identify the most important types of space to expand at the ACC. See the figure below.

FIGURE 3-28
MOST IMPORTANT SPACE TO EXPAND IN ACC

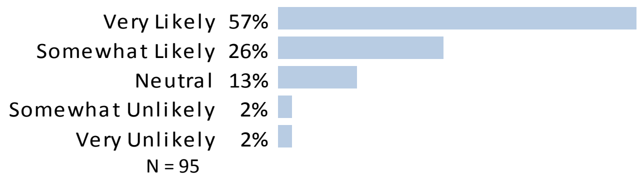
Meeting Space	36%
Ballroom Space	29%
Exhibit Space	26%
Support Space	9%

N = 96

Meeting space was listed by event planners most frequently, by more than one-third of respondents followed by ballroom space and exhibit space, which were each selected by more than a quarter of respondents. Support spaces were listed by only 9% of respondents.

HVS asked respondents how likely they would be to consider holding an event at the ACC if the expanded ACC had the necessary capacity. The following figure presents the results.

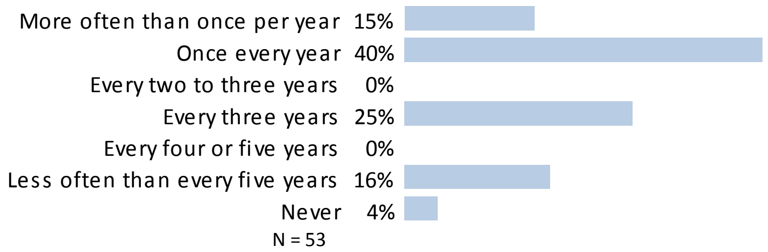
FIGURE 3-29
LIKELIHOOD OF BOOKING EVENTS AT EXPANDED ACC



Event planners who are more likely to book an event at the expanded ACC outnumber the event planners who are unlikely to book an event at the expanded ACC (83% vs. 4%). This equates to an extremely high net promoter score of 79%. Slightly over 10% of event planners are neutral in booking at the expanded ACC.

HVS asked how often event planners would consider holding events at the expanded ACC. See the figure below.

FIGURE 3-30
FREQUENCY OF EVENTS WITH ACC EXPANSION



More than half of respondents would rotate an event to the expanded ACC at least once a year, and 80% would hold an event at the expanded ACC at least once every three years. Only 4% of respondents would never hold an event at the expanded ACC.

Survey Conclusions and Implications for the ACC

HVS surveyed a selected group of event planners to explore their facility needs and to understand their interest in placing events in Austin. Survey respondents represent a cross-section of planners that organize a wide range of event types and sizes. Slightly less than half of the event planners in the survey sample plan events for associations, but the sample includes a mix of sports, social, and entertainment event planners. They represent a variety of entities and plan a range of meeting and event types and sizes. Key findings and conclusions include the following:

- Event planners strongly endorse expansion. More than one-fifth of respondents believe that expanding the convention center is the most important improvement to make in Austin, the most frequent response from event planners
- The ACC has national appeal. Most event attendees come from across the country to attend events in Austin.
- The ACC generates room night demand during need periods. Most events take place from Tuesday through Thursday, which helps supplement leisure tourism, which generally occurs on weekends and drops off during the week.
- Expansion should improve the availability of meeting space and increase the ratio of meeting space to total space. Meeting space was listed as the most important type of space to expand at the ACC at 36%, followed by ballroom and exhibit space, with 29% and 26%, respectively. This relatively even split indicates that the ACC expansion needs to include all three types of space in complementary amounts that would enable the expanded ACC to host multiple simultaneous events.
- Event planner interest in an expanded ACC is strong, as indicated by a 79% net promoter score.
- Event planners rate the ACC highest on the quality of services, the size of the ballroom, and the size of the exhibit hall. However, the respondents to this question are event planners who have hosted an event at the ACC before, so they are understandably pleased with the size of its function spaces. Event planners who cannot fit their event in the ACC were not asked this question.
- The number of breakout meeting rooms are rated the lowest by respondents, which indicates that an expansion of the ACC should increase the number of breakout meeting rooms.
- Event planners highlighted the helpfulness and professionalism of the ACC staff when planning events, the availability and quality of the wifi and other technology offered by the ACC, as well as the location of the ACC and its proximity to downtown Austin. The helpfulness of the staff and quality of the technology indicates the ACC delivers a high level of customer satisfaction.
- When asked what change is important to make at the ACC, one-fifth of respondents said adding more exhibit space. Other responses from event planners suggested improvements to wayfinding and walkability in the ACC.

- The primary impact of expansion is to improve the availability of dates and space at the ACC. Under current booking policies, the ACC turns away certain types of business. An expansion would allow the ACC to relax the standards for what an event must offer to be held in the ACC.
- Austin is well known as a convention destination. This level of awareness about Austin is extraordinarily high and speaks to the success Visit Austin and the ACC have had in promoting the city.
- The ACC benefits from Austin's strong destination appeal. One-fifth of respondents highlighted that Austin is popular and that prospective event attendees want to be there. A similar number of respondents indicated that the number of entertainment options in Austin makes it an excellent destination for events.
- The most commonly listed weakness by event planners was the lack of air access and a lack of available hotel rooms. Both of these weaknesses are already being addressed: Austin-Bergstrom International Airport is undergoing an expansion that will nearly double the number of gates and is planning on expanding international service with flights to Asia. The Austin hotel market is expected to continue to expand, with a 600 room Marriott hotel opening adjacent to the ACC in 2020.

The survey results indicate that the expansion of the ACC would create an increase in demand at the convention center. Expansion of all of the ACC's function spaces would 1) make the venue more attractive to event planners, 2) allow the facility to accommodate larger events, 3) relieve many scheduling conflicts, and 4) enable the ACC to host more simultaneous mid-size events that require exhibit, ballroom, and meeting spaces.

4. Comparable Venues

This analysis of comparable venues provides a basis for building program recommendations and forecasts of event demand. HVS compared the function spaces, adjacent hotel capacities, and characteristics of the markets relevant to the success of a convention center.

Event planners select host cities for their events based on a wide range of criteria. These factors include the attributes of the convention facilities, lodging supply, the economic and demographic profile of the community, transportation access, tourism amenities, and overall destination appeal. At a minimum, a city must offer an event venue that meets user needs and for events that require lodging, a sufficient number of hotel rooms near the venue. The price of venue rental and hotel rooms are also important to event planners. Cities that meet these threshold criteria must then compete based on their destination appeal.

HVS analyzed large convention centers in Texas and nationwide that compete or are comparable to the ACC and are located in downtown in major cities .

The venues and their locations are listed in the figure below, along with their location and the total amount of rentable function space.

FIGURE 4-1
COMPARABLE VENUES

Comparable and Competitive Convention Centers

Name	Location	Function Space (sf)
George R. Brown Convention Center	Houston	1,019,000
Proposed Austin Convention Center Expansion	**Austin**	**904,000**
Kay Bailey Hutchison Convention Center	Dallas	888,413
Phoenix Convention Center	Phoenix	870,690
Colorado Convention Center	Denver	837,698
San Diego Convention Center	San Diego	818,451
Washington State Convention Center	Seattle	779,679
Indiana Convention Center	Indianapolis	742,075
Henry B. Gonzalez Convention Center	San Antonio	728,441
Salt Palace Convention Center	Salt Lake City	653,280
Minneapolis Convention Center	Minneapolis	597,980
Greater Columbus Convention Center	Columbus	563,105
Music City Center	Nashville	500,593
Austin Convention Center	**Austin**	**365,172**
Kentucky Convention Center	Louisville	291,678
Fort Worth Convention Center	Fort Worth	269,623
	Average	676,867

Source: Respective Venues

With 365,172 square feet of function space, the Austin Convention Center ranks fourteenth in the amount of total function space in the set of Comparable and Competitive Convention Centers, which ranges from 1,019,000 to 269,623 square feet. The proposed ACC expansion would increase the amount of function space to 904,000 square feet, the second most in the set. More detail on the building program proposed by HVS can be found in Section 5 of this report.

Exhibition Space Assessment

The amount and quality of exhibition space determines the size and type of events that a venue can accommodate and is critical for several types of events such as conventions, tradeshows, and consumer shows. A comparison of the exhibition space available at each of the selected comparable facilities provides an indication of the appropriate amount of space for Austin and whether any further exhibition space is warranted.

FIGURE 4-2
TOTAL EXHIBITION SPACE IN COMPARABLE VENUES

Comparable and Competitive Convention Centers

Name	Location	Exhibit Space (sf)
George R. Brown Convention Center	Houston	862,000
Kay Bailey Hutchison Convention Center	Dallas	724,526
San Diego Convention Center	San Diego	615,701
Phoenix Convention Center	Phoenix	584,500
Colorado Convention Center	Denver	584,000
Indiana Convention Center	Indianapolis	566,600
Henry B. Gonzalez Convention Center	San Antonio	514,000
Salt Palace Convention Center	Salt Lake City	510,600
Minneapolis Convention Center	Minneapolis	475,000
Washington State Convention Center	Seattle	455,700
Proposed Austin Convention Center Expansion	**Austin**	**454,000**
Greater Columbus Convention Center	Columbus	373,000
Music City Center	Nashville	353,143
Austin Convention Center	**Austin**	**247,052**
Kentucky Convention Center	Louisville	192,768
Fort Worth Convention Center	Fort Worth	182,613
	Average	480,950

Source: Respective Venues

With 247,052 square feet of dedicated exhibit space, the Austin Convention Center ranks fourteenth in the amount of total exhibit space, which ranges from 862,000 to 182,613 square feet among Comparable and Competitive Convention Centers.

The proposed expansion would give the ACC the eleventh most exhibit space among the set.

Ballroom Space Assessment

In addition to social events that host banquets, several other types of events, such as conventions and tradeshows, typically require food services in a ballroom setting. General assemblies at conventions and tradeshows use a ballroom with a theater or banquet set-up. As facility operators attempt to grow food service revenues at their facilities, and event planners seek a higher level of service for their attendees, the size of the ballroom often determines a venue's event size capacity. The figure below compares the amounts of available banquet space in comparable and competitive venues.

FIGURE 4-3
BALLROOM SPACE IN COMPETITIVE VENUES

Comparable and Competitive Convention Centers

Name	Location	Ballroom Space (sf)
Proposed Austin Convention Center Expansion	**Austin**	**160,000**
Washington State Convention Center	Seattle	123,666
Phoenix Convention Center	Phoenix	118,800
Greater Columbus Convention Center	Columbus	113,729
Henry B. Gonzalez Convention Center	San Antonio	94,293
Colorado Convention Center	Denver	82,156
San Diego Convention Center	San Diego	81,661
Music City Center	Nashville	65,400
Kay Bailey Hutchison Convention Center	Dallas	65,129
Austin Convention Center	**Austin**	**63,928**
Indiana Convention Center	Indianapolis	62,173
Salt Palace Convention Center	Salt Lake City	45,000
Kentucky Convention Center	Louisville	40,256
George R. Brown Convention Center	Houston	31,600
Fort Worth Convention Center	Fort Worth	28,160
Minneapolis Convention Center	Minneapolis	27,522
Average		75,217

Source: Respective Venues

With 63,928 square feet of ballroom space, the Austin Convention Center ranks tenth in the amount of ballroom space, which ranges from 160,000 to 27,522 square feet among Comparable and Competitive Convention Centers.

The proposed expansion would move the expanded ACC to first among the set, with 160,000 square feet of ballroom space.

Meeting Space Assessment

Meeting rooms can accommodate sub-groups as they break out of larger general sessions at conventions and tradeshows. Additionally, these smaller rooms can support self-contained meetings, training sessions, seminars, classes, and a variety of small meeting functions. Recent trends in events require more meeting space and meeting spaces to accommodate small gatherings of event attendees. A facility's meeting rooms are often its most frequently used function spaces. Generally, convention centers should offer meeting space proportionate to the amount of exhibition and ballroom space available at the facility. However, the optimum amount of meeting space can vary depending on the type of events that a city may attract and the needs of event planners.

The following figure presents a comparison of available meeting space in comparable and competitive venues.

FIGURE 4-4
MEETING SPACE IN COMPARABLE VENUES

Comparable and Competitive Convention Centers

Name	Location	Meeting Space (sf)
Proposed Austin Convention Center Expansion	**Austin**	**290,000**
Washington State Convention Center	Seattle	200,313
Colorado Convention Center	Denver	171,542
Phoenix Convention Center	Phoenix	167,390
George R. Brown Convention Center	Houston	125,400
San Diego Convention Center	San Diego	121,089
Henry B. Gonzalez Convention Center	San Antonio	120,148
Indiana Convention Center	Indianapolis	113,302
Kay Bailey Hutchison Convention Center	Dallas	98,758
Salt Palace Convention Center	Salt Lake City	97,680
Minneapolis Convention Center	Minneapolis	95,458
Music City Center	Nashville	82,050
Greater Columbus Convention Center	Columbus	76,376
Fort Worth Convention Center	Fort Worth	58,850
Kentucky Convention Center	Louisville	58,654
Austin Convention Center	**Austin**	**54,192**
	Average	120,700

Source: Respective Venues

With 54,192 square feet of meeting room space, the Austin Convention Center ranks last in the amount of meeting space, which ranges from 290,000 to 54,192 square feet among Comparable and Competitive Convention Centers.

The proposed expansion would move the expanded ACC to first among the set, with 290,000 square feet of meeting space. This increase in meeting space matches with event trends, which require more meeting space and more flexible meeting spaces than previously.

Adjacent Hotel Capacity

The quality and proximity of hotel supply represents one of the most important selection factors for facility users. To attract out-of-town groups, an adequate supply of nearby hotel rooms should support the lodging needs of delegates, exhibitors, and other attendees. Event planners consider proximity and connectivity as critical factors when evaluating the overall hotel package. The number of rooms offered at adjacent or connected hotels is a key point of comparison. Other important factors include hotel brands, service levels, building conditions, quality of service, ease of access, and available meeting and banquet spaces in these hotels.

The figure below compares the number of adjacent hotel rooms in the comparable and competitive venues.

FIGURE 4-5
ADJACENT HOTEL ROOMS IN COMPARABLE VENUES

Comparable and Competitive Convention Centers

Name	Location	Adjacent Hotel Rooms
San Diego Convention Center	San Diego	4,969
Indiana Convention Center	Indianapolis	4,716
Washington State Convention and Trade Cen	Seattle	2,975
Henry B. Gonzalez Convention Center	San Antonio	2,433
Austin Convention Center	**Austin**	**2,412**
Proposed Austin Convention Center Expansion	**Austin**	**2,412**
George R. Brown Convention Center	Houston	2,203
Minneapolis Convention Center	Minneapolis	1,787
Colorado Convention Center	Denver	1,503
Greater Columbus Convention Center	Columbus	1,163
Music City Center	Nashville	1,130
Kentucky International Convention Center	Louisville	1,009
Kay Bailey Hutchison Convention Center	Dallas	1,001
Phoenix Convention Center	Phoenix	1,000
Fort Worth Convention Center	Fort Worth	614
Salt Palace Convention Center	Salt Lake City	504
	Average	1,989

Source: Respective Venues

With 2,412 adjacent hotel rooms, the Austin Convention Center ranks fifth in the number of adjacent rooms, which ranges from 4,969 to 504 rooms among Comparable and Competitive Convention Centers. The room count shown in the expansion scenario includes the 600-room Marriott that is scheduled to open this year.

Hotel Rooms within Walking Distance

City-wide convention events require the use of multiple hotels to accommodate convention attendees. The overall number of hotel rooms within walking distance of the venue in the market provides an indicator of capacity to provide adequate room blocks for large events.

The figure below compares the number of hotel rooms within 0.5 miles of the set of Comparable and Competitive venues.

FIGURE 4-6
HOTEL ROOMS WITHIN WALKING DISTANCE

Destination Name	Hotel Rooms within Walking Distance
Seattle	11,331
Denver	9,474
Austin	**8,994**
Nashville	8,723
San Antonio	8,520
Indianapolis	7,096
San Diego	6,442
Louisville	5,588
Houston	5,396
Dallas	4,271
Salt Lake City	3,927
Minneapolis	3,751
Phoenix	3,690
Columbus	2,672
Fort Worth	2,444

Source: STR

With nearly 9,000 hotel rooms within 0.5 miles of the convention center, Austin ranks third in the set of Comparable and Competitive Convention Centers. It has more hotel rooms within walking distance than any other convention center in Texas. More than 30% of the Austin rooms are in one of three large convention center hotels: the Fairmont, JW Marriott, and the Hilton. A 600-room Marriott is also expected to open in 2020 and is included in the total shown above.

Changes in Competitive Venue Supply

As the competitive landscape is constantly shifting, many cities have considered new or expanded convention center developments. The following is a list of recent planned developments among the Competitive and Comparable set. Some projects remain in an early planning stage.

- The Washington State Convention Center expansion is scheduled to open in 2021 with the new facility booking events in 2022. The expansion creates an additional 255,000 square feet of exhibition space, 125,000 square feet of meeting rooms, and 60,000 square feet of ballroom space. The expansion will be in a separate building located a block away from the existing facility in downtown Seattle.

- The George R. Brown Convention Center's most recent expansion in 2017 created an outdoor plaza and grand concourse to improve the connectivity of its exhibit space.

- The Colorado Convention Center expansion is scheduled to open in the fourth quarter of 2022. The expansion will create 85,000 square feet of flexible space for either meeting or ballroom use.

- Legislative efforts in Indiana are underway to secure funding for the development of hotels in downtown Indianapolis and an 80,000-square-foot expansion of ballroom and meeting space at the Indiana Convention Center.

- The Henry B. Gonzalez Convention Center reopened following its most recent expansion in 2016. The expansion created 726,000 square feet of function, pre-function, and ancillary space—including a 50,000 square-foot ballroom. The goal of the 2016 expansion was to create contiguous space capable of hosting larger events.

- The Salt Palace Convention Center in Salt Lake City will have increased adjacent hotel capacity after the construction of a 700-room convention center hotel completes in 2022.

- The Greater Columbus Convention Center completed an expansion in 2017, which added approximately 36,000 square feet of exhibit space and 11,000 square feet of meeting space. Additional renovations on interior and exterior spaces were performed as part of the 2017 expansion.

- The Music City Center opened in 2013 and spent approximately $20 million on a 2017 expansion of concourse and ancillary space at the venue. The Music City Center is currently considering an expansion to help meet the increased demand for hotel rooms as well as meeting and ballroom space.

- The Kentucky International Convention Center reopened following its 2018 expansion. The expansion increased the exhibit space available by approximately 54,000 square feet and created a 40,000 square-foot ballroom.

These initiatives by the owners of the Comparable and Competitive convention centers demonstrate that ongoing investment in facilities and destination improvement is necessary to remain competitive. While the intention behind each renovation is unique, trends in renovations and expansion highlight the need for flexible, contiguous space.

Destination Analysis

To maximize attendance, event planners seek attractive destinations for their events. The availability of amenities that support tourist visitation and the overall attractiveness of a destination play important roles in event planner decisions. To assess the suitability of a city for convention center events, we defined the destination as an area within a 15-minute walk of the convention center.

HVS used Esri Business Analyst Online ("Esri") to compare the suitability of an event destination to competitive cities. Esri is a well-regarded forecasting service that applies geographic information system technology ("GIS") to produce extensive demographic, consumer spending, and business data analyses. Esri employs a sophisticated location-based model to forecast economic and demographic trends. Esri models rely on U.S. census data, the American Community Survey, and other primary research.

Using ESRI data, HVS ranked the convention destinations in the Comparable and Competitive venue set on nine indicators of destination quality. The first five variables compare destinations from a citywide perspective. The final four variables asses the area within a 15-minute walk of the convention center to compare amenities specifically around the venue.

Citywide Parameters

2019 Total Population Citywide—The size of the local area population data provides evidence of a community's ability to support public services and visitor amenities, and potential demand for local events.

2019 Median Household Income ($) Citywide—Median household income provides an overall measure of community well-being. It indicates a community's ability to support and sustain a venue and its surrounding neighborhood and market.

Occupied Housing (%) Citywide—The more vacant housing indicates a lower quality area and is a large detractor from destination quality.

Public Transportation Spending Citywide—Total sales of public transportation indexed to enable comparisons between cities. Higher spending on public transportation indicates a more accessible city for visitors.

Number of Businesses Citywide—The number of businesses indicates the level of corporate and industry presence. The density and breadth of a city's corporate base indicates demand potential in the meetings industry. Businesses generate demand for conventions, conferences, training, and other industry-specific events.

Convention Center District Parameters (15-minute walk from venue)

Hotel and Lodging Businesses within 15 min.—The quantity of hotel supply represents one of the most important selection factors for facility users in recent years. To attract out-of-town groups, an adequate supply of nearby hotel rooms should support the lodging needs of delegates, exhibitors, and other attendees. Hotel and lodging sales indicates the presence and quality of lodging supply.

Food Service & Drinking Businesses within 15 min.—The number of food service and drinking businesses measures the presence of restaurants, bars and other outlets that support local and tourism visitation.

Arts, Entertainment & Recreation Businesses within 15 min.—Arts, entertainment and recreation business enhance the quality and attractiveness of a destination.

Storefront Businesses within 15 min.—A sum of the number of Food and Beverage Stores, Clothing and Accessory Stores, Sports, Hobby and Music stores, General Merchandise and Miscellaneous stores. This indicates the presence of retail shopping, grocery and liquor stores and other destination attractions for visitors.

The figures below rank Austin among the set of Comparable and Competitive venue cities on each of the criteria described above.

FIGURE 4-9
COMPARABLE AND COMPETITIVE DESTINATION ANALYSIS

2019 Total Population Citywide	
Houston	2,414,978
Phoenix	1,628,096
San Antonio	1,465,079
San Diego	1,399,844
Dallas	1,378,903
Austin	**971,752**
Fort Worth	906,054
Columbus	883,875
Indianapolis	865,709
Denver	730,640
Seattle	721,685
Nashville	693,994
Minneapolis	421,339
Louisville	249,357
Salt Lake City	204,066

2019 Median Household Income ($) Citywide	
Seattle	88,729
San Diego	80,168
Denver	68,771
Austin	**68,550**
Fort Worth	60,925
Minneapolis	59,715
Nashville	58,796
Salt Lake City	57,646
Phoenix	55,826
Columbus	53,227
Dallas	52,365
Houston	52,144
San Antonio	49,884
Indianapolis	48,898
Louisville	40,509

Occupied Housing (%) Citywide	
San Diego	95
Denver	94
Fort Worth	94
San Antonio	94
Austin	**93**
Seattle	93
Salt Lake City	93
Nashville	92
Minneapolis	92
Columbus	92
Phoenix	90
Houston	90
Dallas	89
Indianapolis	88
Louisville	87

Public Transportation Spending Citywide	
Seattle	223
San Diego	161
Denver	145
Minneapolis	139
Austin	**128**
Salt Lake City	110
Dallas	110
Houston	105
Nashville	99
Columbus	86
Phoenix	85
Indianapolis	81
Louisville	79
Fort Worth	78
San Antonio	69

Number of Businesses Citywide	
Houston	132,108
San Diego	70,272
Dallas	60,383
Phoenix	50,252
San Antonio	47,558
Austin	**44,913**
Seattle	36,134
Denver	35,805
Indianapolis	31,967
Nashville	28,565
Fort Worth	26,882
Columbus	26,816
Minneapolis	17,860
Louisville	11,223
Salt Lake City	11,082

Hotel and Lodging Businesses within 15 min.	
Seattle	71
San Diego	68
San Antonio	67
Denver	60
Nashville	38
Minneapolis	36
Indianapolis	34
Salt Lake City	33
Austin	**32**
Louisville	29
Dallas	25
Houston	23
Columbus	17
Fort Worth	16
Phoenix	16

Food Service & Drinking Businesses within 15 min.

Seattle	678
Denver	400
San Diego	368
Minneapolis	280
Austin	**261**
Houston	215
Nashville	215
San Antonio	213
Columbus	176
Phoenix	175
Indianapolis	172
Salt Lake City	167
Louisville	148
Dallas	146
Fort Worth	99

Arts, Entertainment & Recreation Businesses within 15 min.

Seattle	120
Denver	107
Nashville	87
San Diego	83
Phoenix	79
Minneapolis	72
Indianapolis	62
Houston	58
Austin	**56**
San Antonio	53
Louisville	53
Salt Lake City	46
Columbus	43
Dallas	38
Fort Worth	31

Storefront Businesses within 15 min.

Seattle	491
San Diego	240
Denver	197
San Antonio	161
Salt Lake City	159
Minneapolis	139
Austin	**105**
Nashville	100
Houston	96
Indianapolis	95
Columbus	85
Dallas	83
Louisville	75
Fort Worth	49
Phoenix	48

Source: ESRI

Summary of National Destination Indicators

Austin scores highly on the citywide parameters, ranking between 4th and 6th among the set of Comparable and Competitive destinations on all five citywide parameters. Austin has a smaller population and fewer businesses citywide than competitive Texas cities such as Houston, Dallas, and San Antonio. Austin ranks near the middle of the parameters within a 15-minute walk of the venue, between 5th and 9th among the Comparable and Competitive set. It scores well on the number of food and drinking businesses near the ACC but is below the median with respect to the number of hotels and arts, entertainment, and recreation businesses.

Destination Ranking

To assess the relative strength of each destination, HVS calculated a score for each convention area's ranking within the criteria. Destination quality criteria were weighted to reflect their importance to event planners.

Besides the nine ESRI categories discussed above, the number of airport enplanements and a cost index were included as criteria to calculate the aggregate ranking of cities. Airport enplanements indicate the ease of access for the destination and is a major factor in event planner decisions. The cost index is from the Bureau of Economic Analysis and uses the Regional Price Parity (RPP) statistic. RPP is based on a combination of price quotas from the Consumer Price Index and rent data from the American Community Survey. It provides a general indication of the cost of goods and services in that destination, along with the cost of food, lodging, and entertainment.

Food service and drinking businesses, storefront businesses, hotel businesses, and the cost index were weighted the highest. Occupied housing and public transportation index were weighted the lowest. The figures below show the overall rank among the comparable and competitive cities. The first shows the score for each city on the criteria as well as the weights assigned, and the second shows the aggregate score of the destinations.

HVS

FIGURE 4-10
RANK ON ALL DESTINATION CRITERIA

City	2019 Total Population Citywide	2019 Median Household Income ($) Citywide	Occupied Housing (%) Citywide	Public Transportation Spending Citywide	Number of Businesses Citywide	Hotel and Lodging Businesses within 15 min.	Food Service & Drinking Businesses within 15 min.	Arts, Entertainment & Recreation Businesses within 15 min.	Storefront Businesses within 15 min.	Cost Index	Airport Enplane-ments
Seattle	0.23	1.00	0.77	1.00	0.21	1.00	1.00	1.00	1.00	0.19	0.70
San Diego	0.54	0.82	1.00	0.60	0.49	0.95	0.46	0.58	0.43	0.00	0.31
Denver	0.24	0.59	0.92	0.49	0.20	0.80	0.52	0.85	0.34	0.35	0.93
San Antonio	0.57	0.19	0.88	0.00	0.30	0.93	0.20	0.25	0.26	0.83	0.09
Houston	1.00	0.24	0.34	0.23	1.00	0.13	0.20	0.30	0.11	0.52	0.61
Nashville	0.22	0.38	0.72	0.19	0.14	0.40	0.20	0.63	0.12	0.83	0.19
Austin	**0.35**	**0.58**	**0.82**	**0.38**	**0.28**	**0.29**	**0.28**	**0.28**	**0.13**	**0.59**	**0.18**
Minneapolis	0.10	0.40	0.69	0.45	0.06	0.36	0.31	0.46	0.21	0.49	0.52
Phoenix	0.64	0.32	0.35	0.10	0.32	0.00	0.13	0.54	0.00	0.71	0.63
Dallas	0.53	0.25	0.24	0.27	0.41	0.16	0.08	0.08	0.08	0.58	1.00
Indianapolis	0.30	0.17	0.12	0.08	0.17	0.33	0.13	0.35	0.11	0.61	0.33
Salt Lake City	0.00	0.36	0.73	0.27	0.00	0.31	0.12	0.17	0.25	0.61	0.33
Fort Worth	0.32	0.42	0.88	0.06	0.13	0.00	0.00	0.00	0.00	0.58	1.00
Columbus	0.31	0.26	0.59	0.11	0.13	0.02	0.13	0.13	0.08	0.90	0.07
Louisville	0.02	0.00	0.00	0.06	0.00	0.24	0.08	0.25	0.06	1.00	0.00

FIGURE 4-11
AGGREGATE RANK ON ALL DESTINATION CRITERIA

Weight (1 to 5)		
Rank	City	Weighted Destination Score
1	Seattle	0.744
2	San Diego	0.546
3	Denver	0.541
4	San Antonio	0.418
5	Houston	0.414
6	Nashville	0.350
7	**Austin**	**0.347**
8	Minneapolis	0.334
9	Phoenix	0.322
10	Dallas	0.301
11	Indianapolis	0.256
12	Salt Lake City	0.247
13	Fort Worth	0.235
14	Columbus	0.227
15	Louisville	0.175

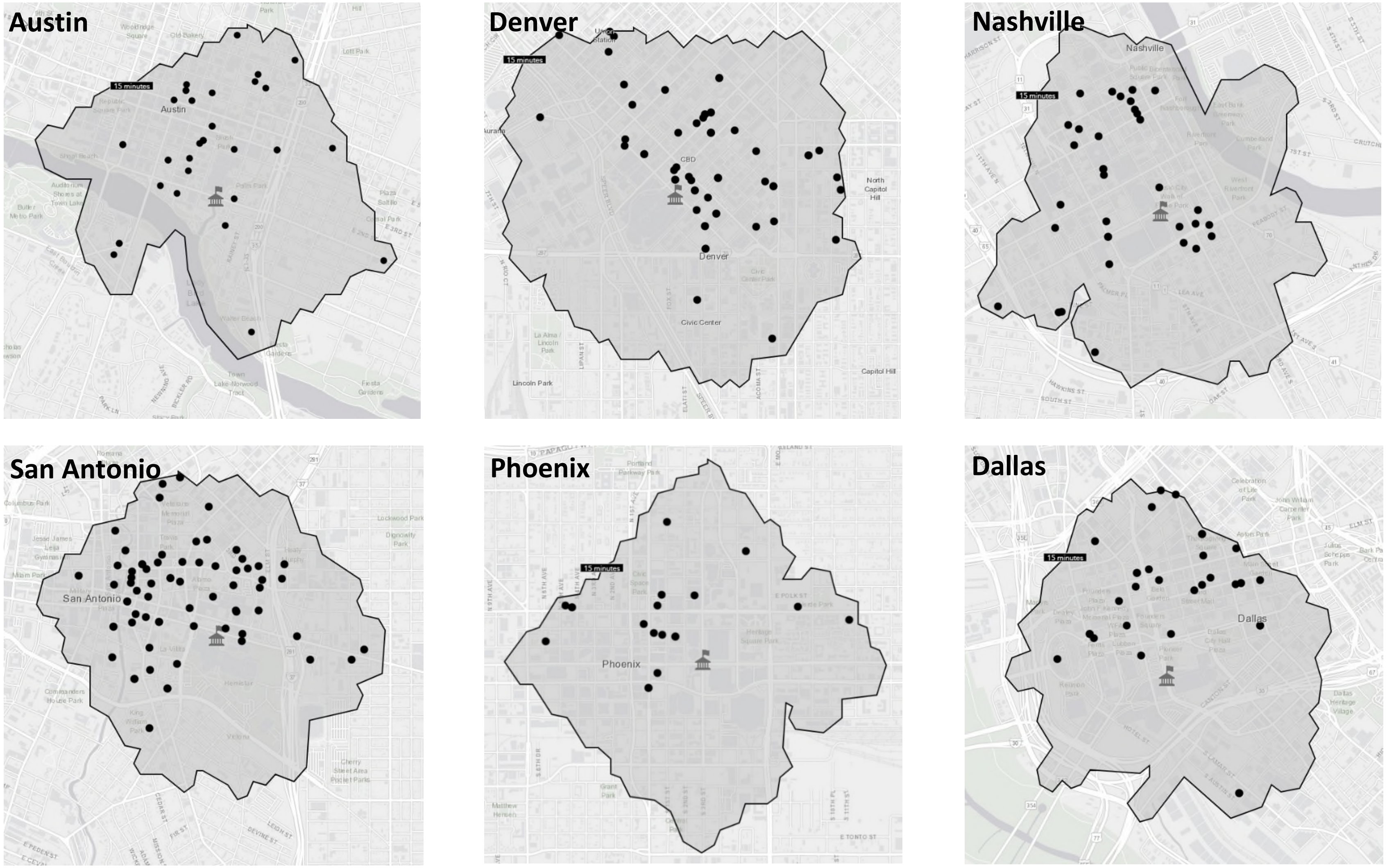
Austin ranks seventh in the set of Comparable and Competitive venues, slightly behind Nashville. On aggregate, it ranks behind other Texas cities San Antonio and Houston, but ahead of Dallas and Fort Worth. Austin is a strong convention destination and offers a variety of entertainment and dining for event attendees.

Amenity Proximity

As an event destination, Austin primarily competes against other Texas and central US locations for events. Event planners, as well as event attendees, prefer destinations that offer activities and amenities for attendees when the event is over. Event planners also prefer that these amenities are within walking distance of the venue.

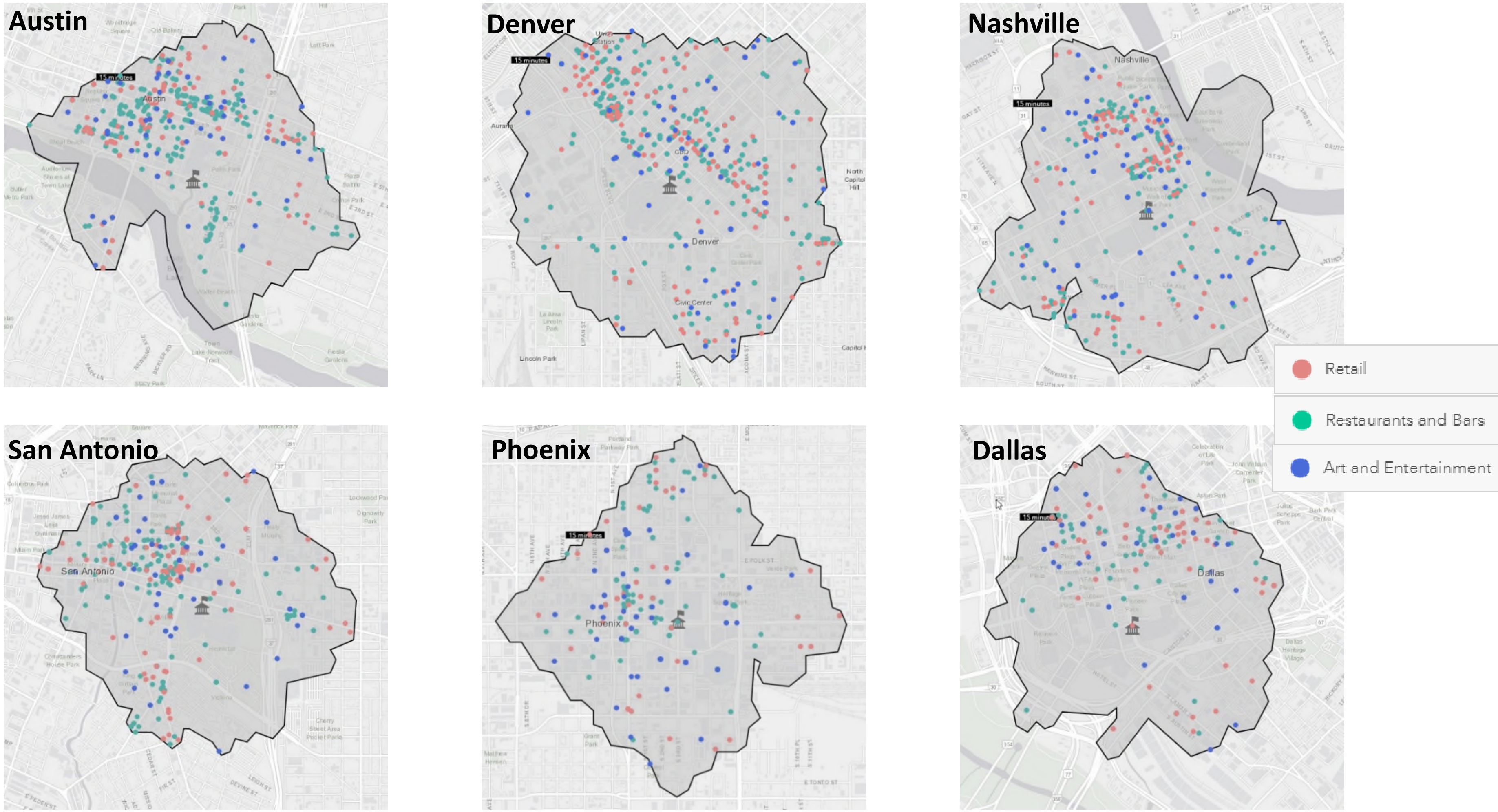
HVS created the following maps to show the difference in the availability of hotels, as well as retail, entertainment, and dining options within a 15-minute walk of the facility between Austin and other competing destinations in the central US.

FIGURE 4-12
HOTELS WITHIN 15 MINUTE WALK OF CONVENTION CENTER



Source: Esri

FIGURE 4-13
AMENITIES WITHIN 15 MINUTE WALK OF CONVENTION CENTER[1]



Source: Esri

[1] These are recreated in Appendix A with separate maps for each amenity (Retail, Restaurants and Bars, Arts and Entertainment)

The ACC appears to lag behind its competitors in the availability of lodging, as many of the hotels within walking distance of the ACC are on the outer boundaries of the 15-minute walk area. However, three of the closer hotels have more than 800 rooms, and a 600-room Marriott is scheduled to open in 2020. These large hotels give Austin the third most hotel rooms within walking distance.

Located in between the 6th Street and Rainey Street areas, the ACC is near two prominent entertainment and nightlife districts in Austin. This concentration of restaurants and bars is unmatched in the comparable set, even by the Broadway district in Nashville. The amount of retail in Austin is limited and spread out throughout downtown, relative to Broadway and the San Antonio Riverwalk, but it does surpass the retail offerings in Phoenix and Dallas, in both volume and proximity to the facility. As the "Live Music Capital of the World," Austin offers a significant amount of arts and entertainment businesses, including music venues, art galleries, and museums. This is understated on the maps, as many of the restaurants and bars shown will also offer live music at night. Nashville, the self-proclaimed "Music City," is the only city listed with as robust of a music scene as Austin.

Conclusion

Currently, the ACC is the third-smallest convention center among the set of Comparable and Competitive Convention Centers. It has half of the amount of function space of other Texas convention centers in Houston, San Antonio, and Dallas and has the least meeting space in the set of Comparable and Competitive Convention Centers.

A majority of the ACC's competitors are undergoing expansion or recently expanded, and will be better suited to host modern events with a heavier emphasis on flexible meeting space than the existing ACC. The proposed expanded building program, designed by Conventional Wisdom and Gensler, and explained in detail in Section 5 of this report, would more than double the amount of function space at the ACC, increase the amount of flexible meeting space, and move it to the second-largest convention center in the set.

Austin is a strong destination with a plentiful supply of lodging adjacent to the ACC and two separate entertainment districts nearby, offering live music, restaurants, and bars. However, Austin lacks a retail center like the San Antonio Riverwalk or the Broadway area in Nashville, which hurts its ranking among the set of Comparable and Competitive Convention Centers.

5. Building Program Recommendations

The building program recommendations presented herein describe the floor areas of various types of function spaces as well as other important amenities for an expansion of the existing ACC. HVS used the building program for an expanded ACC recommended by Gensler and Conventional Wisdom. HVS supplemented the recommended program with a site inspection, a user survey, an analysis of meeting space programming in competitive venues and comparable markets, other market research, and knowledge of standard industry practices. This building program should serve as a guide for subsequent physical planning aimed at providing the desired facility program elements.

Currently, the ACC houses approximately 365,172 square feet of total function space. Function spaces include an exhibit hall, which is divisible into five separate divisions, two separate ballrooms, 20 meeting rooms that are further divisible, and fourteen show offices, which can be used as meeting space when needed. The following figure presents a summary of existing ACC function spaces. Show offices were not listed because they are not designed as event spaces and are only used as such when required.

FIGURE 5-1
EXISTING FUNCTION SPACES

Event Space	Total Area (SF)	Capacities Theatre	Banquet	Classroom	Exhibit Booths (10'x10')
Exhibit Hall	**247,052**	**20,333**	**14,117**	**11,016**	**1,289**
Hall 1	44,100	4,032	2,520	1,728	225
Hall 2	32,640	3,024	1,865	1,300	179
Hall 3	49,232	4,392	2,813	2,052	280
Hall 4	79,525	5,285	4,544	3,954	410
Hall 5	41,555	3,600	2,375	1,982	195
First Floor Ballroom	**23,418**	**2,201**	**1,472**	**1,142**	
Ballroom A	15,288	1,432	994	766	
Ballroom B	3,896	373	224	176	
Ballroom C	4,234	396	254	200	
Fourth Floor Ballroom	**40,510**	**3,812**	**2,646**	**2,318**	
Ballroom D	26,540	2,408	1,824	1,516	
Ballroom E	4,470	471	274	274	
Ballroom F	4,570	481	274	293	
Ballroom G	4,930	452	274	235	
First Floor Meeting Rooms					
1	996	83	64	54	
2	1,121	112	64	64	
3	1,576	157	104	89	
Third Floor Meeting Rooms					
4 (A,B,C)	1,807	181	118	106	
5 (A,B,C)	2,485	249	162	146	
6 (A,B)	3,318	332	216	195	
7	1,287	129	84	76	
8 (A,B,C)	3,159	316	206	186	
9 (A,B,C)	5,145	515	335	303	
10 (A,B)	3,231	324	210	190	
Austin Suite					
Fourth Floor Meeting Rooms					
11 (A,B)	1,597	160	104	94	
12 (A,B)	3,440	345	224	202	
13 (A,B)	1,569	157	102	92	
14	1,650	165	107	97	
15	1,617	162	105	95	
16 (A,B)	3,811	382	248	224	
17 (A,B)	3,893	390	254	229	
18 (A,B,C,D)	6,625	664	431	390	
19 (A,B)	3,400	341	221	200	
Total Meeting Space	**54,192**				
TOTAL FUNCTION SPACE	**365,172**				

Source: ACC

Currently, the ACC hosts approximately 100 group events per year. These groups include corporations and associations, social groups, and non-profit groups. The functions spaces at the ACC host a variety of events, including conventions, tradeshows, consumer shows, conferences, and banquets.

However, a division in the exhibit hall is offset from the rest of the space, the ballrooms are in opposite ends of the facility, and there is a general lack of meeting rooms and space. The existing exhibit hall has five divisions, and the fifth division is attached to the space, but its addition creates an L-shape in the exhibit hall, which is not ideal for larger flat floor exhibitions, where planners prefer a single wide-open space.

The two ballrooms at the ACC are on the first floor, in the south end of the facility, and on the fourth floor, in the north end of the facility. This can be confusing for guests who expect the ballrooms C and D to be near or adjacent to exhibition and meeting spaces. The first-floor ballroom, made up of divisions A, B, and C, is also isolated from other spaces in the ACC. It is located adjacent to exhibit hall one, but requires a longer walk to reach meeting rooms and the northern exhibit hall divisions. The fourth-floor ballroom, made up of divisions D, E, F, and G, is adjacent to a large block of meeting rooms and can easily reach the northern exhibit hall divisions via escalator.

The ACC also needs more breakout meeting rooms and breakout meeting space. Currently, the ACC uses small show offices to host breakouts from larger conferences and conventions. It lacks enough formal meeting rooms and meeting room blocks. The ACC staff has done well to improve the connections to meeting rooms and to create new meeting spaces, like the meeting rooms on the first floor, but more rooms are needed.

Survey Recommendations

As presented in Section 3, user surveys indicate several key factors that influence meeting planners' selection processes when considering Austin and the ACC as an event destination.

- The number of breakout meeting rooms was the third-lowest rated aspect of the existing ACC and was the most common weakness identified by respondents.
- When event planners were asked about the most important improvement to make to the ACC, 36% wanted more meeting space, and 20% wanted more exhibit space.
- Of the respondents who tried to book the ACC in the last five years and couldn't, 23% were unable to because there was insufficient function space in the ACC.

- When respondents were asked what specific type of function space was missing at the ACC, 42% indicated meeting space, and 37% responded exhibit space.
- Respondents were split when asked which type of space was most important to expand at the ACC: 36% said meeting space, 29% said ballroom, and 26% said exhibit.

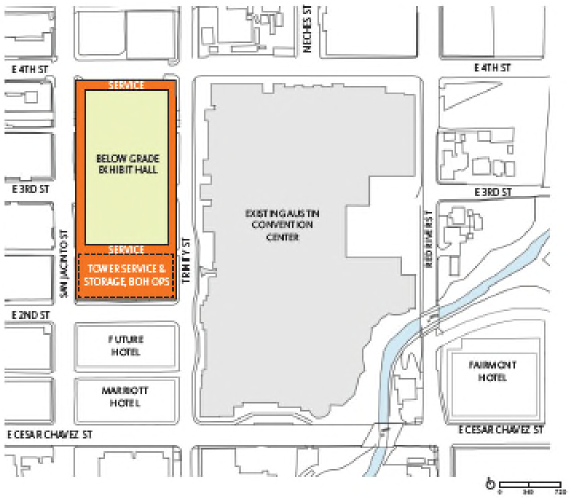
Facility Program Recommendations

The expanded building program recommendation would serve two purposes in improving ACC operations. The first objective is to create a larger and more contiguous exhibit hall. The current ACC exhibit hall is smaller and less flexible than most of its competitors, making it difficult to retain events that are increasing in size and need more space than the ACC can offer.

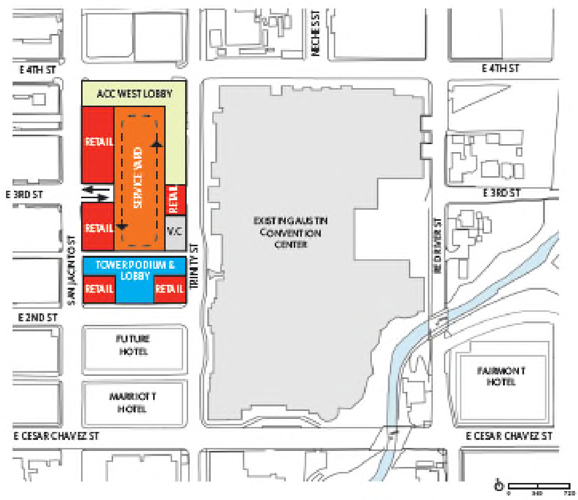
The second is to increase the amount of flexible meeting space in the facility. Recent trends in events require more meeting space, and meeting spaces to accommodate smaller gatherings of event attendees. Fewer events require large exhibit halls and more events are using large ballrooms for general sessions and meeting rooms for breakouts and smaller gatherings.

HVS assumed demolition and construction would be done in three phases, based on the plan provided by Gensler and Conventional Wisdom. The first phase of construction would create a new development on the site directly to the west on Trinity Street and adjacent to the existing ACC. In the second phase, the north half of the existing ACC would be torn down and rebuilt while the rest of the building continues to operate. In the third phase of development, the South half of the existing building would be replaced. The resulting development would create a single integrated building connected across Trinity Street via skybridges on the second, third, and fourth levels, and connected below-grade with a contiguous exhibit hall that will run beneath Trinity Street. The figures below, provided by Gensler and Conventional Wisdom, illustrate the phasing of construction.

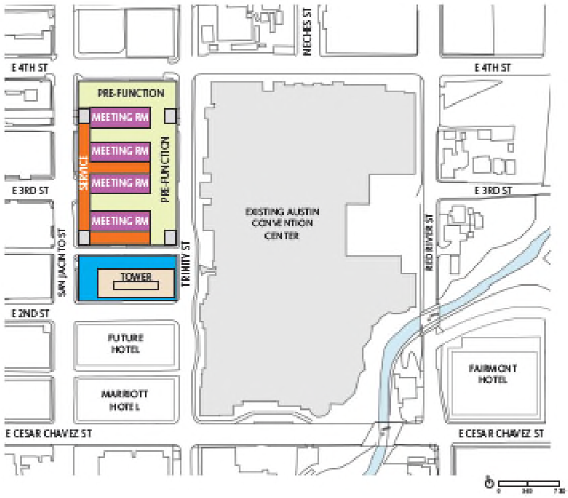
ACC EXPANSION PHASE 1
BELOW GRADE



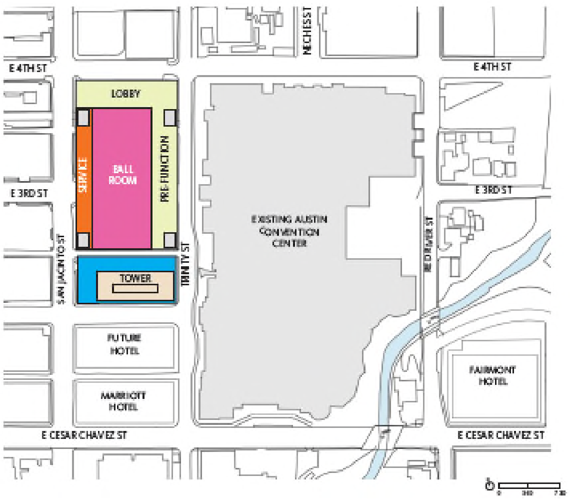
STREET LEVEL



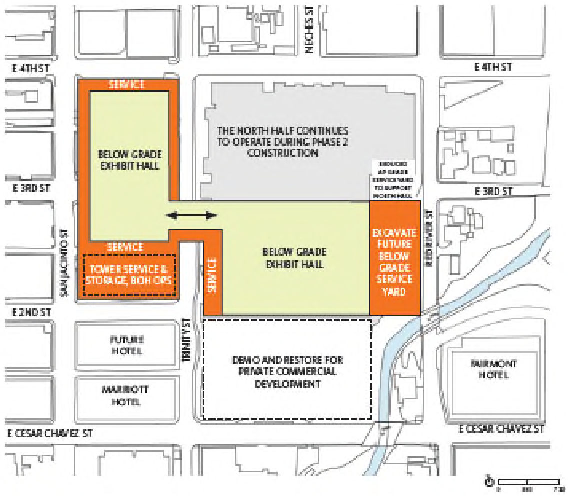
LEVELS 2 AND 3



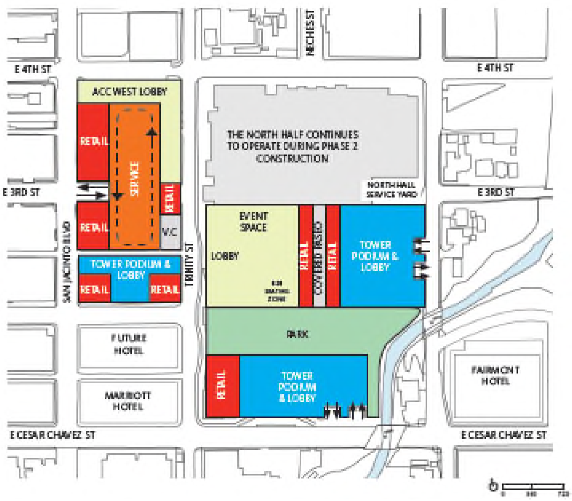
LEVEL 4



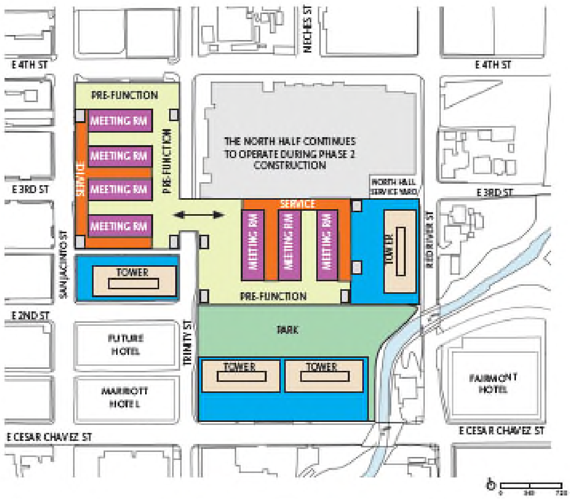
ACC EXPANSION PHASE 2
BELOW GRADE



STREET LEVEL



LEVELS 2 AND 3



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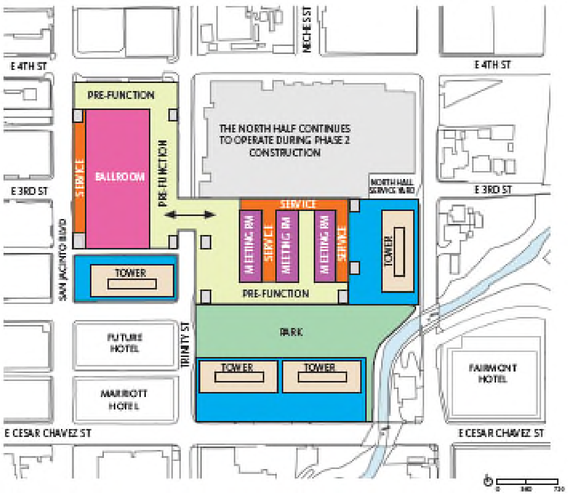
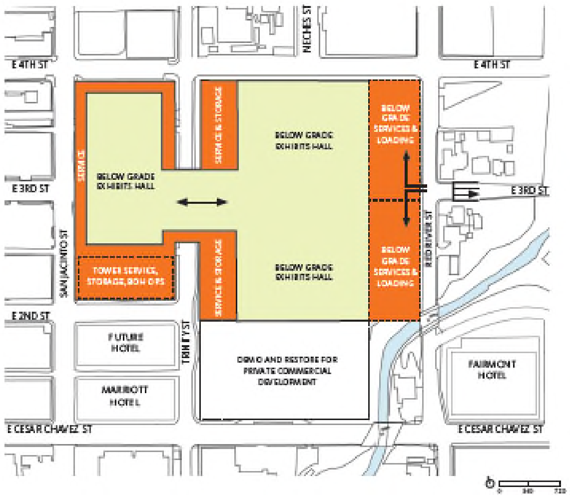
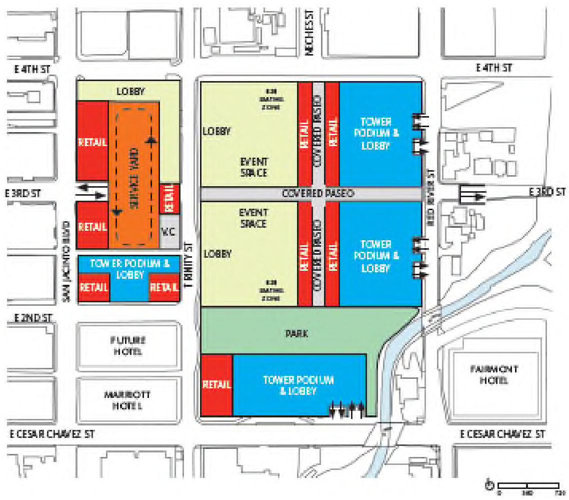


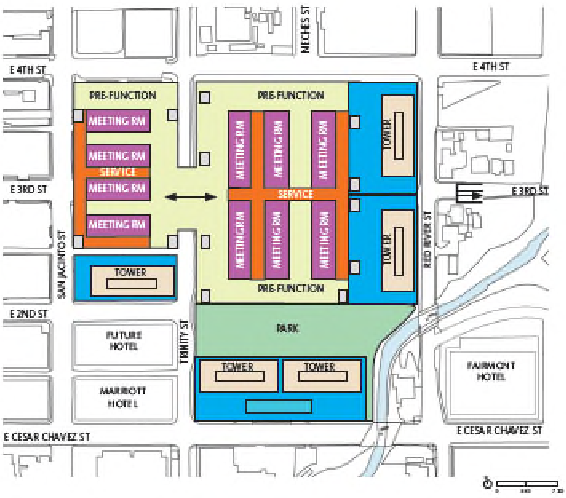
ACC EXPANSION PHASE 3
BELOW GRADE



STREET LEVEL



LEVELS 2 AND 3



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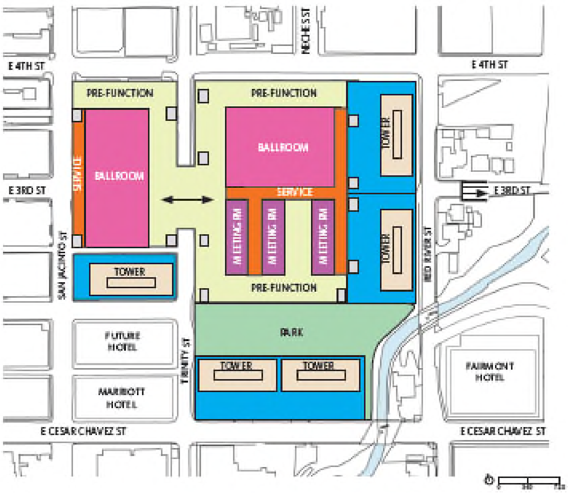


The building program provided by Gensler and Conventional Wisdom would expand the ACC such that the facility would include a total of approximately 912,000 square feet of function space comprised of the following:

FIGURE 5-2
ACC FUNCTION SPACES

Event Space	Floor Areas (sf)	
	Current ACC	Expanded ACC Total
Exhibit	247,000	454,000
Ballroom	67,000	160,000
Meeting	55,000	290,000
Total	369,000	904,000

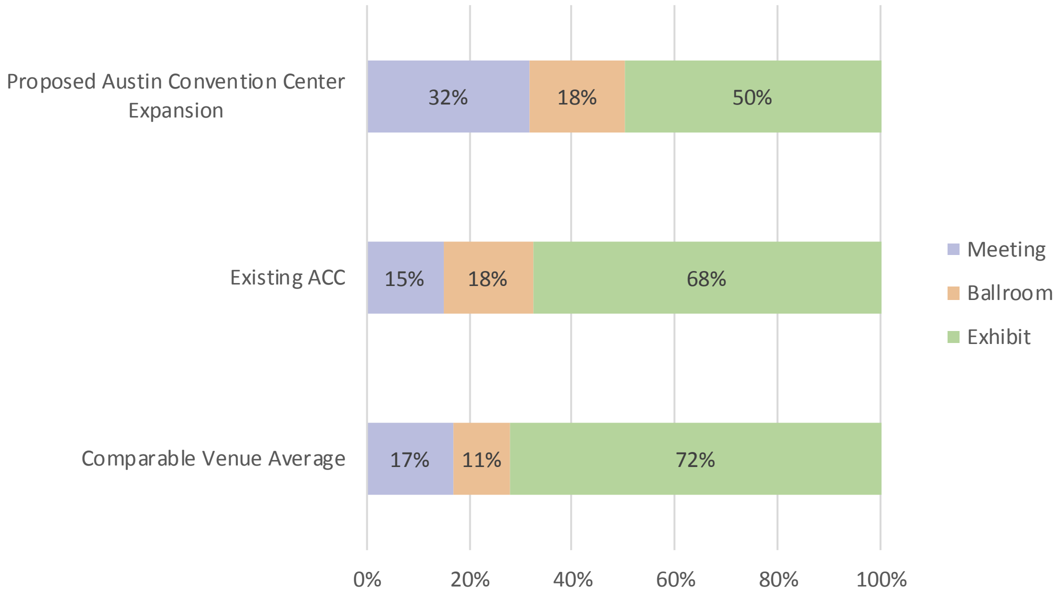
Source: ACC, Gensler, Conventional Wisdom

The specific elements of the building program are discussed below:

- There would be a single contiguous, 454,000 square-foot exhibit hall that would be divisible into smaller spaces. An 88,000 square-foot exhibit hall would operate in the West building once it is complete, and would connect to the southern and northern halves of the East building exhibit halls when they are completed. These halls would be below grade and would connect under Trinity Street.
- An 88,000 square-foot multi-purpose hall in the West building would be able to serve as ballroom space when needed and an additional 80,000 square foot ballroom would be located in the new East building, on the fourth floor.
- Twenty-three separate blocks of meeting space across the East and West buildings, totaling 290,000 square feet of function space. The meeting spaces would be located on the second, third, and fourth floors, each of which would have its own connection between the East and West buildings.

The expanded facility must have an appropriate mix of exhibit, ballroom, and meeting space to ensure that it can accommodate a wide range of event types with different space requirements. The following figure shows the ratio of different types of function space in the current ACC, the proposed ACC expansion, and the average of the venues discussed in Chapter 4.

FIGURE 5-3
FUNCTION SPACE RATIOS



The current ACC has slightly more ballroom space than the comparable venue average, but less exhibit and meeting space. The proposed ACC building program would decrease the amount of exhibit space relative to the amount of meeting and ballroom space. This follows recent trends in convention center construction, which prioritize flexible meeting and ballroom spaces over large exhibit halls to better meet the needs of event planners.

6. Demand Analysis

HVS based event demand projections at the Austin Convention Center ("ACC") on the following research and analysis:

- Historical ACC demand data,
- Lost business data, tracked by Visit Austin
- Key market and economic indicators outlined in Section 2,
- An online event planner survey, which can be found in Section 3,
- Comparable venue program and demand data,
- The general program recommendations presented in Section 5, and
- Discussions with representatives from the current ACC management and Visit Austin.

For the purposes of analysis, HVS assumes that all building program recommendations throughout this report are completed by January 1, 2031. As of this writing, a schedule for construction of the west building and subsequent replacement of the east building has not been established. However, Gensler and Conventional Wisdom prepared a projected timeline for the phasing of construction and opening of each expansion area, which HVS has used for its demand projections. The figure below describes the timing of the phasing as well as the parts of the building that will be operating and under construction during each phase.

FIGURE 6-1
DEMAND PHASING AND TIMING

	2025*	2026	2027	2028	2029	2030	2031
Phase	**1**	**1**	**1**	**2**	**2**	**2**	**3**
Convention Center Areas							
Operating	W, Old N	W, Old N	W, Old N	W, New S	W, New S	W, New S	All
Under Construction	S	S	S	N	N	N	None
Function Space (000's of s.f.)							
Exhibit	296	296	296	290	290	290	454
Ballroom	43	43	43	88	88	88	168
Meeting	138	138	138	230	230	230	290
Total	477	477	477	608	608	608	912

***Years are included to provide a framework for the analysis. They should not be interpreted as a proposed construction schedule**

Source: Gensler, Conventional Wisdom

The assumed opening dates simply provide a framework for this analysis and should not be interpreted as a proposed schedule. HVS estimates that event demand would stabilize in the third year of operation—2033. Demand projections also assume the continued presence of a highly qualified, professional sales and management team for the ACC.

Historical Demand

The ACC provided HVS with a summary of the number of events and corresponding total attendance that occurred at the facility from calendar years 2015 through 2019. HVS reclassified event types into standard event categories to allow comparisons with other venues and for the projection of financial operations.

HVS classified all events into one of the following categories.

Conventions—associations, government, social, military, educational, religious, fraternal, and ethnic organizations register attendees for multi-day events. Facility set up includes breakout, banquet and exhibit space set-up and may include plenary sessions. Typically, the primary purpose of a convention is information exchange.

Tradeshows—provide a means for wholesalers and retailers to transact business with industry buyers. Like conventions, tradeshows offer a forum for exchanging industry ideas and attendees must register for the event. To clearly differentiate conventions from tradeshows, HVS assumes that only corporations and enterprises can sponsor and produce tradeshows. While they also require exhibit space set-up, they only sometimes require banquet, plenary, and/or breakout space set-up.

Consumer Shows—public, ticketed events featuring the exhibitions of merchandise for sale or display. Exhibition companies produce consumer shows, as they provide a means of product distribution and advertising. They only require exhibit space set-up.

Conferences—require a mix of banquet and breakout space set-up as well as occasional assembly space, but do not require any exhibit set-up. Conferences can be conducted by any organization type, but always require attendees to be registered.

Banquets—only require a banquet set-up for food and beverage meal service. These events also can be produced by any organizational type and are either are held privately or require guests to register.

Meetings— only require breakout space set-up. Like conferences, they can be produced from any of the organization types, but unlike conferences, they are private events to which one must be invited.

Sports—typically require the set-up of a competition area in a large function space. Attendees to sporting events, which are usually organized by sports enterprises, may be public or registered. Some sporting events have both a registered and public aspect to the event over the span of a few days.

Concerts & Entertainment—usually a concert or some form of live entertainment, owned and organized by an event promoter for the public. Entertainment events only require production set-up.

South by Southwest—is one of the largest music, film, and arts festivals in the US, with over 425,000 total attendees in 2018. The ACC is one of many venues used citywide to host film screenings, lectures, and interviews, among other events. It runs for approximately ten days in mid-March; however, other SXSW-affiliated events occur in Austin throughout the entire month.

The following figure presents the event and attendance history at the ACC for the past five years.

FIGURE 6-2
SUMMARY OF DEMAND HISTORY

	2015	2016	2017	2018	2019
Event					
Conventions	37	38	42	36	38
Tradeshows	2	1	3	1	1
Consumer Shows	11	9	16	11	11
Conferences	12	11	11	12	10
Banquets	7	5	9	7	6
Meeting	31	18	25	15	26
Sports	8	4	5	3	3
Concerts & Entertainment	1	3	1	2	1
Other	3	na	2	3	2
South by Southwest	1	1	1	1	1
Total	113	90	115	91	99
Estimated Attendees					
Conventions	130,329	174,600	186,480	216,500	156,750
Tradeshows	1,700	10,000	3,200	1,500	1,200
Consumer Shows	86,063	45,100	132,600	80,700	84,700
Conferences	23,854	12,875	17,275	23,400	13,000
Banquets	12,250	3,280	5,775	5,275	8,730
Meeting	14,225	8,330	15,165	7,800	10,913
Sports	33,500	22,700	29,100	18,000	4,300
Concerts & Entertainment	900	2,850	2,500	4,600	1,000
Other	35	na	30	32	15
South by Southwest	105,000	150,000	150,000	200,000	200,300
Total	407,856	429,735	542,125	557,807	480,908

Source: ACC

Historic demand at the ACC varied from 90 events in 2016 to 115 in 2017, while the attendance ranged from nearly 408,000 attendees in 2015 to more than 557,000 in 2018. The drop in attendance from 2018 to 2019, while the number of events at the ACC increased, was likely caused by several large conventions using a different facility and being replaced with smaller events.

The most common types of events are conventions and meetings, followed by consumer show and conferences. The majority of ACC attendees come for conventions and consumer shows.

Lost Business Analysis

Visit Austin provided HVS with a summary of lost convention center business for events that were lost from 2015 to 2019. Events are counted as lost if they tentatively reserved dates but ultimately decided not to book the ACC. The summary contains lost event data for approximately 1,300 events. The data included the total room nights, projected attendance, and the reason the event was lost. HVS categorized all lost business into eleven categories. The following figure presents the number of events lost in each category for each year.

FIGURE 6-3
2015-2019 EVENTS LOST BY CATEGORY

Reason Lost	2015	2016	2017	2018	2019	Total	Percentage
Lack of Availability*	116	142	103	121	103	585	45%
Hotel package	64	55	65	43	42	269	21%
Other	36	34	29	41	26	166	13%
Lack of Function Space/Rooms*	28	19	20	34	20	121	9%
Location	10	8	9	11	5	43	3%
Destination	9	7	9	7	4	36	3%
ACC Decision*	2	5	12	2	6	27	2%
Lack of local support	3	5	8	1	6	23	2%
ACC Cost	10	4	1	0	3	18	1%
Air accessibility	3	0	0	6	1	10	1%
Lack of sports facilities	0	0	0	1	0	1	0%
Total	281	279	256	267	216	1299	

***Reasons for losing an event that an expansion would address**

Source: Visit Austin

The most common reason for the ACC to lose an event was the convention center was unavailable, which made up 45% of the total events lost over the five-year period. An issue with the hotel package, either rooms were too expensive, or there were not enough rooms available was the second most common reason for the ACC to lose an event. The other category includes a variety of different reasons for losing an event, including the meeting was canceled, another year was chosen, or the decision was postponed.

Reasons for lost business that could be addressed by expanding the ACC are the lack of availability, a lack of function space or rooms, and that the ACC decided not to host the event. The lack of availability and the lack of function space will be addressed by the expansion, which will enable the ACC to host more simultaneous events. Events lost because of an ACC decision will also be affected, because the ACC would be able to adapt its booking policies to include events that it currently turns away.

Visit Austin also tracked the number of attendees and room nights associated with the events that were lost. The table below shows the total for events lost from 2015-2019, and the annual average events, attendees, and room nights that were lost for reasons that will be addressed in the expansion from 2015 to 2019.

FIGURE 6-4
POTENTIAL RECAPTURABLE EVENTS, ATTENDEES, ROOM NIGHTS

	Total (2015-2019)		Annual Average		Percentage Recapturable
	Recapturable	Non-Recapturable	Recapturable	Non-Recapturable	
Events	733	566	147	113	56%
Attendees	2,460,615	1,618,605	492,123	323,721	60%
Room Nights	4,651,591	3,212,652	930,318	642,530	59%

More than half of the annual lost events at the ACC are considered recapturable, as they were lost for reasons that will be addressed if the facility is expanded. A slightly higher proportion of attendees and room nights are also considered recapturable. The expanded ACC would not be able to host all of these recapturable events and associated attendees and room nights; however, this does indicate the amount of demand that exists for the ACC and the potential increase in demand in an expansion scenario.

Event Demand Forecast

HVS projected demand for a base year, and for each of the years of operation during construction until the expansion is complete in 2031. The base year (2024) represents an average or typical year of operation without the proposed expansion. Incremental event demand would ramp up following the completion of the expansion and stabilize in 2033.

The figure below breaks out event projections by type of event in an expanded ACC. Total attendance figures represent individual event attendees.

FIGURE 6-5
SUMMARY OF DEMAND PROJECTIONS

	Base Year	Phase 1			Phase 2			Phase 3		Stabilized
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Event										
Conventions	38	38	39	40	43	47	50	55	60	65
Tradeshows	2	2	2	2	3	4	4	4	5	6
Consumer Shows	12	13	14	15	15	15	15	15	15	15
Conferences	11	14	17	20	23	27	30	32	34	35
Banquets	7	7	7	7	10	12	15	18	22	25
Meeting	23	27	33	40	54	57	50	52	54	55
Sports	4	2	2	2	2	2	2	4	5	6
Concerts & Entertainment	2	2	2	2	2	2	2	3	4	4
Other	2	2	2	2	2	2	2	2	2	2
South by Southwest	1	1	1	1	1	1	1	1	1	1
Total	102	108	119	131	155	169	171	186	202	214
Estimated Attendees										
Conventions	172,000	172,490	177,029	181,568	202,943	221,821	235,980	269,500	294,000	306,000
Tradeshows	6,000	5,847	5,847	5,847	7,685	10,247	10,247	8,800	11,000	13,000
Consumer Shows	87,000	94,013	101,245	108,477	108,238	108,238	108,238	108,000	108,000	108,000
Conferences	18,000	22,340	27,128	31,915	42,501	49,893	55,436	67,200	71,400	70,000
Banquets	7,000	7,359	7,359	7,359	10,756	12,907	16,134	19,800	24,200	28,000
Meeting	11,000	13,327	16,289	19,744	26,827	28,317	24,840	26,000	27,000	28,000
Sports	18,000	9,246	9,246	9,246	9,323	9,323	9,323	18,800	23,500	28,000
Concerts & Entertainment	3,000	3,060	3,060	3,060	3,030	3,030	3,030	4,500	6,000	6,000
Other	10	18	18	18	10	10	10	10	10	10
South by Southwest	161,000	200,000	200,000	200,000	225,000	225,000	225,000	250,000	250,000	250,000
Total	483,000	528,000	547,000	567,000	636,000	669,000	688,000	773,000	815,000	837,000

Source: HVS

The expansion would allow the ACC to attract more than 100 more events by enabling it to host larger events than it supports today as well as more simultaneous events that are similar in size to those that the ACC currently hosts. All event types are projected to increase except other events, which are mostly photoshoots, and South by Southwest. Total attendance at the ACC is projected to increase from 483,000 in the base year to 837,000 by 2033 when demand stabilizes.

These projections assume that the COVID-19 pandemic has been contained by the time of expansion and the number of events and attendees will recover to historical levels.

The figure below shows a summary of the demand projections and compares the number of events, average attendance, and total attendance in the base year and a stabilized year.

FIGURE 6-6
SUMMARY OF DEMAND PROJECTIONS

Event Type	Events		Average Attendance		Total Attendance	
	Base 2024	Stabilized 2033	Base 2024	Stabilized 2033	Base 2024	Stabilized 2033
Conventions	38	65	4,539	4,700	172,000	306,000
Tradeshows	2	6	2,923	2,200	6,000	13,000
Consumer Shows	12	15	7,232	7,200	87,000	108,000
Conferences	11	35	1,596	2,000	18,000	70,000
Banquets	7	25	1,051	1,100	7,000	28,000
Meeting	23	55	494	500	11,000	28,000
Sports	4	6	4,623	4,700	18,000	28,000
Concerts & Entertainment	2	4	1,530	1,500	3,000	6,000
Other	2	2	9	10	20	20
South by Southwest	1	1	161,060	250,000	161,000	250,000
Total	102	214			483,000	837,000

The largest increase in events comes from banquets, conventions, conferences, and meetings. Average attendance is based on historic ACC averages. Total attendance is projected to increase for all events types.

Historic Hotel Market Impact

While most out of town attendees to ACC events stay in the downtown area, the room nights generated by these events affect the room rates and occupancy of the entire city. A hotel market phenomenon called "compression" occurs when high occupancies in one or more hotels increase occupancy and room rates in other hotels. Visit Austin provided HVS with historic daily STR data for the downtown market in Austin from 2015 through 2019.

HVS used daily STR data and daily room block commitments from conventions to study the compression from ACC events. This analysis reveals large and statistically significant rate and occupancy compression due to ACC events.

The following figure shows room night supply, room night demand, revenue, and average daily room rates ("ADR") in downtown Austin from 2015 through 2019.

FIGURE 6-7
DOWNTOWN AUSTIN HOTEL MARKET PERFORMANCE 2015-2019

Year	Room Night Supply	Room Night Demand	Occupancy Rate	Revenue (Millions)	ADR
2015	1,519,881	1,200,360	79%	$275.87	$223
2016	1,752,428	1,379,619	79%	325.09	$228
2017	1,753,201	1,357,933	77%	329.05	$233
2018	2,056,697	1,523,715	74%	373.87	$238
2019	2,037,264	1,626,866	80%	420.83	$251

Sources: STR and Visit Austin

Hotel revenue has increased 52%, room night supply has increased 34%, and room night demand has increased 36% since 2015. Prior to the impact of the COIVD=19 pandemic, the Austin hotel market downtown was strong and grew substantially since 2015.

Downtown Austin is not the only area that benefits from compression caused by ACC events. STR data was unavailable for other Austin sub-markets, however, based on past experience in other cities, the magnitude of compression decreases as distance from the ACC increases, but all areas of Austin benefit from compression due to ACC events.

Historic Hotel Occupancy and Rate Compression

To analyze the historic impact of ACC events on the downtown Austin hotel market, we used datasets[1] on daily hotel and ACC performance for the calendar years 2015 through 2019. We calculated the average daily room rates and occupancy rates on days when the ACC generated at least 500 room nights ("ACC Event Days") and compared that to days on which the ACC did not.[2] We assume that a room block of fewer than 500 room nights would not generate significant compression.

[1] Visit Austin provided HVS with STR data on room night supply, room night demand, and ADR for a set of downtown Austin hotels. We combined this data with daily event data provided by the ACC.

[2] We used a z-test to determine whether the difference in means is statistically significant. Our null hypothesis is that occupancy and room rates are the same on ACC Event Days as on non-event days. If we reject the null hypothesis, we can accept our alternative hypothesis that the means are

The figure below compares the downtown hotel occupancy and ADR on ACC Event Days and non-ACC Event Days.

FIGURE 6-8
HISTORIC IMPACT OF ACC EVENT DAYS ON DOWNTOWN AUSTIN HOTELS

	Event Days	Non-Event Days	Difference	Z-score	Significant
Number of Days	862	964			
Occupancy	84.1%	72.1%	12.1%	14.7	✓
ADR	$254	$217	$37	12.9	✓

Occupancy and rate compression is statistically significant (p<.01) in the downtown hotel sub-market in Austin. It experiences an average 12.1% increase in occupancy and a $37 increase in ADR on ACC Event Days.

HVS used the estimated percent change in occupancy to project the net new number of room nights and the associated rooms revenue that the ACC brings to the market. In addition, hotel guests staying in Austin during events days for reasons not related to the ACC pay an average premium of $37 over what they would have paid on non-event days. HVS considers the revenue generated by this premium as an induced revenue impact of the ACC.

not equal. For normally distributed populations, a z-test calculates the probability that the means of two populations are equal. To reject the null hypotheses with 99% confidence (p<.01), the z-score must be greater than 2.58 or less than -2.58.

FIGURE 6-9
ANNUAL INCREMENTAL HOTEL REVENUE IMPACT
(IN THOUSANDS OF 2019 DOLLARS)

Parameter		Value
Occupancy Impact		
Total Available Room Nights		5,868
Difference in Occupancy	x	12%
Change in Occupied Rooms		708
Non-Event Day ADR	x	$217
Annual ACC Event Days	x	172
Annual Incremental Rooms Revenue*		$26,437
ADR Impact		
Occupancy		84%
Total Available Room Nights	x	5,868
Occupied Room Nights		4,938
Difference in ADR	x	$37
Annual ACC Event Days	x	172
Annual Incremental Rooms Revenue*		$31,728
Total Impact		
Occupancy*		$26,437
ADR*	+	$31,728
Total		$58,165

* (Thousands $)

In 2019 dollars, the room nights generated by the ACC events cause annual hotel room revenues in downtown Austin to increase by approximately $26.4 million. Baseline ADR compression increases room revenues in the downtown Austin market by $31.7 million per year. In 2019 dollars, we estimate the ACC accounts for approximately $58 million in annual downtown hotel room revenues in Austin.

Annual hotel room revenue also increases due to occupancy and rate compression in other hotel sub-markets in Austin; however, the size of the increase will be less than in downtown. Due to a lack of available data, HVS did not provide a statistical analysis of revenue impact the ACC has in other sub-markets in the City. However, based on previous studies in cities like Austin, downtown areas generate approximately 75% to 80% of the total hotel revenue impact citywide. If this is the case in Austin, the ACC would have induced between $72.5 and $77.3 million in annual hotel room revenue from 2015-2019.

HVS intends for demand projections to show the expected levels of event numbers and attendance. Projections show smooth growth over time. However, event demand and booking cycles do not always run smoothly. Unpredictable local and national economic factors can affect businesses. Event demand often moves in cycles based on rotation patterns and market conditions. Therefore, HVS recommends interpreting the demand projections as a mid-point of a range of possible outcomes and over a multi-year period, rather than relying on projections for any one specific year.

7. Financial Analysis

HVS used a proprietary financial operating model to estimate revenues and expenses at the ACC. This model quantifies the key variables and operating ratios that determine revenue potential and expense levels. Unless otherwise indicated, HVS applied an annual inflation rate of 2.5% to revenues and expenses.

The industry does not use a standardized set of accounting practices for reporting financial performance and operators employ a variety of accounting methods. However, a few major revenue and expense categories are common to most venues. HVS relied on the ACC's organization of revenue and expenses but condensed certain line items and restated its financial operations.

Historical Financial Operations

HVS obtained data on historical ACC operations for the calendar years 2015 through 2019 and restated that information into various revenue and expense line items. HVS uses this same categorization of revenue and expense for the financial projections to follow. The following figure presents a restatement of historical financial operations.

FIGURE 7-1
HISTORICAL OPERATIONS ($ THOUSANDS)

	2015	2016	2017	2018	2019
Revenue					
Food and Beverage (Gross)	$11,353	$13,751	$18,529	$12,995	$20,573
Facility Rental	2,696	2,784	2,726	3,303	2,818
Event Services	4,127	5,018	5,394	5,106	5,202
Parking	3,731	3,946	4,258	4,042	4,721
AV Services (Net)	711	939	1,278	1,032	1,148
Other	471	313	341	349	345
Total Revenue	$23,089	$26,751	$32,527	$26,826	$34,808
Operating Expense					
Salary and Benefits	$17,689	$19,332	$20,713	$22,741	$24,195
Food & Beverage Costs	7,016	7,948	9,649	7,766	11,258
Utilities	2,993	2,902	2,448	2,263	2,239
Repair & Maintenance	2,925	2,772	2,378	2,088	2,724
Administrative & General	1,358	1,473	1,134	1,026	1,159
Supplies & Equipment	3,417	2,546	2,554	2,601	2,436
Marketing	187	388	463	471	345
Insurance	178	192	193	194	206
Other	-568	-925	-994	-1,157	-1,280
Services Other	44	96	3	6,612	6,703
Total Operating Expense	$35,240	$36,725	$38,541	$44,605	$49,987
Operating Net Income (Loss)	($12,151)	($9,974)	($6,014)	($17,779)	($15,179)

Source: Austin Convention Center as restated by HVS

The ACC has generated between $23 and $34 million in revenue over the period studied. The largest source of revenue is from food and beverage services, followed by revenue generated from event services, parking, and room rental. The ACC has incurred between $35 and $49 million in expenses over the same period, with the majority of expenses being dedicated to salaries and benefits, as well as the cost of food and beverage services. Reimbursement for the operation of the Palmer Event Center are categorized as an offsetting expense line item ("other").

Projection of Financial Operations

HVS projected revenue and expenses for a base year (2024) for the expansion of the ACC. For the purposes of this analysis, we assume that the entire expansion of the ACC would open in 2031. As discussed in our demand analysis, a three-year ramp-up period would be necessary to stabilize the operation in 2033. We initially project financial operations in inflated 2024 dollars for the base year and the stabilized year, then apply an inflation rate of 2.5% to all line items (unless otherwise stated).

Staffing at the ACC would increase at various points in the expansion, reaching full staff levels when the entire expansion opens in 2031. HVS consulted with ACC staff to identify staffing needs in an expanded ACC and the timing of addition of new positions as the venue moves through its phased expansion.

Revenue

Revenue is the income derived from business operations and other business activities. ACC line items include: Food and Beverage (Gross), Facility Rental, Event Services, Parking, AV Services (Net), and Other. HVS estimates operating revenues as fixed amounts (subject to inflation) or as amounts per unit of demand. In this analysis, we used Attendees, GSFD (square feet of use times the number of days of utilization) and, Day Trips as units of demand. To formulate the revenue parameters (amounts per unit of demand), HVS relied on primarily on historical ACC demand and operating statements as well as industry information, and knowledge of the performance of comparable venues. We adjusted the assumptions for inflation and other anticipated trends in price levels.

The figure below summarizes the Revenue parameters for each unit of demand and by type of event.

FIGURE 7-2
REVENUE PARAMETERS ($ 2019)

Revenue Line Item and Demand Source	Revenue Estimation Unit	Amount per Unit	
		Pre-Opening	Post Opening
Food and Beverage (Gross)			
Conventions	Attendees	$65.00	$65.00
Tradeshows	Attendees	12.00	12.00
Consumer Shows	Attendees	10.00	10.00
Conferences	Attendees	105	105
Banquets	Attendees	85.00	85.00
Meeting	Attendees	30.00	30.00
Sports	Attendees	10.00	10.00
Concerts & Entertainment	Attendees	7.00	7.00
South by Southwest	Attendees	7.00	7.00
Facility Rental			
Conventions	GSFD	$0.50	$0.50
Tradeshows	GSFD	0.55	0.55
Consumer Shows	GSFD	0.60	0.60
Conferences	GSFD	0.50	0.50
Banquets	GSFD	0.70	0.70
Meeting	GSFD	0.75	0.75
Sports	GSFD	0.60	0.60
Concerts & Entertainment	GSFD	0.60	0.60
South by Southwest	GSFD	0.40	0.40
Event Services			
Conventions	GSFD	$1.50	$1.50
Tradeshows	GSFD	1.25	1.25
Consumer Shows	GSFD	1.00	1.00
Conferences	GSFD	1.25	1.25
Banquets	GSFD	1.00	1.00
Meeting	GSFD	0.75	0.75
Sports	GSFD	1.00	1.00
Concerts & Entertainment	GSFD	1.50	1.50
South by Southwest	GSFD	0.70	0.70

FIGURE 7-3
REVENUE PARAMETERS ($ 2019) CON'T

Revenue Line Item and Demand Source	Revenue Estimation Unit	Amount per Unit	
		Pre-Opening	Post Opening
Parking			
Conventions	Day Trips	$3.00	$3.00
Tradeshows	Day Trips	3.00	3.00
Consumer Shows	Day Trips	5.00	5.00
Conferences	Day Trips	5.00	5.00
Banquets	Day Trips	5.00	5.00
Meeting	Day Trips	3.00	3.00
Sports	Day Trips	4.00	4.00
Concerts & Entertainment	Day Trips	3.00	2.50
South by Southwest	Day Trips	5.00	5.00
AV Services (Net)			
Conventions	Attendees	$2.50	$2.50
Tradeshows	Attendees	2.00	2.00
Consumer Shows	Attendees	2.00	2.00
Conferences	Attendees	1.60	1.60
Banquets	Attendees	2.50	2.50
Meeting	Attendees	1.00	1.00
Sports	Attendees	1.50	1.50
Concerts & Entertainment	Attendees	2.00	2.00
South by Southwest	Attendees	2.50	2.50
Other	**Fixed**	**363,766**	**363,766**

The revenue parameter estimates shown above are based on analysis of historical operations. HVS calibrated revenue parameters in the VenueModel© so that they generate revenue estimates for a base year that reflect average or recent operating revenues. As examples, conferences, conventions, and banquets generate the most Food and Beverage revenue per attendee and concerts generate the least. In aggregate, these parameters produce revenue estimates that reflect historical food and beverage revenues as stated in 2019 dollars.

A brief description of each line item follows.

Food and Beverage—Most events that use a venue's function space will arrange for food service for their attendees during their events. This food service includes catering which can range from coffee breaks associated with a meeting to a full dinner associated with a convention or banquet. Consumer shows, sporting events, and other events may generate concessions revenue. Most conventions and conferences generate demand for multiple meals during these multi-day events. Meetings and banquets generally include a single meal or refreshment services. Events like conventions and tradeshows typically spend the most per attendee. Consumer shows have lower per capita spending.

Facility Rental—Facility rental revenue includes the revenue venues receive from clients that reserve one or more function areas in the facility. Despite having published rates, convention centers typically charge rental fees based on negotiated daily rental fees. Not all events incur a facility rental fee. Management may reduce or waive the exhibit rental charges to book an event that generates significant food and beverage revenue or has a positive economic impact.

Event Services—Event Services include the fees charged to users for services that could include business services, technical assistance, set-up and take down of function spaces, cleaning services, security services, electricity and other utilities, commissions from decorators and other services provided by third-party contractors at events. Many events also require communications and internet services. Banquets and other upscale events can often require elaborate decorating services. Almost all events require cleaning services; cleaning of common areas may be complimentary for most events while cleaning services offered to individual exhibitors can represent a significant source of revenue. Service charges vary by type of event. Some of these services may be included in the rental charges for using the facility, but others will be add-on service charges.

Parking—Parking revenue include charges collected by a the venue. Conventions, trade shows, and consumer shows generate a significant amount of parking revenue.

AV Services (Net)—Audio visual includes the revenue generated from services related to sound and video system used for presentations and productions during events.

Other—Other revenue includes miscellaneous and non-recurring revenue sources. It also includes lease revenue from storefronts on blocks with convention center parking garages.

Operating Expenses

HVS estimates operating expenses as a blend of fixed and variable costs. Expenses have 1) a fixed component that changes with inflation, and 2) a variable component that depends on the level facility utilization. Fixed expenses may also increase or decrease due to changes in operating conditions or management decisions. For example, the addition of staff could increase fixed salary expenses. All fixed expenses are adjusted for inflation. HVS estimates variable expenses using a ratio-to-sales analysis, or based on amounts per unit of utilization, such as the number of events, attendees, or some other factor.

FIGURE 7-4
EXPENSE PARAMETERS ($ 2024)

Expense Line Item	Estimation Method	Unit	Amount Per Unit		Fixed %
			Pre-Opening	Post Opening	
Operating Expense					
Salary and Benefits	Fixed Amount		$26,839,821	$31,070,059	100%
Food & Beverage Costs	Ratio to Sales	Food and Beverage (Gross)	56.52%	56.52%	0%
Utilities	Ratio to Sales	Total Revenue	8.92%	8.92%	75%
Repair & Maintenance	Ratio to Sales	Total Revenue	8.95%	8.95%	75%
Administrative & General	Ratio to Sales	Total Revenue	4.27%	4.27%	75%
Supplies & Equipment	Ratio to Sales	Total Revenue	9.41%	9.41%	50%
Marketing	Ratio to Sales	Total Revenue	1.29%	1.29%	100%
Insurance	Ratio to Sales	Total Revenue	0.67%	0.67%	100%
Other	Fixed Amount		-$1,088,900	-$1,088,900	100%
Services Other	Fixed Amount		$6,657,577	$6,657,577	100%

The expense parameter estimates shown above are based on an analysis of historical operations. HVS calibrated revenue parameters in the VenueModel© so that they generate expense estimates for a base year that reflect average or recent operating revenues.

Operating expenses are incurred to maintain the normal business operations of the venue. Many of these expenses vary with the level facility utilization.

A brief description on each expense line item follows.

Salary and Benefits—Salaries and associated benefits include compensation for permanent full and part-time employees dedicated to administration, marketing, building operations, and other functions.

Food & Beverage Costs—Costs of food and beverage include the costs of food and beverages sold as well as the labor associated with food preparation and service.

Utilities—The consumption of various utilities takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common utilities costs include electricity, natural gas, fuel oil, water, and steam.

Repair & Maintenance—This category includes the cost of routine and one-time facility maintenance expenses performed by in-house facility operations personnel.

It also includes specialized activities, such as HVAC system maintenance, electrical work, and maintenance of other mechanical systems often contracted out to third parties.

Administrative & General—Administrative and general expense includes the salaries and wages of all administrative personnel not directly associated with a department. Office as well as day-to-day facility expenses. Such expenses typically include travel, telephone, printing, permits, and other miscellaneous services.

Supplies & Equipment—This category includes items such as computers, office machines, furniture, consumables, and chemicals that are required to support and maintain the operations of the facility.

Marketing—Marketing and sales expense consists of costs associated with advertising, sales, and promotion; these activities focus on attracting and retaining customers. Marketing creates an image, develops customer awareness, and stimulates patronage of a property's various facilities. Sales involves lead generation, responses to customer requests for proposals, and negotiation of contracts for use of the venue

Insurance—Insurance costs include property insurance, casualty loss, and other liability insurance required for facility operations.

Other—Other expenses could include one-time expenses and other lesser amounts of miscellaneous operations costs. They also include a reimbursement to the ACC for the operations of the Palmer Event Center.

Services Other—Includes a payment to Visit Austin for lead generation and sales support.

Operating Pro Forma

The figure below compares uninflated projections for the base year (2024) with uninflated projections for a stabilized year of operations (2033).

FIGURE 7-5
FINANCIAL OPERATING PROJECTIONS ($ 2024)

	Base Year		Stabilized Year	
	CY 2024		CY 2033	
	Amount	% Total	Amount	% Total
Revenue				
Food and Beverage (Gross)	$18,223	54%	$37,834	61%
Facility Rental	3,031	9%	4,520	7%
Event Services	5,864	17%	8,898	14%
Parking	4,845	14%	8,020	13%
AV Services (Net)	1,242	4%	2,124	3%
Other	408	1%	408	1%
Total Revenue	$33,613	100%	$61,804	100%
Operating Expense				
Salary and Benefits	$30,071	89%	$34,811	56%
Food & Beverage Costs	10,300	31%	21,385	35%
Utilities	2,998	9%	5,513	9%
Repair & Maintenance	3,008	9%	5,531	9%
Administrative & General	1,436	4%	2,640	4%
Supplies & Equipment	3,164	9%	5,818	9%
Marketing	433	1%	796	1%
Insurance	225	1%	413	1%
Other	(1,089)	-3%	(1,089)	-2%
Services Other	7,459	22%	7,459	12%
Total Operating Expense	$57,875	172%	$83,146	135%
TOTAL NET INCOME (LOSS)	($24,262)	-72%	($21,342)	-35%

The expansion of the ACC is projected to increase total revenue by approximately $28 million from $33 to $61 million. The majority of this increase comes from an increase in the sales of food and beverage services associated with events. Total expenses are projected to increase by approximately $25 million, from nearly $58 million to $83 million. The largest increase in expenses comes from an increase in food and beverage costs, as well as salary and benefit increases.

The figure below presents the ten-year financial projections for an expanded ACC. The projections are in inflated dollars beginning in 2024, the base year of HVS projections.

FIGURE 7-6
TEN-YEAR FINANCIAL OPERATING PROJECTIONS

	Base Year	Phase 1			Phase 2			Opening		Stabilized
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue										
Food and Beverage (Gross)	$18,679	$20,137	$21,797	$23,546	$28,188	$31,831	$34,854	$41,214	$45,773	$48,430
Facility Rental	3,107	3,279	3,401	3,529	4,091	4,328	4,489	5,167	5,523	5,786
Event Services	6,010	6,270	6,515	6,769	7,855	8,381	8,737	10,069	10,851	11,390
Parking	4,966	5,944	6,202	6,477	7,452	7,842	8,171	9,388	9,883	10,267
AV Services (Net)	1,273	1,434	1,514	1,598	1,830	1,968	2,082	2,392	2,584	2,719
Other	418	428	439	450	461	473	484	497	509	522
Total Revenue	$34,453	$37,492	$39,869	$42,369	$49,877	$54,823	$58,818	$68,727	$75,123	$79,114
Operating Expense										
Salary and Benefits	$30,823	$31,594	$32,383	$33,193	$34,160	$35,014	$36,034	$42,414	$43,474	$44,561
Food & Beverage Costs	10,558	11,382	12,321	13,309	15,933	17,992	19,701	23,296	25,872	27,374
Utilities	3,073	5,180	5,342	5,509	5,790	6,018	6,227	6,571	6,839	7,057
Repair & Maintenance	3,083	5,197	5,359	5,527	5,810	6,038	6,247	6,592	6,862	7,080
Administrative & General	1,472	2,481	2,558	2,638	2,773	2,882	2,982	3,146	3,275	3,380
Supplies & Equipment	3,243	4,821	5,009	5,205	5,638	5,954	6,226	6,779	7,168	7,447
Marketing	444	836	857	879	901	923	946	970	994	1,019
Insurance	230	434	445	456	468	479	491	504	516	529
Other	-1,251	-1,282	-1,314	-1,347	-1,380	-1,415	-1,450	-1,486	-1,524	-1,562
Services Other	7,646	7,837	8,033	8,233	8,439	8,650	8,867	9,088	9,315	9,548
Total Operating Expense	$59,322	$68,480	$70,993	$73,603	$78,532	$82,535	$86,270	$97,872	$102,792	$106,434
NET OPERATING INCOME (LOSS)	($24,869)	($30,988)	($31,125)	($31,234)	($28,654)	($27,712)	($27,452)	($29,146)	($27,669)	($27,320)
TOTAL NET INCOME (LOSS)	($24,869)	($30,988)	($31,125)	($31,234)	($28,654)	($27,712)	($27,452)	($29,146)	($27,669)	($27,320)

The expansion of the ACC is projected to increase the operating revenue of the facility by nearly $45 million in inflated dollars and increase the operating expenses of the facility by $47 million.

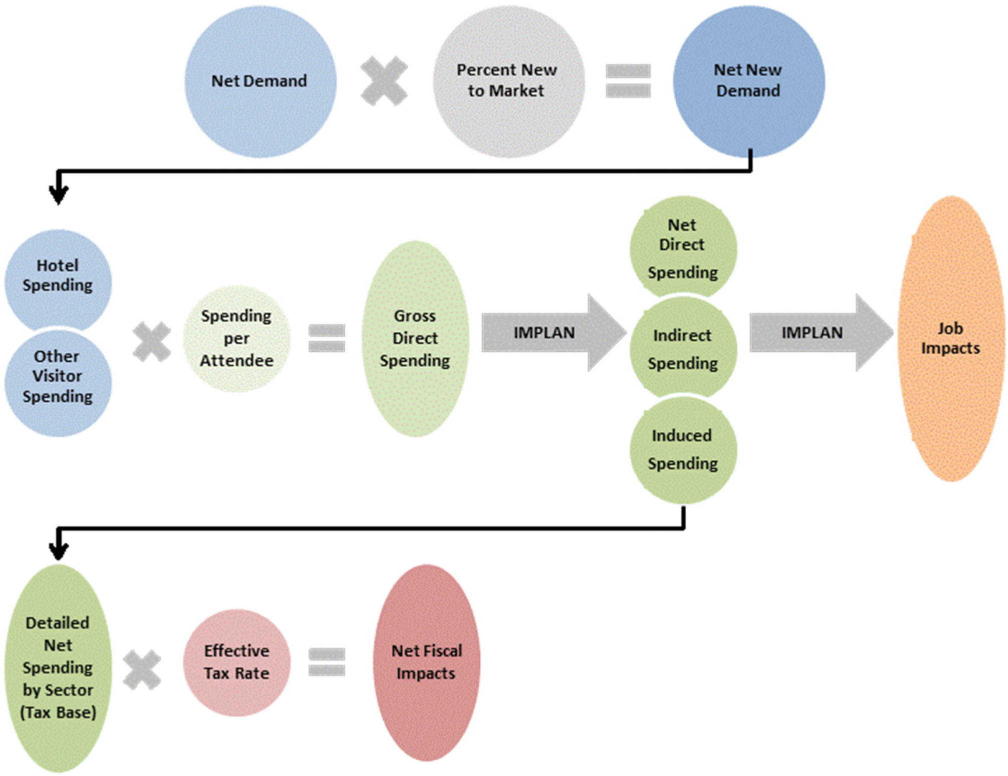
HVS intends for financial projections to show the expected levels of revenues and expense. Projections show smooth growth over time. However, event demand and booking cycles are not always smooth. Unpredictable local and national economic factors can affect business. Event demand is often cyclical, based on rotation patterns and market conditions. Therefore, HVS recommends interpreting the financial projections as a mid-point of a range of possible outcomes and over a multi-year period rather than relying on projections for any one specific year.

8. Economic Impact

Based on the demand projections presented in this report, HVS identified the new spending that would occur in the local economy due to the proposed expansion of the Austin Convention Center ("ACC"). HVS estimated the amounts of income and employment that new visitors, event organizers, and exhibitors would generate in Austin.

The figure below demonstrates our methodology.

FIGURE 8-1
METHODOLOGY FOR ECONOMIC AND FISCAL IMPACT ANALYSIS



Direct, Indirect, and Induced Spending

Spending falls into three categories:

- **Direct spending** includes the new spending of event attendees and organizers. For example, an attendee's expenditure on a restaurant meal is a direct spending impact. Direct spending includes only new spending that originates from outside Austin. Spending by attendees who live within the market area is a transfer of income from one sector of the area's economy to another; therefore, this analysis does not count spending by local residents as a new economic impact. Net direct spending are the amounts of direct spending that falls into the local economy.
- **Indirect spending** follows from the business spending resulting from the initial direct spending. For example, an event attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that remain within Austin count as indirect impacts.
- **Induced spending** represents the change in local consumption due to the personal spending by employees whose incomes change from direct and indirect spending. For example, a waiter at a local restaurant may have more personal income as a result of an event attendee dining at the restaurant. The amount of the increased income that the waiter spends in the local economy is an induced impact.

To generate direct spending estimates, HVS applied assumptions about the amounts of new spending generated by ACC event attendees and sponsors. HVS used the IMPLAN input-output model of the local economy to estimate net direct, indirect, and induced spending. The sum of net direct, indirect, and induced spending estimates make up the total estimated spending impact of the proposed expansion of the ACC.

Some refer to indirect and induced impacts as multiplier effects. The relationship between direct spending and the multiplier effects vary based upon the specific size and characteristics of a local area's economy.

Sources of Direct Spending

HVS identified six sources of new direct spending impact:

- **Overnight Guests**: Visitors to who require overnight lodging, including convention delegates, meeting attendees, and attendees at other ACC events. Overnight delegate spending includes the spending on meals, shopping, local transportation, recreation and entertainment, and other goods and services while in town.
- **Daytrip Attendees**: Visitors to the ACC who do not require paid lodging. In most markets, day-trippers typically spend money on meals, shopping, local

transportation, recreation and entertainment, and other goods and services while in town.

- **Event Organizers**: Individuals, associations, or other organizations that plan, sponsor, organize, and coordinate events that take place at ACC facilities. In addition to facility spending, event organizers also spend on lodging, meals, local transportation, facility rentals, equipment rentals, and other goods and services required to plan and organize a successful event.
- **Exhibitors**: Individuals or companies that rent exhibition space, typically from event organizers, to display information or products at events. In addition to spending at the facility, exhibitors purchase lodging, meals, local transportation, vendor services, meeting room rentals, equipment rentals, and other goods and services.
- **Overnight Sports:** Individuals who are travel to Austin for a sports event that stay overnight. They spend on hotels, food, retail and recreation.
- **Daytrip Sports:** Individuals who are travel to Austin for a sports event that do not pay lodging costs. They spend on food, retail, transportation and recreation.

Estimation of new spending of each of these sources involves three sets of assumptions: 1) the number of new visitors to the market, 2) the geographic location of their spending, and 3) the amounts typically spent by each of the sources.

New Visitors

In the table below, HVS estimated the percentage of each visitor type that would come from outside the market rather than from the local area. The spending estimates only include new visitor spending because non-residents import income, whereas residents transfer income already in the market area.

FIGURE 8-2
PERCENTAGE OF VISITORS NEW TO AUSTIN

Visitor Type	Overnight Guests	Day Trips
Conventions	85%	60%
Tradeshows	77%	60%
Consumer Shows	26%	60%
Conferences	58%	37%
Banquets	20%	37%
Meeting	29%	37%
Concerts & Entertainment	24%	37%
South by Southwest	95%	95%

Source: HVS

- **Overnight Guests** – HVS estimates of the number of new overnight guests, including overnight sports attendees, are based on the attendance draw of the event and averaged across each event type. Data on the attendance draw of each event was provided by ACC staff.
- **Day Trips** – HVS estimates of the number of new daytrip guests, including daytrip sports attendees, were based on the population of the City of Austin relative to the population within different drive times of the ACC. For conference, banquet, meeting, and concert attendees, HVS used a 30-minute drive time. For convention, tradeshow, and consumer show attendees, HVS used a 60-minute drive time. For South by Southwest, HVS used a 3-hour drive time.
- **Exhibitor/Organizer spending on Attendees/Delegates** – HVS based estimates on the percentage of attendees by events organized and exhibited by companies that would otherwise not hold or participate in an event in Austin.

The product of the visitor forecasts and the percent of demand new to the market yields an estimate of the sources of impact shown in the table below. That is:

Total Overnight Guests X Percent New = New Overnight Stays

Total Day Trips X Percent New = New Day Trips

Total Delegate Days X Percent New = New Delegate Days

The figure below shows the number of new visitors to Austin that generate new spending.

FIGURE 8-3
SUMMARY OF DIRECT SPENDING

Demand Type	Overnight Visitor Days	Day Trips	Attendee-Days*
Conventions	147,000	98,400	417,600
Tradeshows	1,800	6,600	13,500
Consumer Shows	100	13,300	46,400
Conferences	13,800	25,900	74,400
Banquets	100	7,000	19,200
Meeting	900	4,400	23,200
Sports	2,800	8,500	16,200
Concerts & Entertainment	100	700	800
Total	166,600	164,800	611,300

*Used to estimate organizer and exhibitor spending.
Source: HVS

Spending Parameters

Delegates, attendees, event organizers, and exhibitors spend locally on lodging, meals, local transportation, facility rentals, vendor services, meeting room rentals, equipment rentals, and other goods and services.

To estimate the spending for overnight and day trip visitors, HVS used results from several tourism spending data sources. Our primary source is the Travel USA study by Longwoods International. This survey is conducted annually with a sample size of approximately 350,000 trips and assesses origin, spending, party size, and primary purpose of the trip. HVS supplements this with the Destination International ("DI") Convention Expenditure & Impact Study which surveyed event organizers across over 1,000 events to gather daily spending parameters on overnight convention attendees, day-trip event attendees, exhibiting companies, and event organizers. HVS applies parameters from the Corporate Travel Index ("CTI") to account for local spending patterns. Adjusted data from DI provides estimates of organizer spending per visitor day.

All spending parameters are stated as the daily spending by individual overnight guests and day-trippers in 2020 dollars. The following figures present the direct spending estimates for each spending category.

FIGURE 8-4
CONVENTION ATTENDEE SPENDING

Overnight Convention Attendees	**$271.15**
Hotel Average Daily Room Rate	26%
Food & Beverage	26%
Retail	14%
Transportation at Destination	13%
Recreation	12%
Other Hotel Charges	9%
Daytrip Convention Attendees	**$176.86**
Food & Beverage	40%
Retail	22%
Transportation at Destination	20%
Recreation	18%

Sources: Longwoods International, STR, CTI

FIGURE 8-5
EXHIBITOR AND ORGANIZER ATTENDEE SPENDING

Exhibitor Spending Per Overnight Day	**$42.52**
Event Catering and Concessions	38%
Lodging Costs	20%
Advertising and Related Services	10%
Other amusement and recreation industries	10%
Automotive Equipment Rental and leasing	7%
Equipment Rental	5%
Retail Stores - General Merchandise	4%
Transit and ground passenger transportation	3%
Retail Stores - Gasoline Stations	1%
State and local government passenger transit	1%
Total	100%
Organizer Spending per Delegate Day	**$6.01**
Retail Stores - General Merchandise	27%
Advertising and Related Services	21%
Hotels and motels, including casino hotels	25%
Hotel Room Rate	25%
Automotive Equipment Rental and leasing	1%
State and local government passenger transit	1%
Transit and ground passenger transportation	1%
Total	100%

Sources: Destinations International, CTI

FIGURE 8-6
SPORTS ATTENDEE SPENDING

Overnight Sports Attendees		**$411.52**
Hotel Average Daily Room Rate		65%
Other Hotel Charges		21%
Food & Beverage		5%
Recreation		4%
Retail		3%
Transportation at Destination		2%
	Total	100%
Daytrip Sports Attendees		**$58.21**
Food & Beverage		33%
Recreation		28%
Retail		24%
Transportation at Destination		15%
	Total	100%

Sources: Longwoods International, STR, CTI

Facility Revenue from Outside Spending

Event organizers and exhibitors create additional spending impacts through spending at the ACC through facility rentals, the purchase of event food and beverage services, and other spending at the venue. Using operating revenue histories, HVS estimated future spending by exhibitors and event organizers at the expanded ACC including:

Food and Beverage—Most events that use a venue's function space will arrange for food service for their attendees during their events. This food service includes catering which can range from coffee breaks associated with a meeting to a full dinner associated with a convention or banquet. Consumer shows, sporting events, and other events may generate concessions revenue. Most conventions and conferences generate demand for multiple meals during these multi-day events. Meetings and banquets generally include a single meal or refreshment services. Events like conventions and tradeshows typically spend the most per attendee. Consumer shows have lower per capita spending.

Facility Rental—Facility rental revenue includes the revenue venues receive from clients that reserve one or more function areas in the facility. Despite having published rates, convention centers typically charge rental fees based on negotiated daily rental fees. Not all events incur a facility rental fee. Management may reduce or waive the exhibit rental charges to book an event that generates significant food and beverage revenue or has a positive economic impact.

Event Services—Event Services include the fees charged to users for services that could include business services, technical assistance, set-up and take down of function spaces, cleaning services, security services, electricity and other utilities, commissions from decorators and other services provided by third-party contractors at events. Many events also require communications and internet services. Banquets and other upscale events can often require elaborate decorating services. Almost all events require cleaning services; cleaning of common areas may be complimentary for most events while cleaning services offered to individual exhibitors can represent a significant source of revenue. Service charges vary by type of event. Some of these services may be included in the rental charges for using the facility, but others will be add-on service charges.

Parking—Parking revenue include charges collected by a the venue. Conventions, trade shows, and consumer shows generate a significant amount of parking revenue.

AV Services (Net)— Audio visual includes the revenue generated from services related to sound and video system used for presentations and productions during events.

Other—Other revenue includes miscellaneous and non-recurring revenue sources. Other revenue includes miscellaneous and non-recurring revenue sources. It also includes lease revenue from storefronts on blocks with convention center parking garages.

Gross Direct Spending

HVS applied the previous sources of spending impacts and spending parameters to estimate gross direct spending for a stabilized year. Facility revenue was deflated from 2024 dollars to 2020 dollars. See the figure below.

FIGURE 8-7
GROSS DIRECT SPENDING

Visitor Type		Number of New Visitors			Daily Spending		Total Spending (Millions)
Convention Delegate Overnight Spending	=	223,521	overnight visitors	x	$271.15	=	$60.61
Convention Delegate Daytrip Spending	=	467,100	daytrip visitors	x	176.86	=	82.61
Exhibiting Company Spending per attendee	=	494,900	attendees	x	42.52	=	21.04
Event Organizer Spending per attendee	=	637,700	attendees	x	6.01	=	3.83
Overnight Sports Attendees	=	3,100	overnight visitors	x	411.52	=	1.28
Daytrip Sports Attendees	=	9,700	daytrip visitors	x	58.21	=	0.56
					Facility Revenue	=	24.57
					Total Gross Direct Spending	=	$194.51

IMPLAN Impact Modeling

HVS uses the IMPLAN input-output model to estimate indirect and induced spending and employment impacts. IMPLAN is a nationally recognized model developed at the University of Minnesota and commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of a given economy. The indirect and induced spending and employment effects represent the estimated changes in the flow of income, goods, and services caused by the estimated direct spending. The IMPLAN model accounts for the specific characteristics of the local area economy and estimates the share of indirect and induced spending that it would retain.

HVS categorized new direct expenditures into spending categories that we provide inputs into the IMPLAN model. Specifically, the IMPLAN model relies on spending categories defined by the U.S. Census according to the North American Industry Classification System ("NAICS"). Because the spending data from the spending surveys used by HVS do not match the NAICS spending categories, HVS translates the spending categories into the NAICS spending categories that most closely match.

Annual Net Direct Spending

Not all of the gross direct spending counts as an economic impact because some of the spending does not generate income within the market . HVS adjusts gross direct spending to account for income that leaks out of the local economy by estimating retail margins and local purchase parentages. As a result, the realized direct spending ("net direct spending") is lower than the gross direct spending in the market area.

Retail Margins

Spending at retailers creates a smaller economic impact compared to spending in other industries. Retailers add value equal to the margin or price increase of the good above the original price paid to obtain the good. The IMPLAN model is product based, so HVS uses IMPLAN margin numbers to account for the discrepancy between retail purchaser prices and producer prices.

Local Purchase Percentage

To accurately measure spending impacts, HVS counts spending on products and services located in the market area. Some of the direct spending demand in the market area cannot be accommodated. For example, an event organizer may need to buy novelty items for all attendees but find that the market area does not produce these items. This effect occurs for direct, indirect, and induced spending. HVS uses the IMPLAN SAM model values to track the percentage of a good purchased within the market area.

Indirect and Induced Spending

The relationship between direct spending and the multiplier effects can vary based on the specific size and characteristics of a local area's economy. HVS enters the gross direct spending estimate into the IMPLAN input output model of the local economy to estimate the net direct, indirect and induced spending. HVS obtained the most recent available data from IMPLAN for .

The following figures present the output of the IMPLAN model–the net new direct, indirect, and induced economic impacts and that are attributable to the proposed expansion of the ACC. HVS also used IMPLAN to estimate the jobs created based on the direct, indirect, and induced spending estimates.

Annual Net Spending Impacts

The figure below shows the annual net direct, indirect and induced spending generated by the existing ACC, the increase in economic impact due to the expansion of the ACC, and the estimated total economic impact of an expanded ACC .

FIGURE 8-8
ANNUAL ECONOMIC IMPACT ESTIMATES

Impact ($ millions)	Current ACC	Increase from Expansion	Total
Net Direct	$304.8	$189.2	$494.0
Indirect	100.4	62.5	162.9
Induced	89.6	55.2	144.8
Total	$494.9	$306.8	$801.7

Employment Impacts

HVS calculated the full-time equivalent jobs supported by the spending in each economic sector. The figure below summarizes the results.

FIGURE 8-9
EMPLOYMENT IMPACT IN A STABILIZED YEAR

Full-Time Equivalent Jobs	Current ACC	Increase from Expansion	Total
Direct	1,962	1,209	3,171
Indirect	480	300	780
Induced	426	262	689
Total Permanent Jobs	2,868	1,772	4,640

By a stabilized year of operation, the project would support approximately 1,770 additional permanent full-time equivalent jobs, bringing the total number of jobs supported by the ACC to more than 4,600.

Fiscal Impacts

Fiscal impacts are the public sector share of the economic impacts generated by tax collections on new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue, as certain existing Austin taxes would apply to some of the spending.

The IMPLAN analysis generates net-direct, indirect, and induced outputs, which fall into various NAICS categories. HVS determined which taxes would apply to which category of output. HVS then used the appropriate tax rates to estimate the amount of tax revenue.

HVS applied these nominal tax rates to a detailed breakdown of spending and income categories that result from direct, indirect, and induced spending through operation of the ACC. HVS then estimated the potential annual revenue from each tax source as shown in the following figures.

FIGURE 8-10
FISCAL IMPACT CITY OF AUSTIN

Tax Category	Tax Base	Effective Tax Rate	Estimated Tax Revenue
Local Sales & Use Tax	235,144,767	1.00%	$2,351,400
Auto Rental	22,531,278	5.00%	$1,126,600
Lodging Tax	104,191,435	11.00%	$11,461,100
		Total	$14,939,100

Three tax sources would generate approximately $14.9 million in additional annual tax revenue to the City of Austin in a stabilized year of operation of an expanded ACC.

FIGURE 8-11
SUMMARY OF ECONOMIC AND FISCAL IMPACTS

Summary of Impacts*	Current ACC	Increase from Expansion	Total
Economic Impact (millions)	$494.9	$306.8	$801.7
Fiscal Impact (millions)	$11.75	$14.94	$26.69
Jobs	2,868	1,772	4,640

*In a stabilized year.

These economic and fiscal impact estimates are subject to the assumptions and limiting conditions described throughout the report. Numerous assumptions about future events and circumstances form the basis for these estimates. Although we consider these assumptions reasonable, we cannot provide assurances that the project will achieve the forecasted results. Actual events and circumstances are likely to differ from the assumptions in this report and some of those differences may be material. The readers should consider these estimates as a mid-point in a range or potential outcomes.

9. Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have not considered the presence of potentially hazardous materials on the proposed site, such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyls, pesticides, or lead-based paints.
4. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
6. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
7. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
8. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
9. The quality of a convention facility's on-site management has a direct effect on a facility's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
10. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the facility's management.
11. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect reasonable expectations.

12. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

13. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

14. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.

15. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.

16. This report is set forth as a market study of the subject facility; this is not an appraisal report.

10. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
8. Thomas A Hazinski and Anthony Davis personally inspected the property described in this report.

Thomas Hazinski
Managing Director

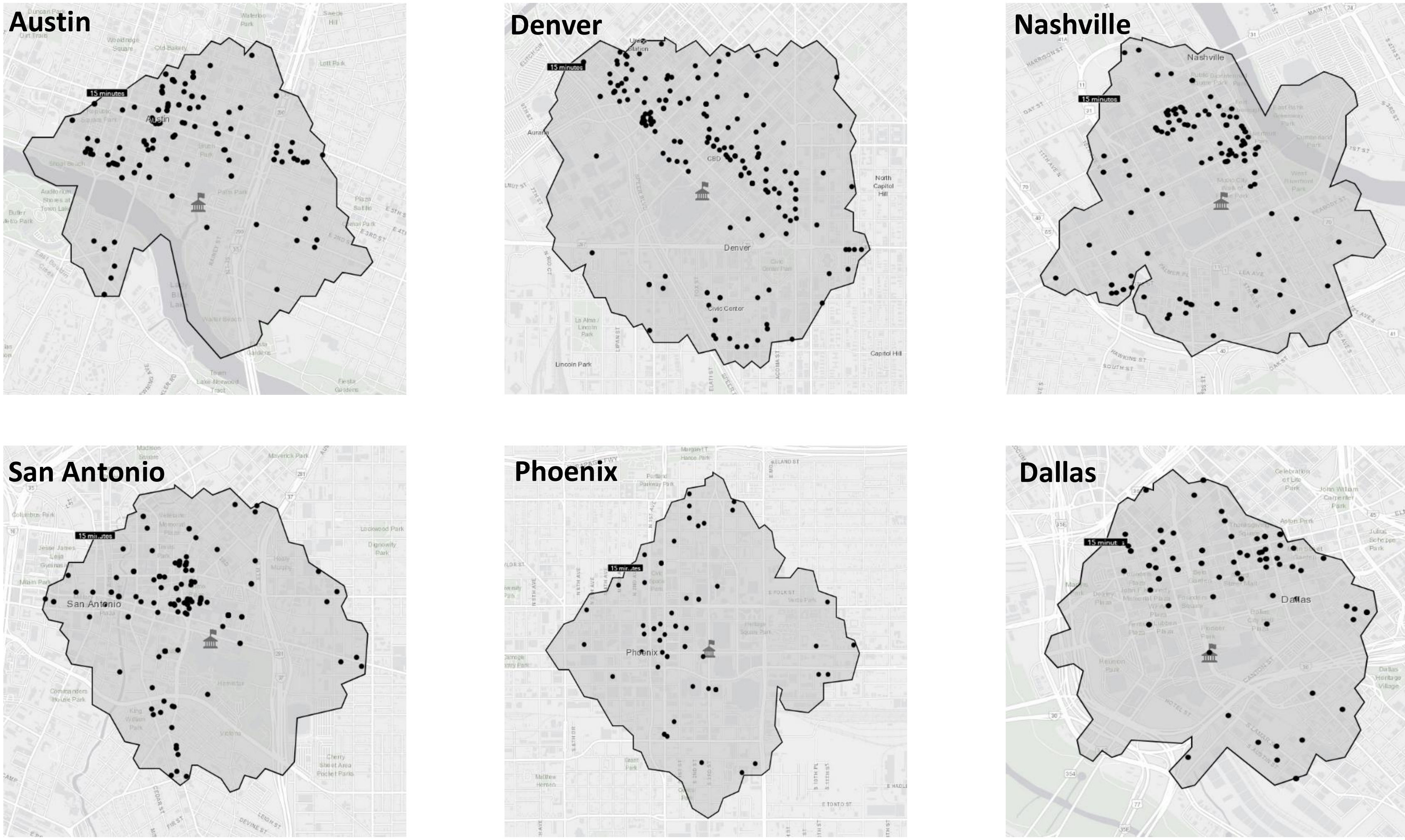
Anthony Davis
Project Manager

A. Appendix A - Amenity Proximity

As an event destination, Austin primarily competes against other Texas and central US locations for events. Event planners, as well as event attendees, prefer destinations that offer activities and amenities for attendees when the event is over. Event planners also prefer that these amenities are within walking distance of the venue.

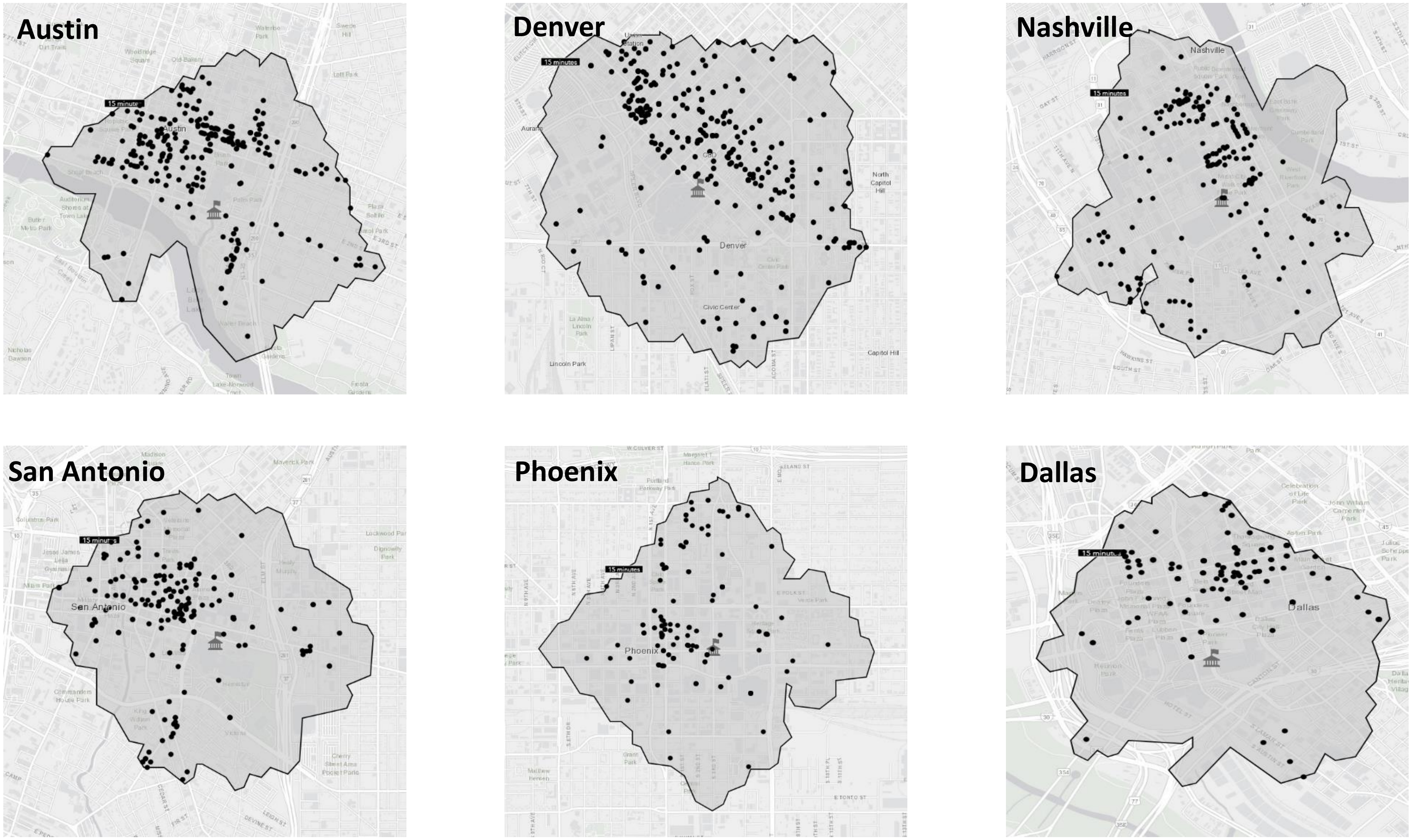
HVS created the following maps to show the difference in the availability of retail, entertainment, and dining options within a 15-minute walk of the facility between Austin and other competing destinations in the central US.

FIGURE A-1
RETAIL WITHIN 15 MINUTE WALK OF CONVENTION CENTER



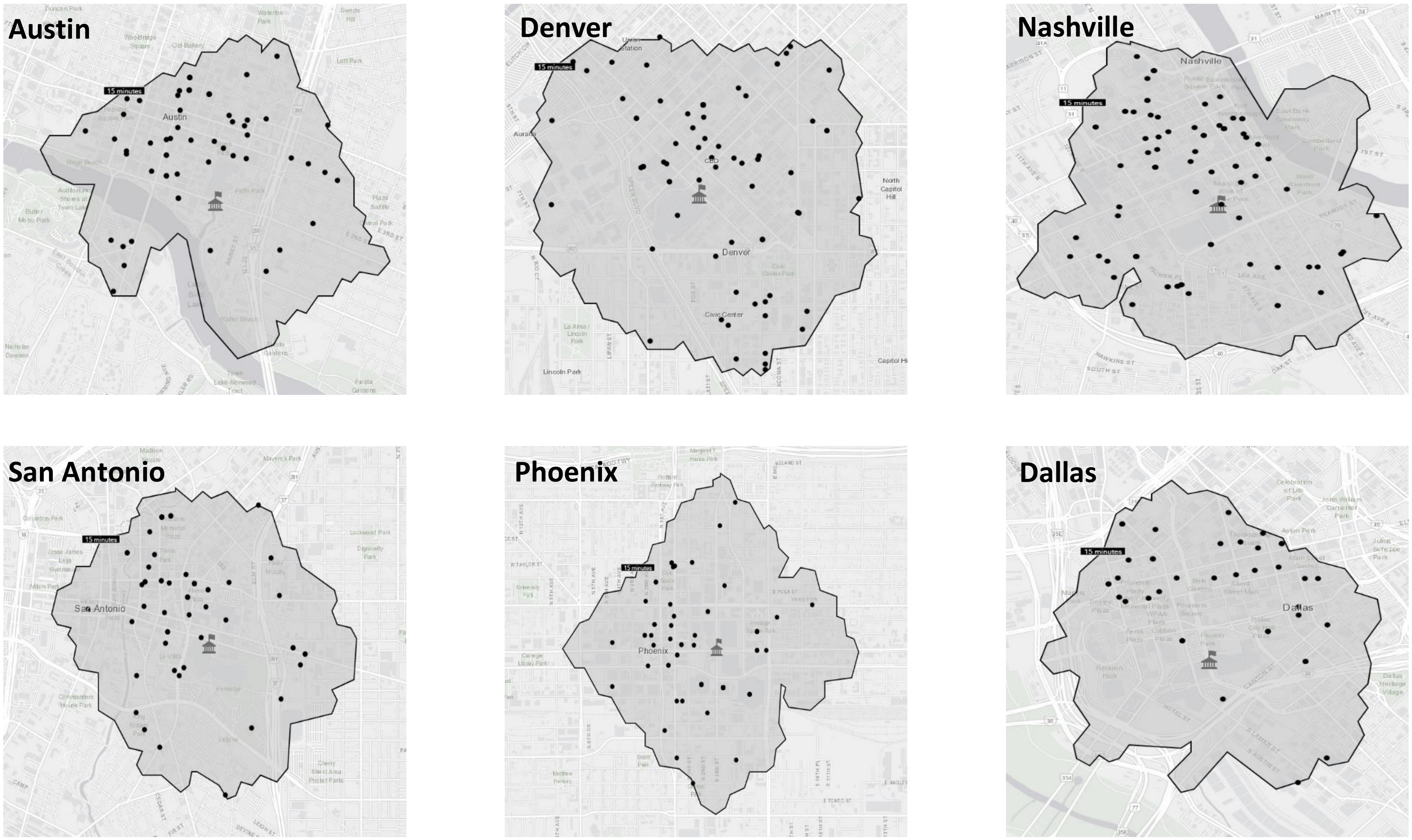
Source: Esri

FIGURE A-2
RESTAURANTS AND BARS WITHIN 15 MINUTE WALK OF CONVENTION CENTER



Source: Esri

FIGURE A-3
ARTS AND ENTERTAINMENT WITHIN 15 MINUTE WALK OF CONVENTION CENTER



Source: Esri

AUSTIN CONVENTION CENTER

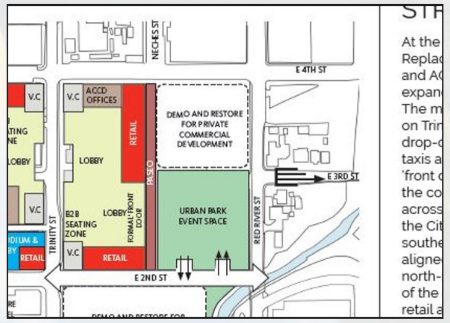
MASTER PLAN

UPDATE

A BALANCE OF INTERESTS
SHARED VISION

THE IMPORTANCE OF
PARTNERSHIPS

NO.1 DESTINATION
AUSTIN 2.0



Prepared by -

Gensler

Conventional Wisdom
Convention Consultants

Prepared for -

The City of Austin,
Austin Convention Center Department

THE CONTENTS

EXECUTIVE SUMMARY

For this study, the master plan update determined the carrying capacities of land required for the West Expansion and the city-owned land occupied by the existing Austin Convention Center. Combined, these sites represent the envisioned convention center complex, a mix of civic and commercial development that will transform the southeast gateway into downtown Austin. The overall convention complex will be a mix of below-grade and above-grade development with connectivity below and above Trinity Street. The development scenarios described in this update foster the urban design principles defined in the 2019 study by the University of Texas Center for Sustainable Development and include different approaches to P3 commercial development as part of the implementation strategies.

The purpose of this update is to test new assumptions and requirements that have been identified for the convention center expansion since the completion of the long range master plan in 2015. The source documents for this analysis include:

- 2015 – Austin Convention Center Long-Range Master Plan; Gensler/CW
- 2018 – Austin Convention Center Phase III Co-Development Plan; Gensler/CW/ACCD
- 2019 – Frameworks for Placemaking: Alternative Futures for the Austin Convention District; University of Texas Center for Sustainable Development
- 2019 – Block 16/ACC Site Study for West Expansion; Developer/Landowner
- 2020 – HVS Market Demand Update [need official name]

The site's carrying capacities, updated program requirements, planning principles and market demand metrics helped define and direct the planning for the ensuing development scenarios. This update incorporates the following considerations and the logical progression for a decision matrix.

Process to identify & analyze solutions -

SITE CAPACITIES

MARKET DEMAND & SIZE RECOMMENDATIONS

PHASING ALTERNATIVES

URBAN PLANNING & DESIGN CONSIDERATIONS

FUNDING & DEVELOPER FINANCING

Site Capacities - Gensler Studies

A site capacity analysis was conducted to determine the practical development capacity per floorplate level for convention center spaces with the proper functional relationships, access, egress, servicing and loading.

Th West Expansion site was originally conceived in Gensler's Option 3b: Non-Contiguous Expansion from the 2015 Long Range Master Plan as a 3 ½ block expansion footprint with a hotel tower fronting Cesar Chavez. The site was bounded by 4th Street, Trinity, Cesar Chavez and San Jacinto Street. The land fronting Cesar Chavez was purchased and privately developed as a new Marriott Hotel. A new co-development concept was explored in 2018 that added a commercial tower along 4th Street, vertically integrated with the convention center on the west expansion site. This 2 ½ block convention center expansion footprint was deemed the smallest possible footprint to still maintain its viability as a convention venue.

The Block 16/ACC study conducted in 2019 by a local landowner/developer further reduced the available site for the West Expansion to a 1 ½ block footprint. The dimensions of this reduced site proved unworkable due to the required size of the convention center's footprint. The minimum sizing requirements for exhibit and ballroom spaces demand that the north boundary of this site be extended to 4th Street. With the inclusion of the condominium parcel, a sufficient amount of area is available to allow a phasing strategy that does not reduce the amount of functional space available to users throughout the construction phasing.

The East development site encompasses the existing Austin Convention Center which is bordered by 4th Street, Red River, Cesar Chavez and Trinity Street. For this update, expansion concepts were developed that yielded the required long range space needs and returned approximately one-half of the site to street level enhancements and P3 development. Opportunities for improving pedestrian and vehicular circulation both north-south and east-west, ongoing and future transit plans, increasing open/public space and phasing strategies were considered in the various scenarios.

Market Demand & Size Recommendations – HVS Study

HVS International, through its convention center practice in Chicago, updated the demand targets and sizing recommendations for the expansion of the facility. The team acknowledged Austin's unique position in the market where it attracts more than its fair-share of corporate and incentive clientele; that fact increases the amount of meeting space needed in the facility along with the trend of providing "non-traditional" meeting spaces that are occupied at a lower rate than a typical classroom-style set.

HVS' recommendations are shown below:

Exhibition Space	454,000 SF
Meeting Space	290,000 SF
Ballroom Space	160,000 SF

The space needs recommendations made by HVS can be accommodated as shown in this update's development scenarios while supporting the P3 development strategies recommended in the UT Study.

Development Alternatives

Two distinct development scenarios are examined in more detail later in this update. Both scenarios support the ideals and characteristics described in previous plans and reports published by Gensler, the Urban Land Institute and the University of Texas Center for Sustainable Development. Key considerations addressed in both scenarios include competitiveness in the marketplace, P3 mixed use development, pedestrian and vehicular mobility, activating the streets and connectivity to district and off-district destinations. Beyond that, the two development scenarios differ significantly in phasing, schedule, layout and P3 strategies.

The value of the two scenarios is in guiding future decisions by the city's leadership on approach, schedule and phasing, funding strategies and alignment with its vision. The Pros and Cons of each scenario must be weighed against the desired outcomes for the convention district. Features and ideas within each scenario may be desirable and included in the final design, resulting in a hybrid solution.

Urban Planning & Design Considerations

Frameworks for Placemaking: Alternative Futures for the Austin Convention District, a study developed by the University of Texas Center for Sustainable Design offered a unique and exciting vision for the expansion of the convention center within the context of the surrounding district. The study identified key planning principles that were important to the viability of the convention district as an active and vibrant destination for residents, workers, convention attendees and out-of-town visitors.

EXECUTIVE SUMMARY
CONTINUED

Key planning principles include:

- **placemaking** and creating spaces that promote and support programmed events that draw people and activate the area;
- **activating the streets** by developing street-level retail/entertainment/restaurants and bars along streets and paseos throughout the district;
- enhanced **mobility** by creating more opportunities for convenient pedestrian access to venues, parks and Waller Creek within the convention district
- fostering **connectivity** to adjacent downtown districts
- maximizing the value of city-owned land with **P3 co-development strategies**.

The planning principles were key considerations and influenced the concepts of the development scenarios described later in this study.

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THE PLANNING PROCESS

Austin Convention Center Long Range Master Plan
In Fall 2014, the City of Austin selected Gensler to develop a Long Range Master Plan for the future of the Austin Convention Center. The City's emergence as a national destination, known for its entertainment, restaurant and 'Keep Austin Weird' vibe, outgrew the capabilities of its convention center to support the growth in Conventions-Trade Shows. Following a detailed analysis of all properties surrounding the Convention Center including the various sites' carrying capacity and ability to support the Convention Center's mission, concepts were developed in numerous visioning and planning workshops conducted with key stakeholders including local civic and business leaders, public agencies and industry professionals.

The long-range master plan illustrated a best-case scenario for the expansion of the Convention Center's facilities, public/private development within the Convention District, and improvements to existing infrastructure. The master plan's recommendations took into consideration: (1) an analysis of the current market; (2) industry trends and supply/demand; (3) an assessment of the existing facility and opportunities for future utilization; (4) a financial analysis of current and projected revenue, debt and expenses; and (5) a long range implementation strategy for future expansion.

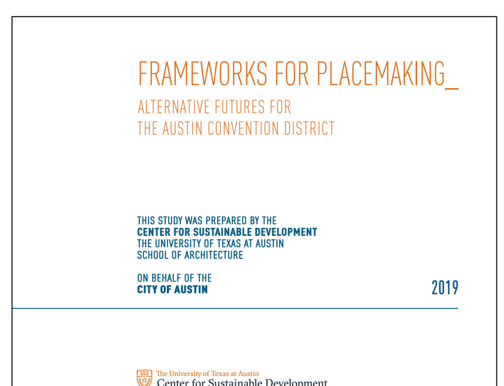
The master plan's recommendations included facility expansion and the acquisition of 4 city blocks adjacent to, and west of, the existing convention center. Expansion highlights included:

- A vertical development response to downtown density that doubles the existing convention space in half the footprint
- A 3-city block urban park on the roof of the convention center
- An open air paseo passing through the expansion building at the street level, enhancing pedestrian mobility and housing local restaurants and shops serving Austin residents, downtown workers and convention attendees
- Restaurants and bars imbedded into the expansion building's street side façade, activating the streets around the Convention Center.
- Attracting downtown workers, local residents and visitors.

Urban Land Institute TAP Report
In April 2015, the Urban Land Institute (ULI) invited a ULI Technical Assistance Panel to conduct a two-day review of the Austin Convention Center Long Range Master Plan that included tours and extensive interviews with district stakeholders, City staff and consultants. Following the review, the Urban Land Institute issued a

2015 Long Range Master Plan

2015 Urban Land Institute TAP Report



2019 Frameworks for Placemaking: Alternative Futures For The Austin Convention Center

A summary of major recommendations and conclusions of the ULI TAP Report included:

- The Panel agrees with the Master Plan's conclusion that an expansion is necessary and to utilize Option 3b for the expansion
- Expand with a design plan to create a convention center district that includes an activates Brush Square and Palm Park, Waller Creek Corrdior and Red Line Station so that the entire area becomes an 18-hour district for both Austinites and convention visitors
- Design should include street level culture venues, retail and restaurant space to prevent the current 'dead zone' feel around the Convention Center
- Fund a visionary expansion and district development through an increase in the Hotel Occupancy Tax up to 17%.
- Purchase land now through the use of options, public-private partnerships or other joint venture structures to secure needed expansion land without the restrictions caused by the use of Eminent Domain and Condemnation.
- Be Bold and Visionary in the plans for the district to create a long term signature solution for Austin.

Frameworks for Placemaking: Alternative Future for the Austin Convention District
In December 2017, Austin's City Council authorized The University of Texas at Austin Center for Sustainable Development to develop and compare scenarios for the downtown Austin Convention Center area. Faculty and research staff from the School of Architecture and the McCombs School of Business examined options for a more inclusive and vibrant downtown district. Issued in April 2019, the 16-month study 'Frameworks for Placemaking: Alternative Futures for the Austin Convention District' built upon the work previously developed for the proposed expansion and broadened the scope with a more detailed examination of the convention district, opportunities for expanded P3 development and alternative outcomes for the convention center complex with particular focus on Placemaking and the Economics of development.

Following its presentation and review by City Council, the stated preferred scenario in the UT study for future consideration was Scenario 5.1/5.2, Phased Westward Expansion with Full Demolition. In this development scenario, the expansion west of Trinity Street would be constructed first as a stand-along building and then the existing convention center would be demolished and replaced with a new complementary expansion east of Trinity Street. The east expansion would be a P3 co-developed, vertically integrated structure that responds to and embraces Waller Creek as an important feature within the district. In August 2019, Austin's City Council approved the district development plan.

Austin Convention Center Master Plan Update
In January 2020, the City engaged Gensler and Conventional Wisdom to update the master plan with an emphasis on the Scenario 5 development strategy proposed in the UT Study. The update is not intended to be a comprehensive master plan. Its purpose is to explore alternative development and phasing strategies that reflect the characteristics of Scenario 5 but within the context of programmatic and operational requirements to be a viable solution for the convention center. Early in the study, Gensler/CW and the ACCD leadership team conducted a planning workshop that concluded with a review by Assistant City Manager Rodney Gonzales. Subsequent progress reviews have been conducted in addition to a briefing with City Manager Spencer Cronk.

Two distinct development scenarios came out of the workshop. The scenarios do not imply design. Instead, they represent strategies for implementation that minimize disruption to the business operations and functionality of the convention center during demolition and construction. In both scenarios, significant development occurs below grade and under Trinity Street to maximize the convention center's operations and P3 development plays a major role in the transformation of the district. Beyond that, both scenarios offer uniquely different approaches to the phasing and development of the future convention center complex. The 2-phase HALLS UP scenario has two levels of Exhibit Halls above the street level and a below-grade superblock for trucks/service/loading docks/storage and back-of-house operations. The 3-phase HALLS DOWN scenario has a large, contiguous Exhibit Hall below grade with two separate truck/service/loading docks/storage for Phase 1 West and Phases 2/3 East.

As the City moves forward with the design and implementation of the convention center expansion, consideration should be given to the opportunities and constraints described later in this document for each scenario.

DISTRICT-WIDE INITIATIVES

The future of the Austin Convention Center extends beyond the walls of the convention center and includes the businesses, residents, public agencies and other stakeholders of Austin's downtown district. The future development and success of the Convention Center cannot be fully realized without the future development and success of the 'convention district.' In the five years since the completion of the Austin Convention Center Long Range Master Plan, a number of projects, land acquisitions and parallel studies have been completed, or are currently underway or planned for the near future.

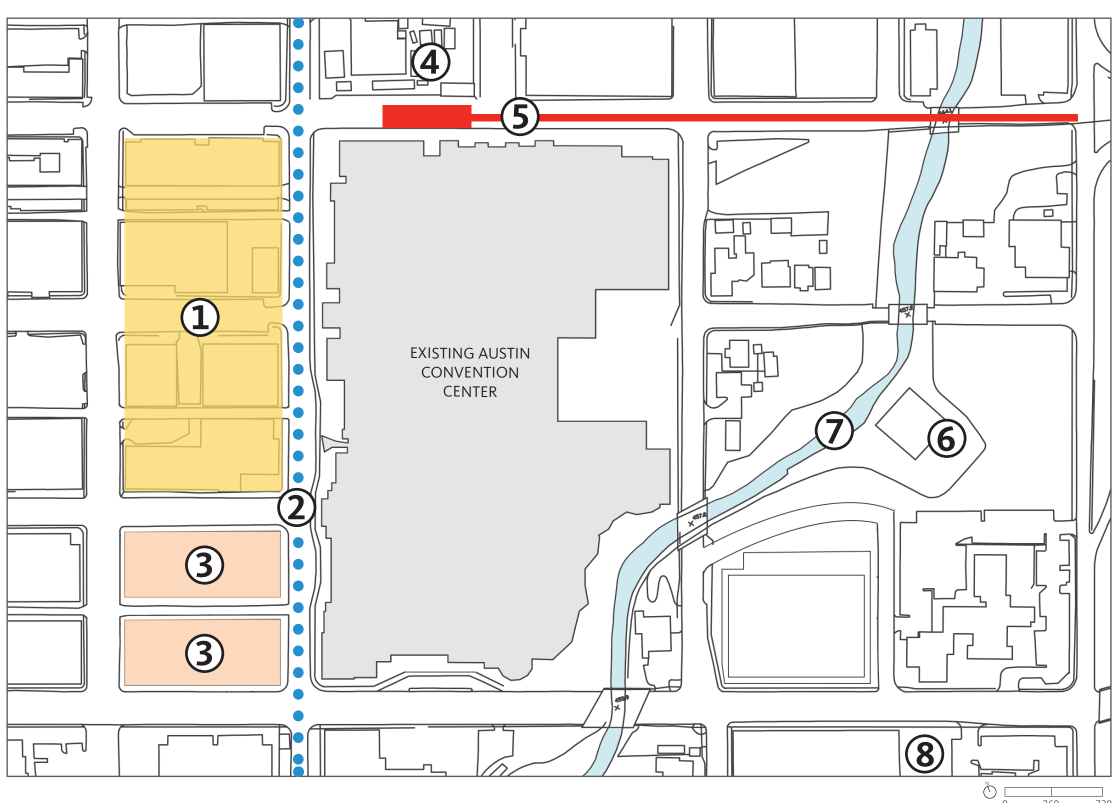
District Land Ownership
Land parcels identified in the earlier expansion plans have since been acquired and plans for their development are ongoing. White Lodging acquired the property fronting Cesar Chavez, between San Jacinto and Trinity Streets. A new Marriott Hotel is nearing completion on that site. The northern half of that same block has recently been purchased and tentative plans for another hotel are being considered. Block 16's ownership has been exploring the potential for assembling the remainder of parcels between 2nd and 4th Streets to partner with the City to co-develop a vertically integrated tower/convention center expansion.

As this master plan update nears completion, a partnership has been struck with all land owners between Second Street, Trinity Street, Fourth Street and San Jacinto. This is an important step in moving forward with the West expansion.

The original master plan envisioned a west expansion on all three city blocks bounded by Cesar Chavez, San Jacinto, 4th Street and Trinity Street. That opportunity no longer exists. The best case scenario that remains is the two-block P3 co-developed tower/convention center. Anything less than the two city blocks (with the Block 16 tower) will fail to meet the minimal requirements, both physically and programmatically, to be marketable in the convention-trade show industry.

" Be BOLD and VISIONARY in the plans for the district to create a long term signature solution for Austin "

2015 URBAN LAND INSTITUTE TAP REPORT



1. Phase One West Expansion on Privatley Owner (P3) Property
2. Proposed CAP Metro Blue Line
3. Future Hotel
4. Brush Square Park
5. CAP Metro Red Line and Station Upgrades
6. Palm Park
7. Waller Creek
8. Rainey Street Historic District

Mobility/Transit
Currently, CAP Metro's Red Line terminates at 4th and Trinity Streets, along the north face of the convention center. Improvements to the transit stop at this location are anticipated and should be considered in the context of the convention center's future design. There are proposed plans to connect the Austin-Bergstrom International Airport to downtown Austin via a new dedicated rail line called the Blue Line. The plans show the Blue Line traveling north on Trinity Street through the heart of the convention complex and to the University of Texas campus. It is recommended that the proposed Blue Line be installed at-grade on Trinity Street to allow operational connectivity for the convention center below the street.

Trinity Street serves as the coach bus and shuttle drop-off/pick-up zone, so the design of the convention center facades facing Trinity should reflect their role as the grand arrival plaza for large groups. For busses, CAP Metro, shuttles and taxis, Trinity Street will play a major role as the transit hub for the convention center and southern edge of downtown.

Destination District
The new Fairmont Hotel and soon-to-be completed Marriott, both on Cesar Chavez, plus the physically connected Hilton and a fourth anticipated hotel on 2nd Street, reflect a rapid growth in complementary development for a destination district. An emerging hospitality and residential community combined with street-level venues for retail, food and beverage, the convention district will serve a 24-7 population of residents and visitors alike.

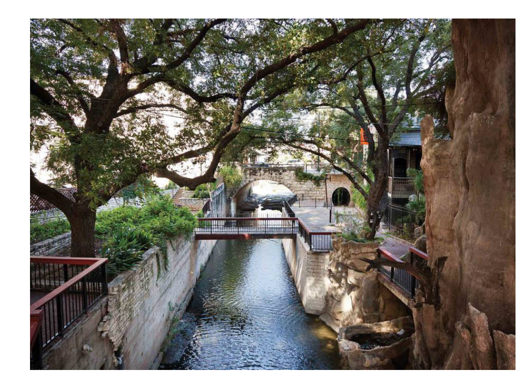
In addition to the district's existing and planned built environment, the Waller Creek initiative and its envisioned development represent an extraordinary opportunity to be the connective tissue between the entertainment district, convention district, Rainey Street historic district and Lady Bird Lake. A long-envisioned iconic landmark, Waller Creek and its role within the convention district should be considered in the planning and design of the new Austin Convention Center.

It's important for the City to engage neighboring land owners, public agencies and CAP Metro in dialogues that are intentional and with the future convention center in mind. When coordinated, this collective group of stakeholders will play major roles in the success of the convention district.

Redline Metro Rail

Brush Square Park

Rainey Street Entertainment District



Waller Creek

DEVELOPMENT SCENARIOS

Two distinct development scenarios are showcased in the following section. Both scenarios support the ideals and characteristics described in previous plans and reports published by Gensler, the Urban Land Institute and the University of Texas Center for Sustainable Development. Key considerations addressed in both scenarios include competitiveness in the marketplace, P3 mixed use development, pedestrian and vehicular mobility, activating the streets and connectivity to district and off-district destinations.

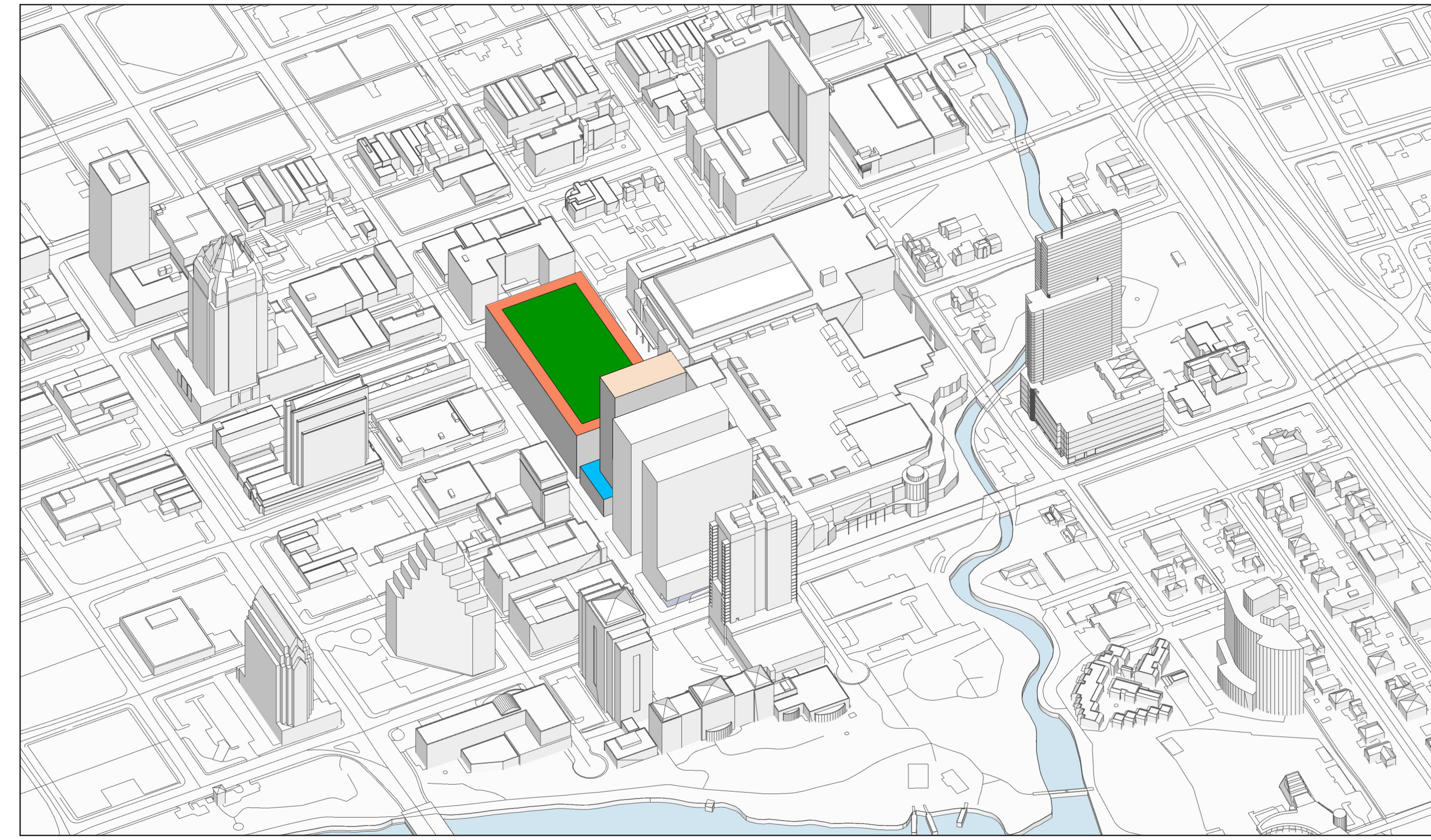
Beyond that, the two development scenarios differ significantly in phasing, schedule, layout and P3 strategies. Both scenarios have their strengths and weaknesses. As with any solution that involves multiple public and private stakeholders, parcel assemblage/land ownership, ongoing operations and external initiatives – compromises and a balance of interests become part of the solution.

The 2-Phase Halls Up scenario is completed several years sooner than the 3-Phase Halls Down scenario. The 3-Phase Halls Down scenario has a single, large contiguous exhibit hall below street level connected under Trinity Street whereas the 2-Phase Halls Up scenario has two levels of stacked exhibit halls above street level and connected by gallery bridges over Trinity Street. The 2-Phase scenario is less dependent on integrated P3 construction and the 3-Phase scenario offers a lower profile structure by placing the exhibit halls below grade. A summary comparison of the two scenarios can be found on pages 35.

At the time of this update, questions remain about funding strategies and timing. The two development scenarios described on the following pages offer unique approaches to achieving the City's objectives and vision. They are intended to serve as catalysts for future implementation strategies as key unknowns impacting the project are resolved.

HALLS UP - PHASE ONE

2 - PHASE SCENARIO



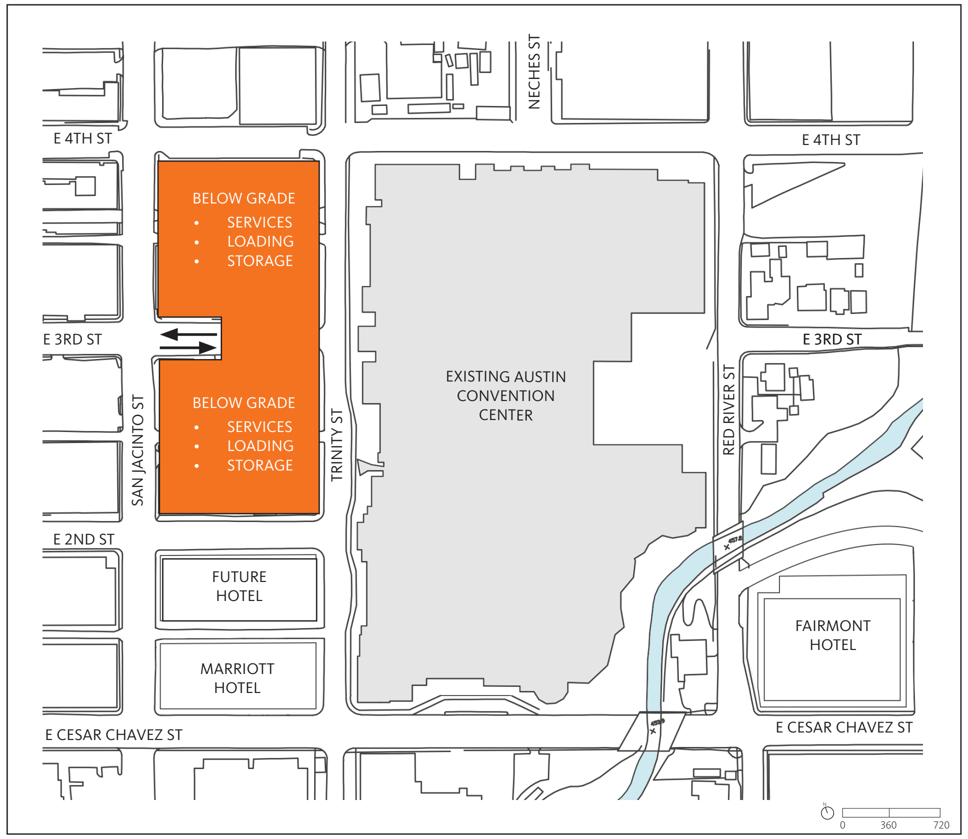
The Halls Up scenario includes two levels of stacked Exhibit Halls above the street level and all service and loading truck traffic is below grade. The Halls Up scenario reflects a 2-Phase development strategy. Phase 1 (ACC-West) is the planned expansion west of Trinity Street. It is envisioned that Phase 1 will be a P3 vertically integrated, co-developed convention center and tower/podium on privately-owned parcels assembled for this project. Phase 2 (ACC-East) is located within the footprint of the original center on City-owned property. In this scenario, ACC-East is physically and operationally independent of commercial development on adjacent City-owned property.

Following Phase 1's completion, Phase 2 will begin with the demolition of the existing convention center and development of a new convention center facility that mirrors ACC-West to facilitate horizontal connectivity via pre-function space spanning Trinity Street. Loading docks, service/maintenance, storage and back-of-house operations are located in a below-grade super block that connects both phases under Trinity Street with entry/exit ramps on 3rd Street east of Red River keeping all truck traffic outside of the downtown grid.

All P3 development on City-owned property east of Trinity Street in the convention complex is physically independent of the convention center and its operations, allowing flexibility in funding streams, market shifts and development schedules. The relationship between the convention center facilities and the commercial towers development is best described as "separate, seamless and synergistic."

HALLS UP - PHASE ONE

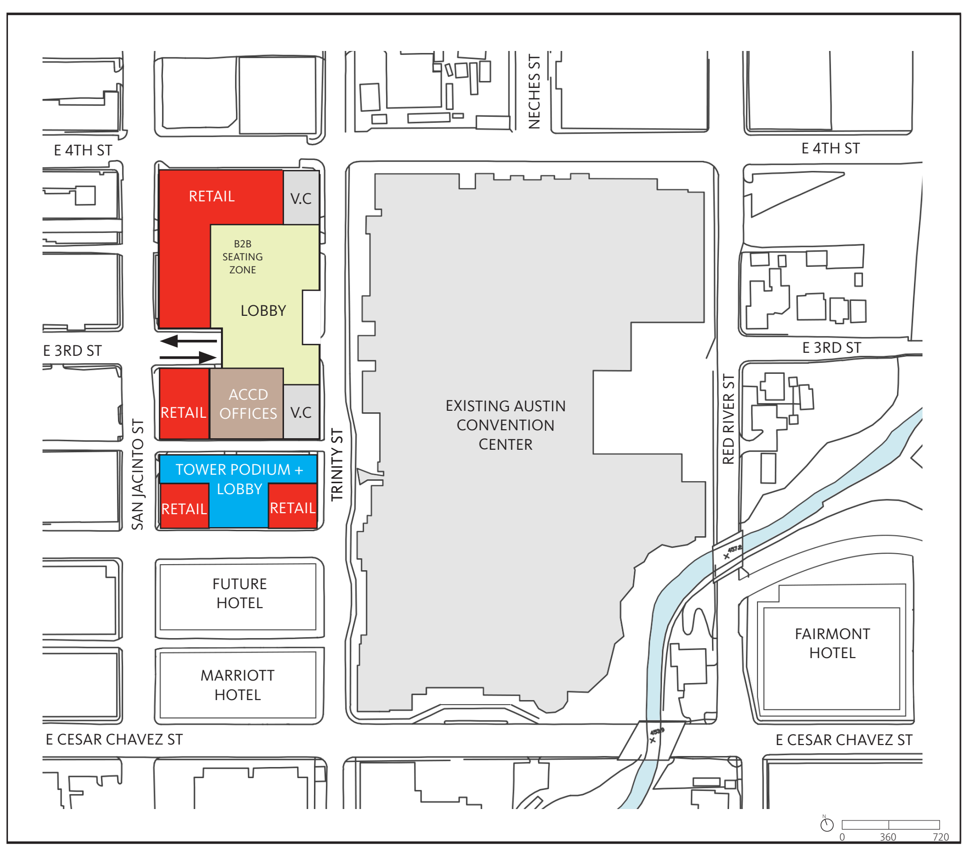
2 - PHASE SCENARIO



BELOW GRADE

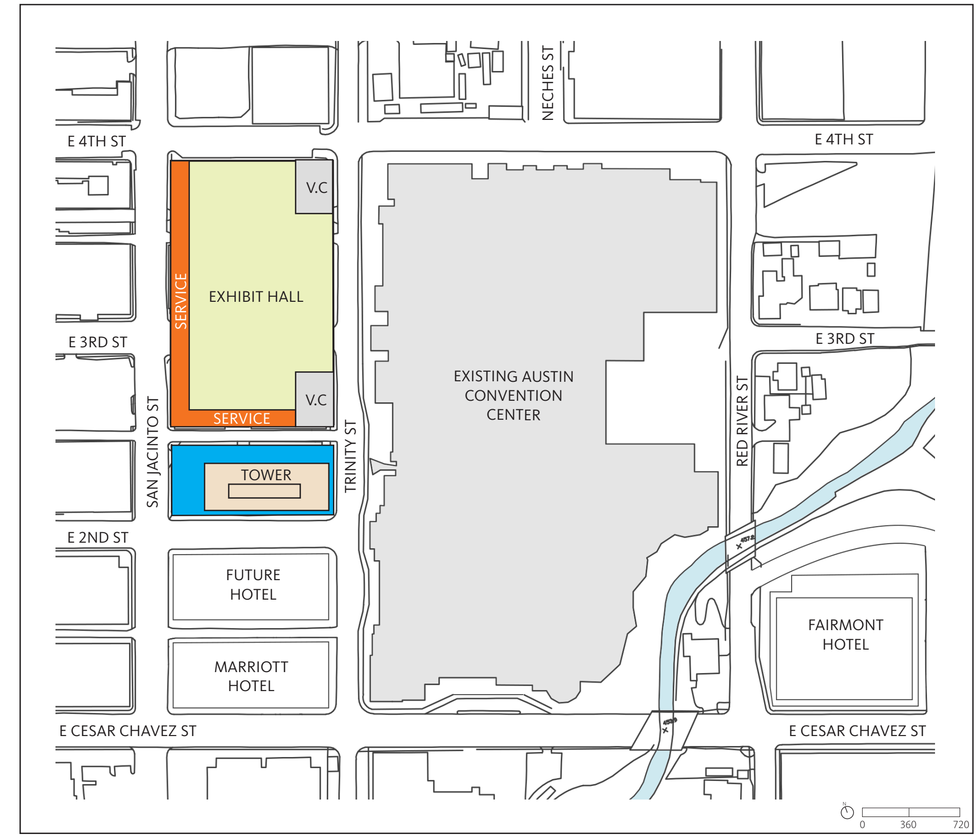
The West Expansion (Phase 1) will house all service, loading and storage for the convention center and Block 16 tower below-grade. Trucks and service vehicles will enter the sub-grade service zone on San Jacinto Street.

Note 1: Upon completion of Phase 2 (East Replacement), the San Jacinto Street service entry gates will be closed. The service zones for both phases will connect under Trinity Street. Trucks and service vehicles arriving at the convention complex will enter the sub-grade super block via an entry/exit ramp on 3rd Street east of Red River. This will eliminate all truck traffic from entering the downtown grid.



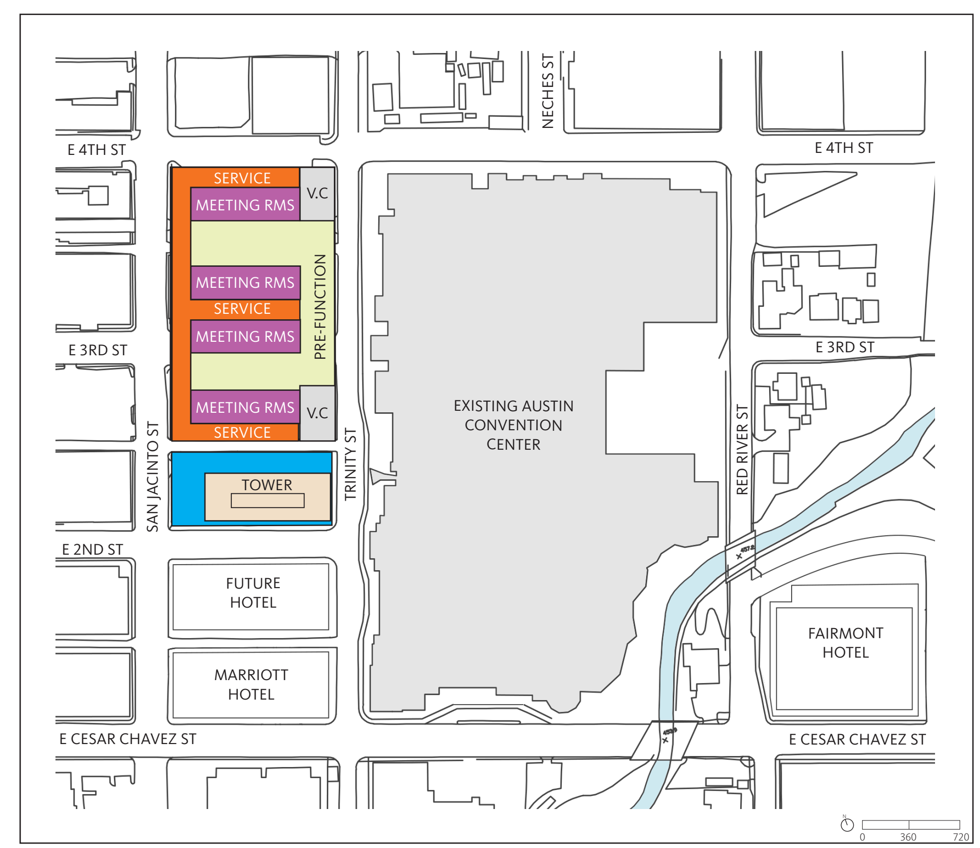
STREET LEVEL

At the street level, the West Expansion has a substantial lobby and ACCD offices to support the convention center's needs, particularly during the Phase 2 (East Replacement) development. The main entrance to the lobby is on Trinity Street where the primary drop-off/pick-up for busses and taxis are located. The podium and 2nd Street lobby for the Block 16 tower occupies the south end of the vertically integrated P3 project. Retail and restaurants and bars venues are planned along San Jacinto Street, 2nd Street and 4th Street.



LEVELS 2/3 - 4/5

The convention center's Exhibit Halls are vertically stacked and serviced by freight elevators directly from the below-grade service/loading zone. Service corridors line the halls along their western edge to allow contiguous connections over Trinity Street with the future Phase 2 Exhibit Halls.

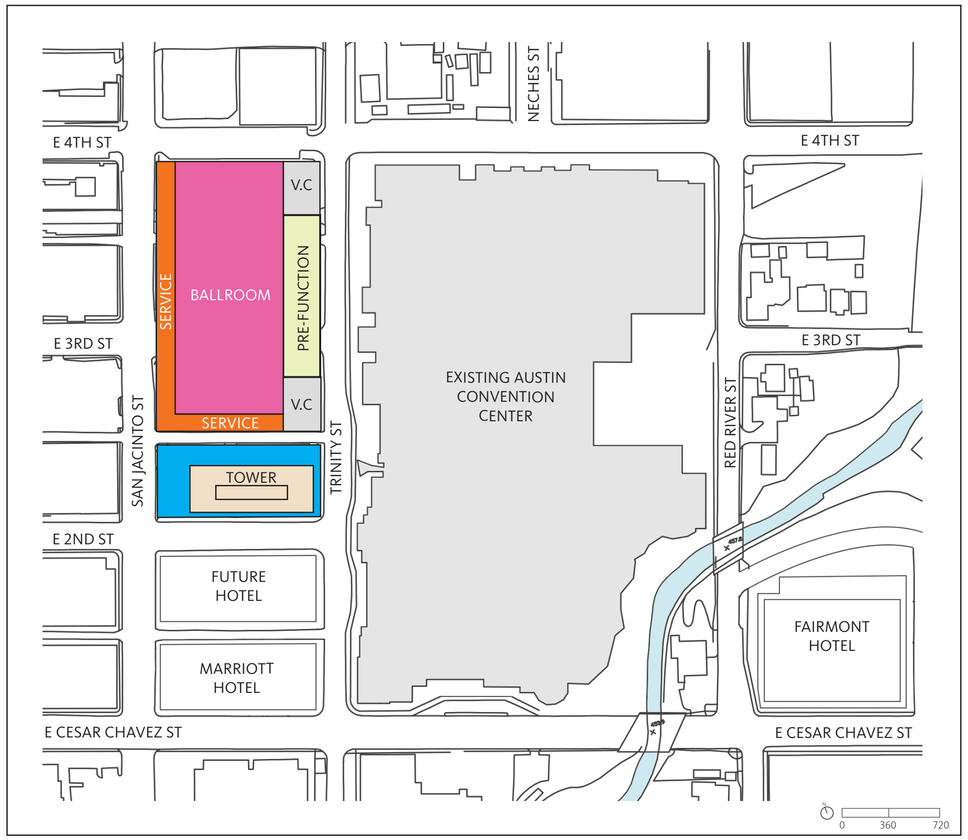


LEVELS 6 & 7

The convention center's Meeting Rooms are vertically stacked and above the Exhibit Halls. The meeting room floors are serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. Service corridors allow for seamless service from the backside of the rooms. Attendees arrive on each floor in the pre-function space with easy access to each bank of meeting rooms. The floor layout will allow contiguous connections over Trinity Street with the future Phase 2 Meeting Rooms floors.

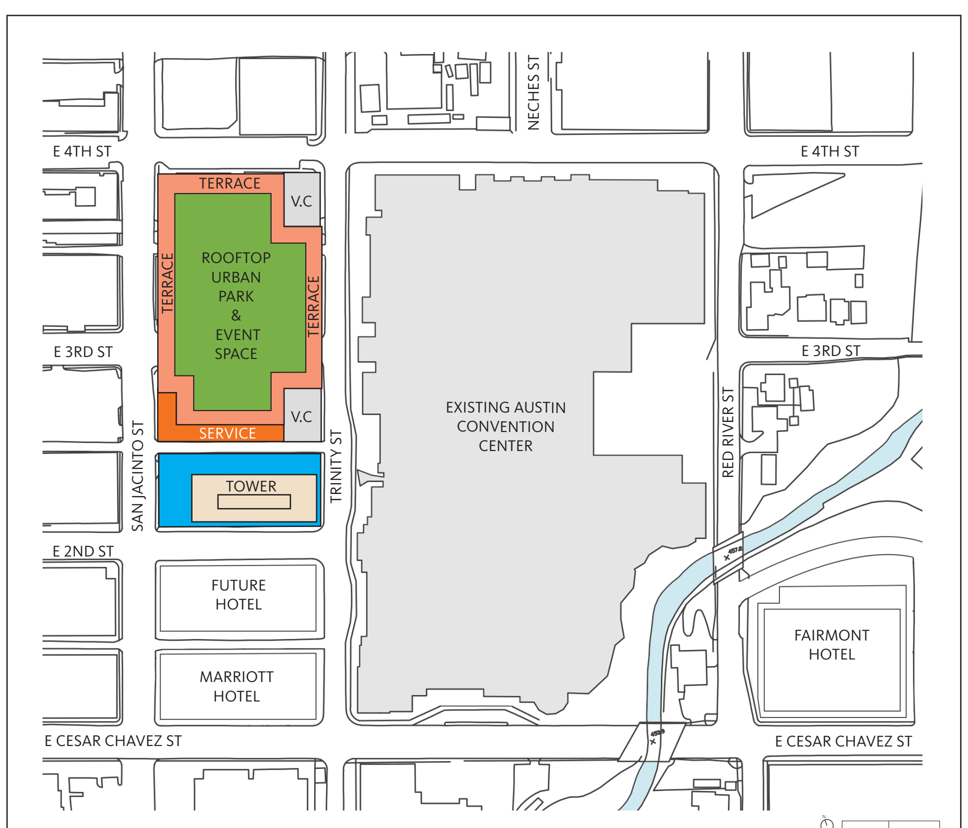
HALLS UP - PHASE ONE

2 - PHASE SCENARIO



LEVEL 8

The Ballroom is located above the Meeting Rooms and serviced by freight elevators directly from the below-grade Kitchen and loading/ service zone. The service corridor lines the Ballroom along its western edge to allow connections over Trinity Street with the future Phase 2 Ballroom(s) and expanded pre-function space. Attendees arrive in the pre-function space with easy access into the Ballroom. The potential exists for the north face of the Ballroom to have open views to downtown and the Capitol.

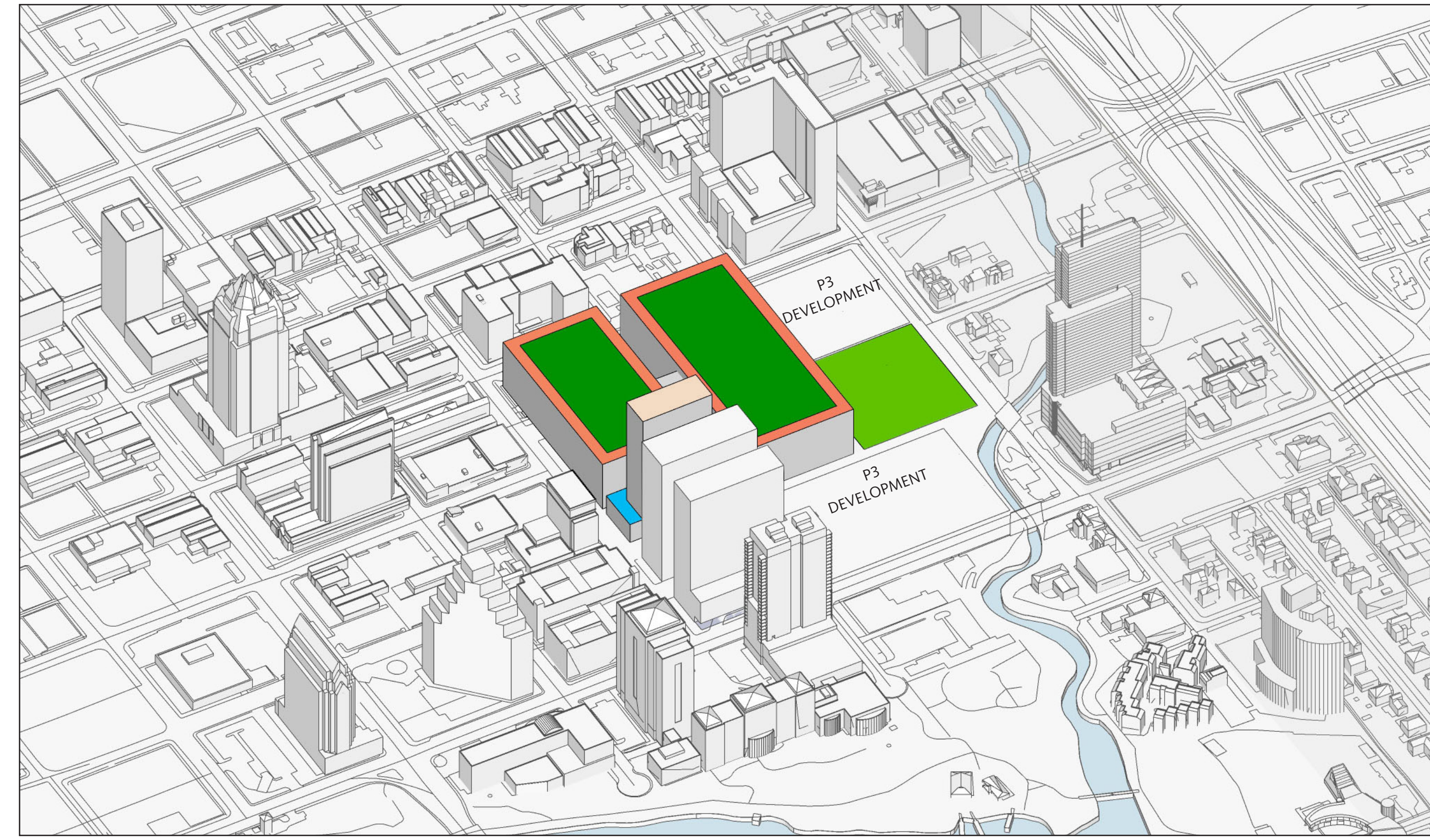


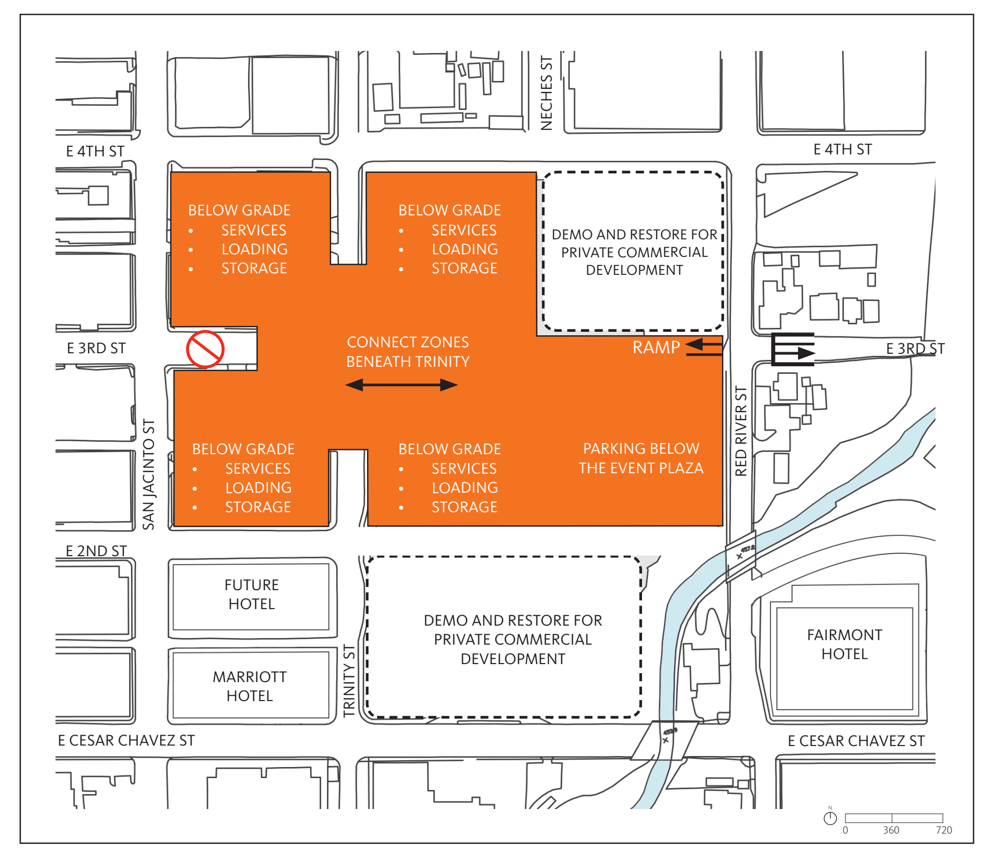
ROOFTOP

The rooftop park/event space is a response to the diminishing amount of open space in downtown Austin as the city grows and densifies. Approximately 1 ½ city blocks in size and with views of downtown and the Capitol, the rooftop park will be a desirable, revenue-generating venue for the City and ACCD. The space is serviced by freight elevators to support programmed events.

HALLS UP - PHASE TWO

2 - PHASE SCENARIO





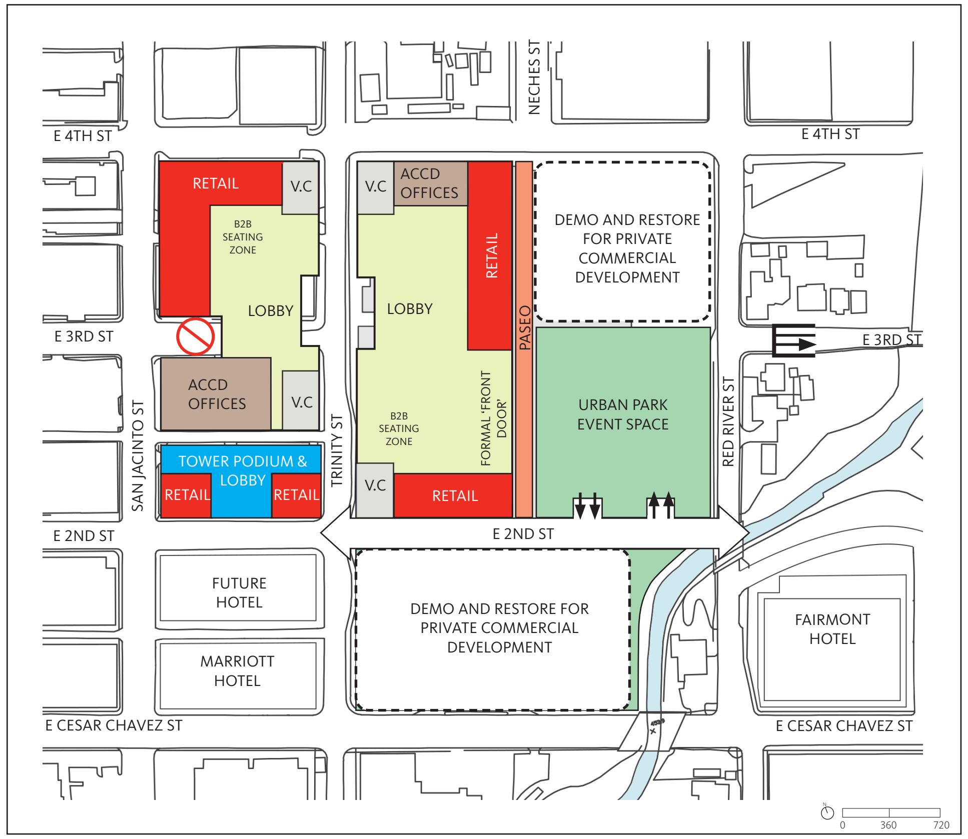
BELOW GRADE

The East Replacement (Phase 2) will house all service, loading and storage for the convention center and two levels of event parking below-grade. Trucks and service vehicles will enter the sub-grade service zone via an entry/exit ramp on 3rd Street east of Red River. The service zones for Phases 1 and 2 will connect under Trinity Street, creating a below-grade super-block for servicing the entire convention complex.

Note 1: Upon completion of Phase 2 (East Replacement) and the 3rd Street ramp, the service entry gate/ramp on San Jacinto Street will be closed (except for emergencies). Trucks and service vehicles will access the sub-grade super block via 3rd Street east of Red River, eliminating all convention complex truck traffic from entering the downtown grid.

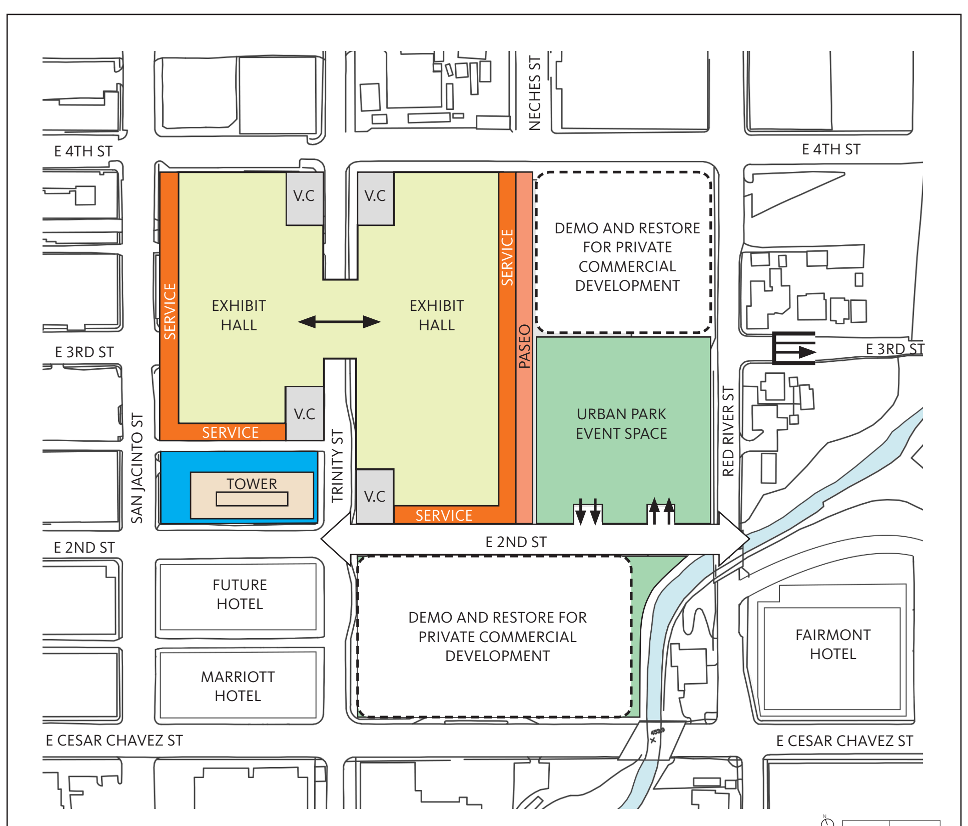
HALLS UP - PHASE TWO

2 - PHASE SCENARIO



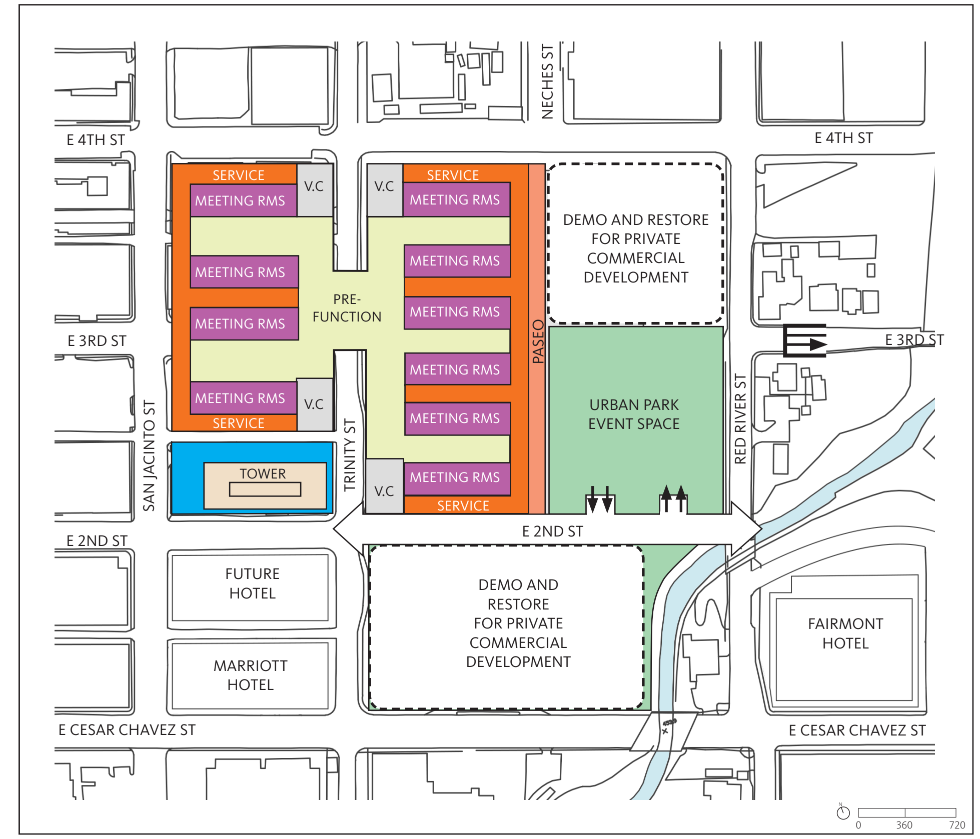
STREET LEVEL

At the street level, the East Replacement has a substantial lobby and ACCD offices to support the expanded convention center's needs. The main entrance to the lobby is on Trinity Street where the primary drop-off/pick-up for busses and taxis are located. The ceremonial 'front door' and new public face of the convention center faces east across Palm Park to I-35, showcasing the City's largest civic asset on its southern edge. A pedestrian paseo, aligned with Neches Street running north-south, borders the east façade of the convention center lined with retail and restaurants and bars venues. 2nd Street is extended eastward to Red River Street, providing vehicular access to future P3 development and the below-grade parking for the urban park/event space as well as pedestrian access to the park and Waller Creek.



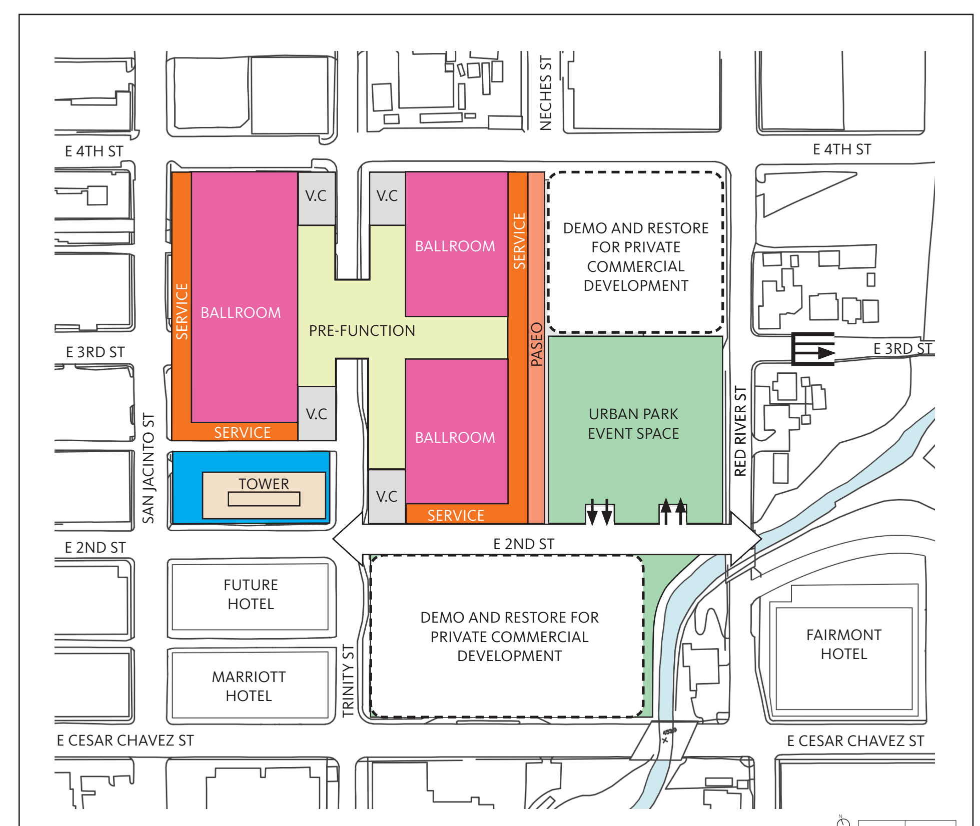
LEVELS 2/3 - 4/5

The convention center's Exhibit Halls are vertically stacked and serviced by freight elevators directly from the below-grade service/loading zone. Service corridors line the halls along their eastern edge to allow connections over Trinity Street with the Phase 1 Exhibit Halls, resulting in two large contiguous halls spanning Trinity.



LEVELS 6 & 7

The convention center's Meeting Rooms are vertically stacked and above the Exhibit Halls. The meeting room floors are serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. Service corridors allow for seamless service from the backside of the rooms. Attendees arrive on each floor in the pre-function space with easy access to each bank of meeting rooms. The floor layout allows connections over Trinity Street with the Phase 1 Meeting Rooms floors resulting in ample, shared pre-function space.

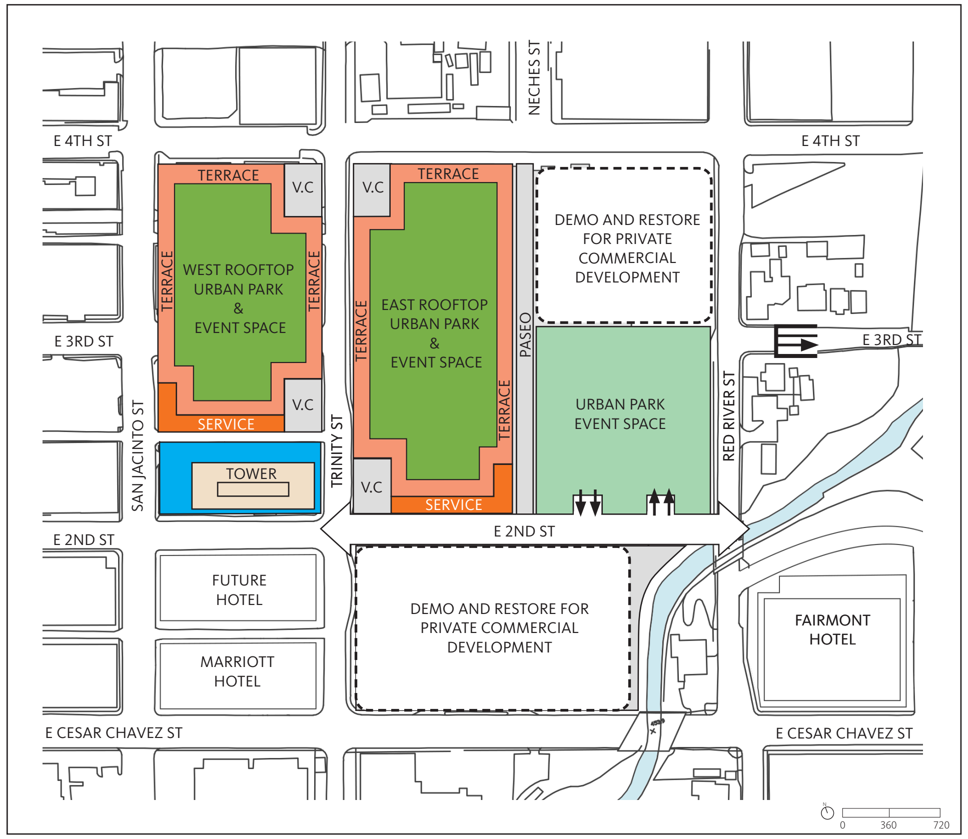


LEVEL 8

The Ballroom(s) is located above the Meeting Rooms and serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. The service corridor lines the Ballroom along its eastern edge to allow connections over Trinity Street with the Phase 1 Ballroom and expanded pre-function space. Attendees arrive in the pre-function space with easy access into the Ballroom. The potential exists for the north face of the Ballroom to have open views to downtown and the Capitol.

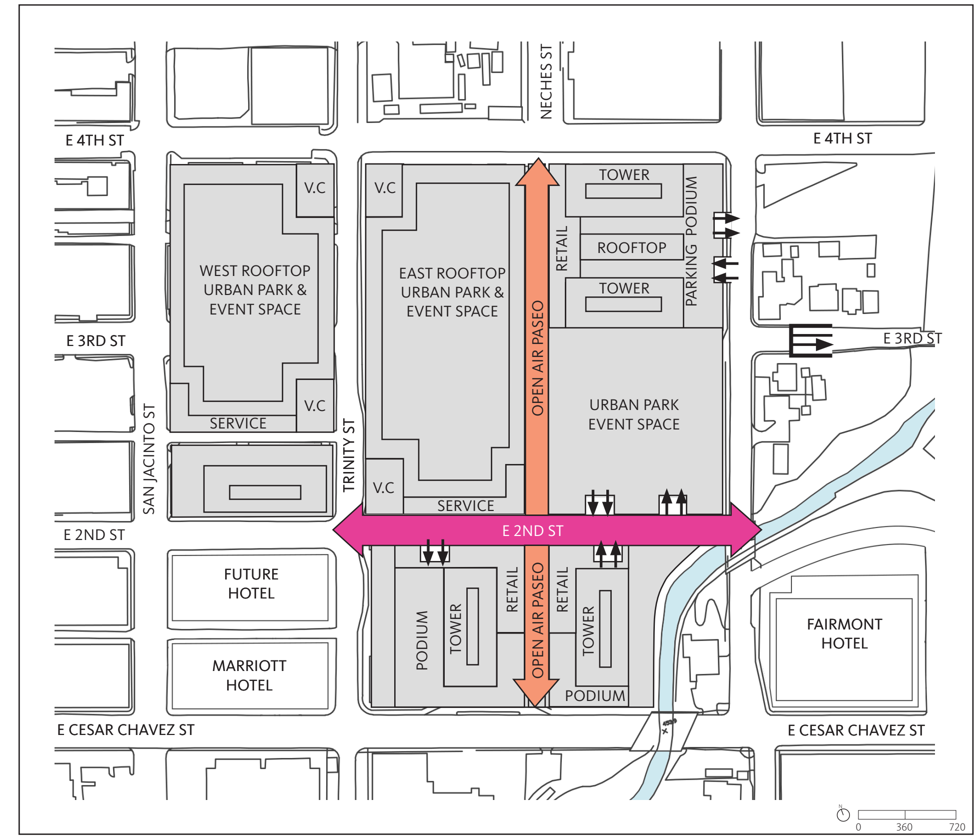
HALLS UP - PHASE TWO

2 - PHASE SCENARIO



ROOFTOP

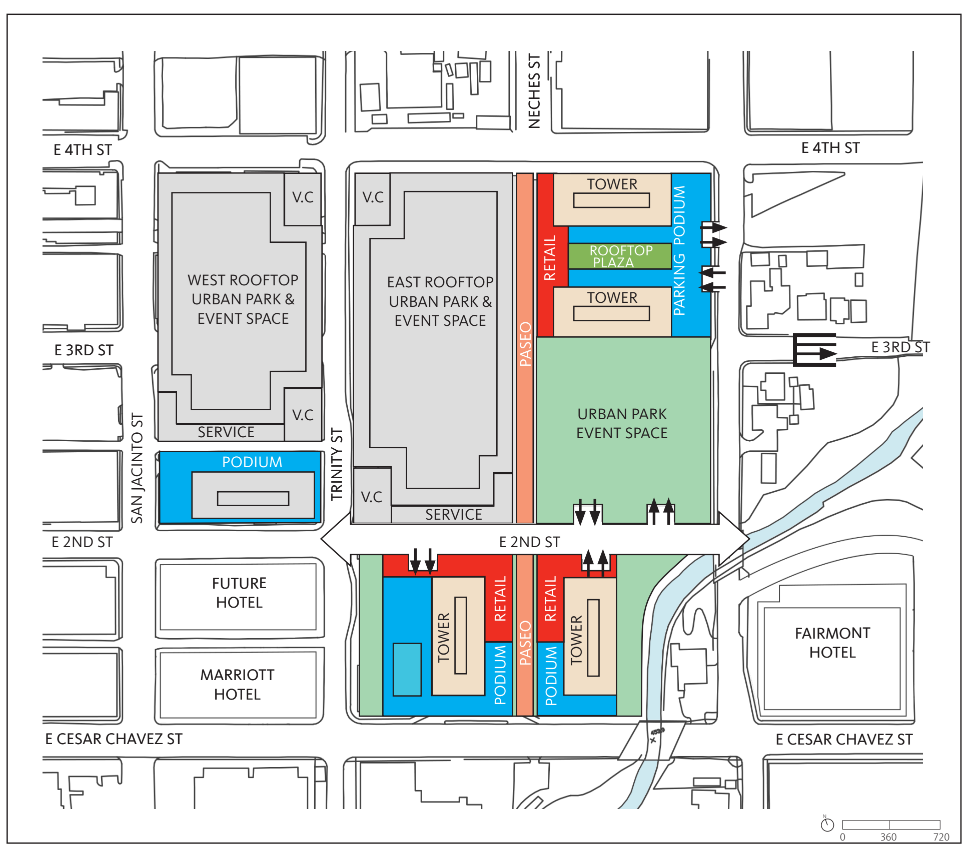
The rooftop park/event space is a response to the diminishing amount of open space in downtown Austin as the city grows and densifies. Approximately 2 city blocks in size and with views of downtown, the Capitol and Waller Creek, the rooftop park will be a desirable, revenue-generating venue for the City and ACCD. The space is serviced by freight elevators to support programmed events.



MOBILITY

The Halls Up scenario proposes an open-air pedestrian Paseo running north-south, connecting the Neches Street corridor to Cesar Chavez and the historic district beyond. The Paseo is lined with retail and F&B venues embedded in the convention center and P3 developments. 2nd Street is extended east-west between Trinity and Red River Streets, providing entry/exiting for the P3 developments and the below-grade event parking and removing those congestion impacts from Cesar Chavez. Additionally, 2nd Street provides a secondary pedestrian corridor intersecting with the Neches Paseo and Waller Creek.

In the Halls Up scenario, convention complex service vehicles and 18-wheeler truck traffic do not enter the downtown grid.



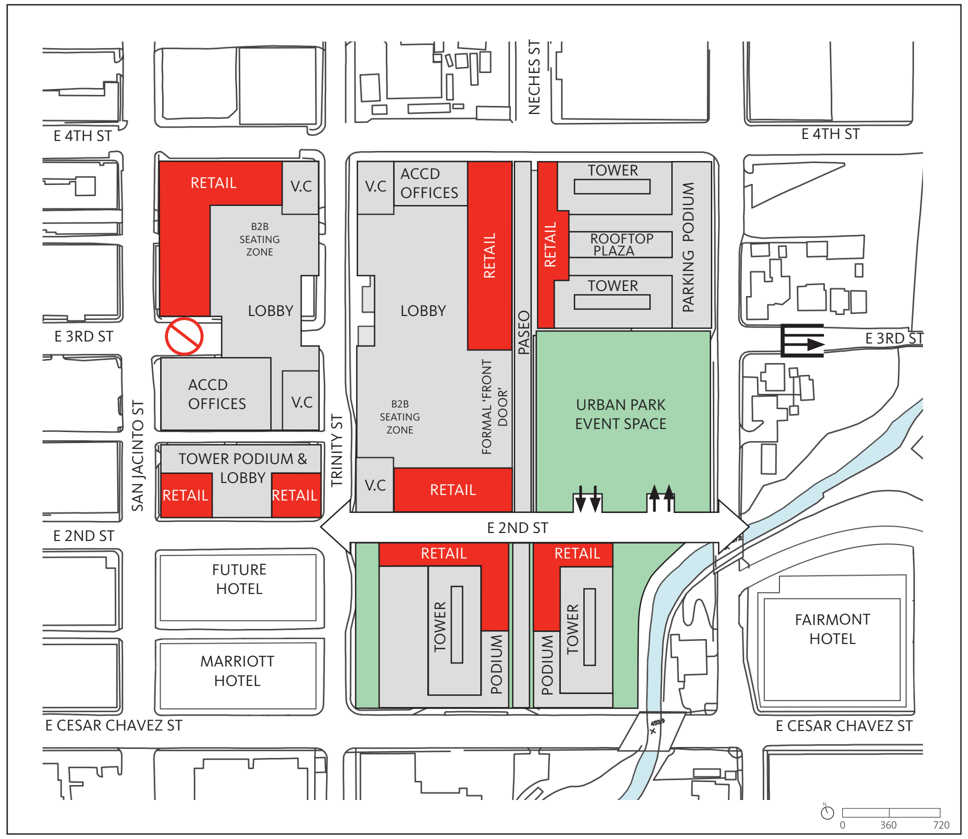
P3 DEVELOPMENT

Due to parcel assemblage, it is assumed the West Expansion (Phase 1) will be a vertically integrated design solution for both the convention facility and the commercial tower and podium.

In the Halls Up scenario, the remaining P3 development parcels are independent of the Phase 2 convention center development. This approach allows Phase 2 construction of the convention center to begin immediately after Phase 1's completion without concerns for the funding, design and construction schedule of adjacent commercial development parcels. The relationship between the convention center facilities and the commercial towers development is best described as "separate, seamless and synergistic."

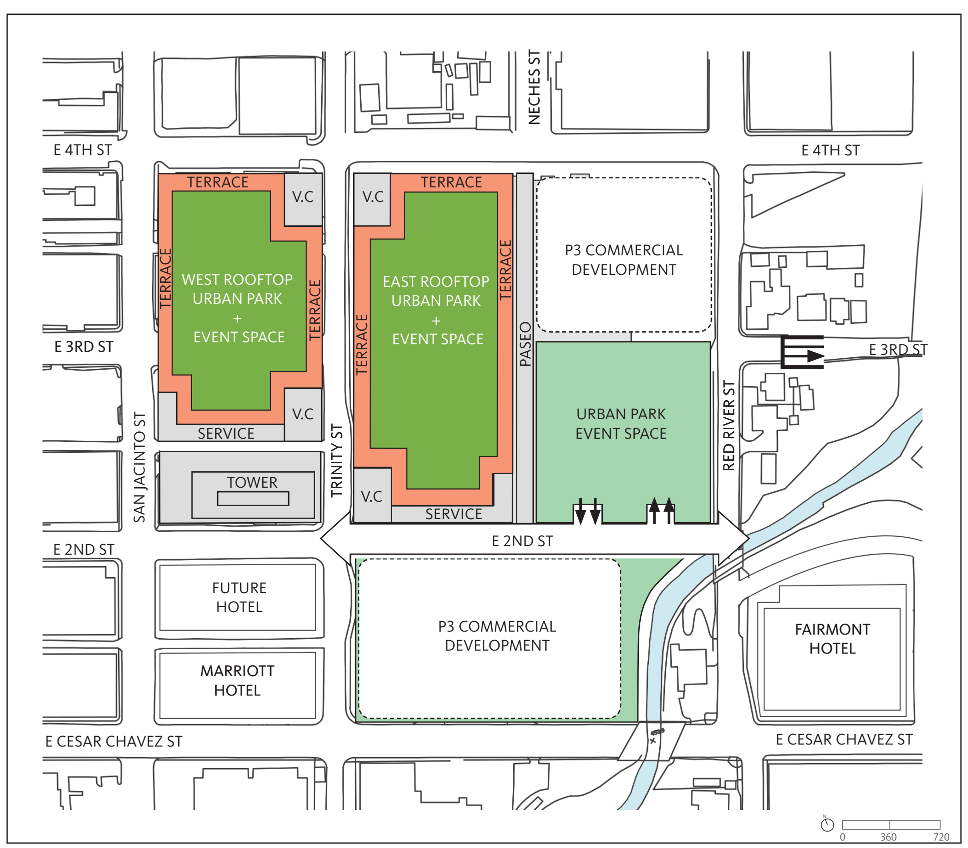
HALLS UP - PHASE TWO

2 - PHASE SCENARIO



ACTIVATING THE STREETS

Connectivity with a variety of venues and experiences draw people to a destination. The extension of the 2nd Street corridor connects downtown to Waller Creek, Palm Park and the proposed outdoor event space. 2nd Street and the Neches Paseo become the crossroads to key downtown districts including the Rainey Street historic district to the south, hotel row anchored by the Fairmont Hotel to the east and the 6th Street entertainment district to the north. The combination of convention events/shows, hotel activity, venue-lined pedestrian corridors, urban parks and the Waller Creek corridor will transform the experience along Austin's southeast gateway.



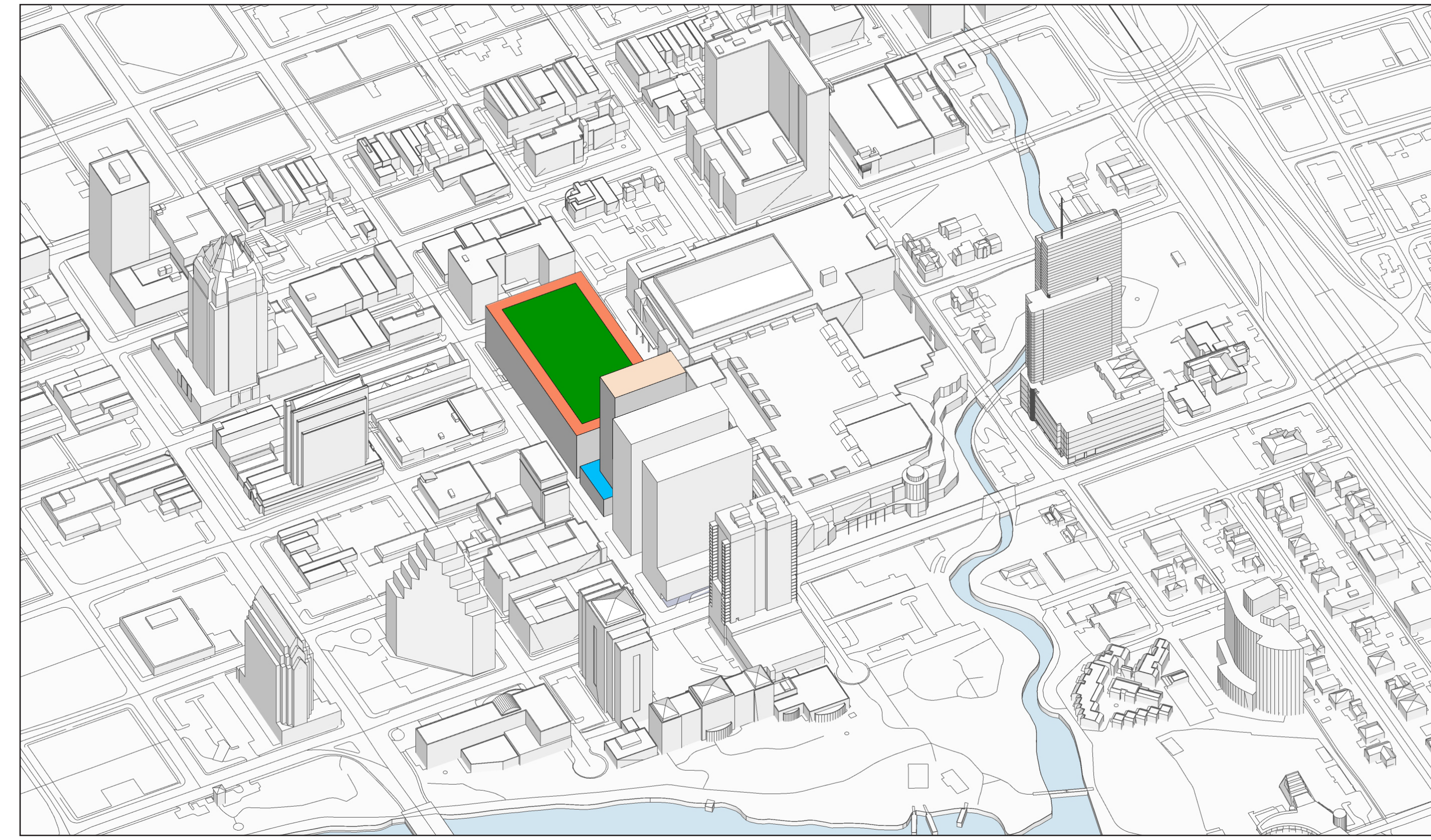
OPEN SPACE & PLACEMAKING

As Austin grows and downtown densifies, surface lots and open spaces are disappearing. In the Halls Up scenario, both Phase 1 and Phase 2 convention center buildings support rooftop urban parks for public events and revenue-generating space for private events. In total, the two rooftop parks are the equivalent to 2 ½ - 3 city blocks in size.

A large outdoor park/event space is located along Red River Street and serves as an extension of Palm Park and the Waller Creek corridor. Larger than a city block, two levels of parking exists below-grade under the outdoor park, accessed by the newly extended 2nd Street.

HALLS DOWN - PHASE ONE

3 - PHASE SCENARIO



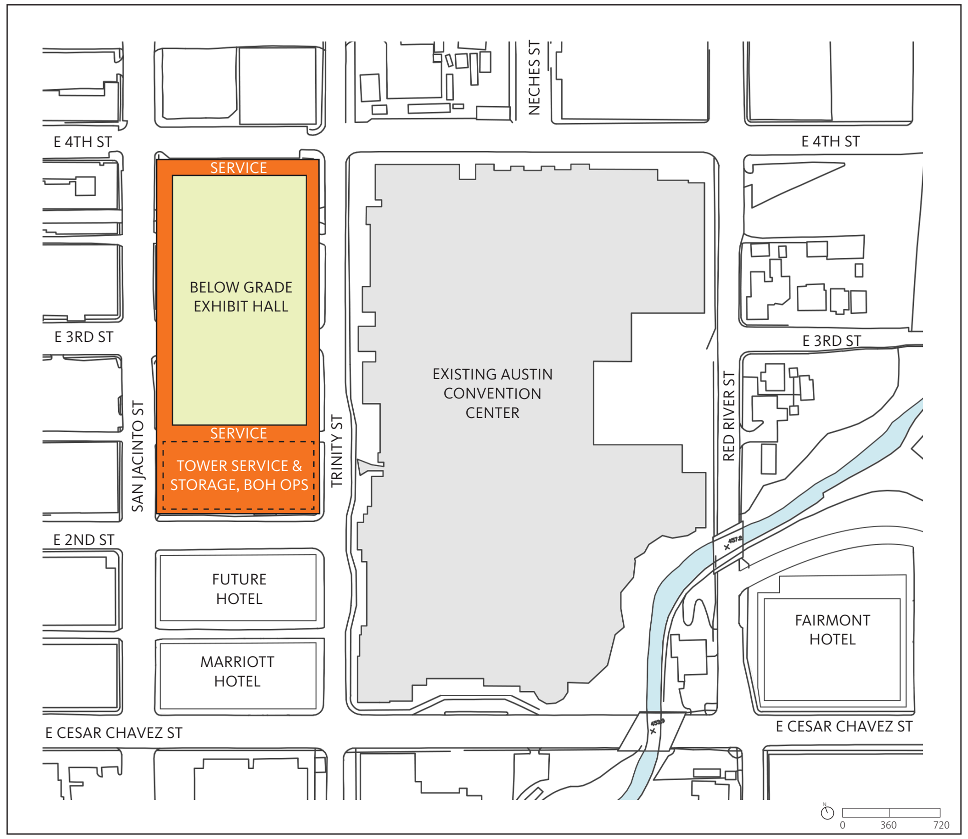
The Halls Down scenario includes a large, contiguous Exhibit Hall below street level that connects Phase 1 (ACC-West) to Phases 2 and 3 (ACC-East) under Trinity Street. The Halls Down scenario is a 3-Phase development strategy. Phase 1 (ACC-West) is the planned expansion west of Trinity Street. It is envisioned that Phase 1 will be a P3 vertically integrated, co-developed convention center and tower/podium on privately-owned parcels assembled for this project. Phases 2 and 3 (ACC-East) are located in the footprint of the original convention center on City-owned property. In both phases, ACC-East is a vertically integrated, co-developed convention center and tower/podium(s) on City-owned property.

Following Phase 1's completion, Phase 2 will begin with the demolition of the south half of the existing convention center while the north half remains in operation along with the Phase 1 West Expansion. Following completion of Phase 2, the north half (Phase 3) of the original convention center will be demolished and rebuilt while Phases 1 and 2 are in operation. In the Halls Down scenario, loading docks, service/maintenance, storage and back-of-house operations are split with Phase 1 loading docks serviced at street level on San Jacinto Street and Phases 2-3 loading docks serviced below-grade along Red River Street.

The 3-Phase Halls Down scenario allows ACCD to continuously operate without reducing its available meeting rooms and Exhibit Hall space during construction. It does require Phases 2 and 3 to operate and host events while the other half of the building is being demolished and reconstructed over a multi-year schedule, extending on-site construction by 3-4 years. The following pages describe the Halls Down development scenario by phase.

HALLS DOWN - PHASE ONE

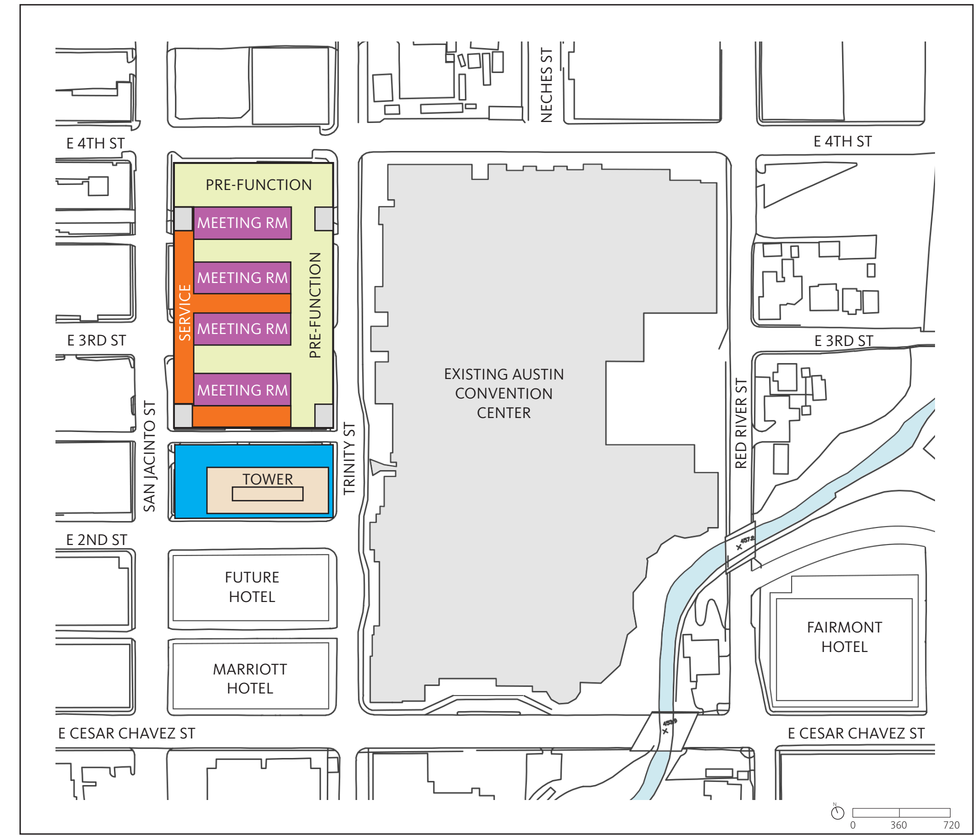
3 - PHASE SCENARIO



BELOW GRADE

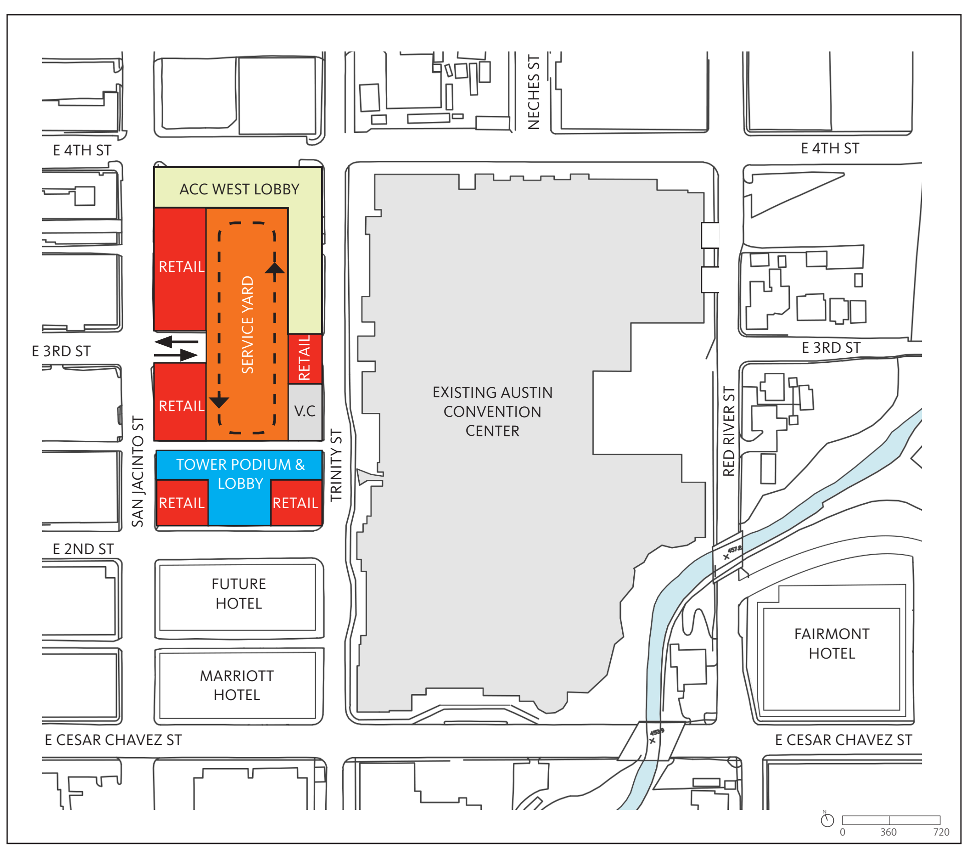
The West Expansion (Phase 1) will house its Exhibit Hall below grade. Lined with service corridors, the Exhibit Hall will allow connections below Trinity Street with the future Phase 2 (south) and Phase 3 (north) below-grade Exhibit Halls. The Exhibit Hall is serviced by freight elevators from the service/ loading zone above.

Note 1: Upon completion of Phase 2 and Phase 3 (East Replacement), the Exhibit Halls for all phases will connect under Trinity Street, creating a one level, contiguous below-grade Exhibit Hall for the convention complex.



LEVELS 2 & 3

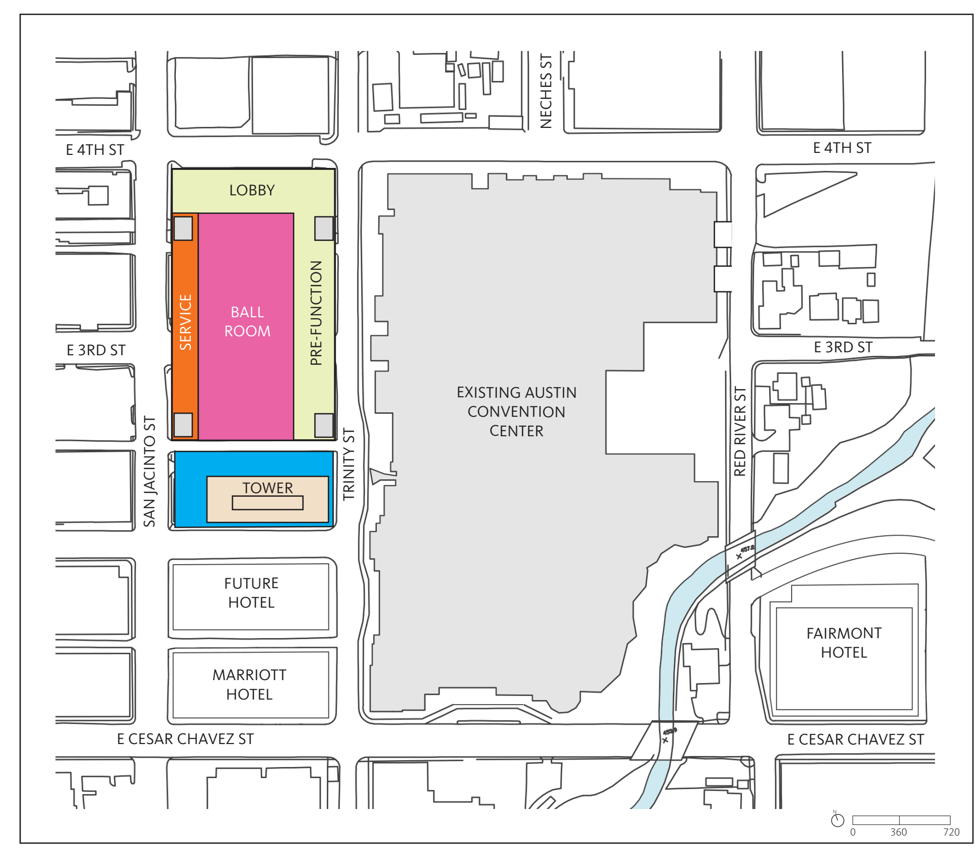
The convention center's Meeting Rooms are vertically stacked above the street level service loading zone. The meeting room floors are serviced by freight elevators directly from the street level Kitchen and loading/ service zone. Service corridors allow for seamless service from the backside of the rooms. Attendees arrive on each floor in the pre-function space with easy access to each bank of meeting rooms. The floor layout will allow connections over Trinity Street with the future Phase 2 and Phase 3 Meeting Rooms floors.



STREET LEVEL

Service and Loading for Phase 1 is located at the street level. Trucks and service vehicles will enter/exit the at-grade service zone on San Jacinto Street. The lobby for Phase 1 is similar to a concourse lining the northeast edge of the building along 4th Street, relying on the larger lobby in the existing facility across the street. The main entrance to the lobby is on Trinity Street where the primary drop-off/pick-up for busses and taxis are located. The podium and 2nd Street lobby for the Block 16 tower occupies the south end of the vertically integrated P3 project. Retail and F&B venues are planned along San Jacinto Street and 2nd Street.

Note 1: The street level service/loading dock will service the Phase 1 (West Expansion) Exhibit Hall separately. Service/loading for Phase 2 and 3 Exhibit Halls will be located on the east side of the convention complex.

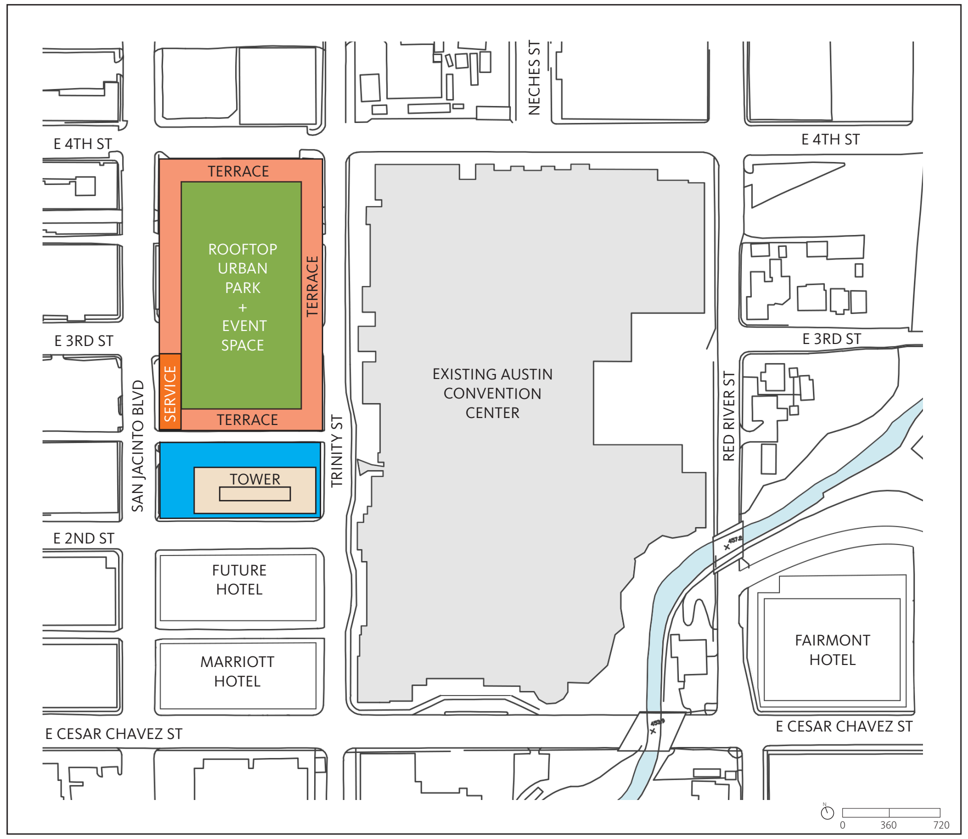


LEVEL 4

The Ballroom is located above the Meeting Rooms and serviced by freight elevators directly from the street level Kitchen and loading/ service zone. The service corridor lines the Ballroom along its western edge to allow connections over Trinity Street with the future Phase 2 Ballroom and expanded pre-function space. Attendees arrive in the lobby along the north façade with pre-function space and easy access into the Ballroom. The Ballroom lobby has open views to downtown and the Capitol.

HALLS DOWN - PHASE ONE

3 - PHASE SCENARIO



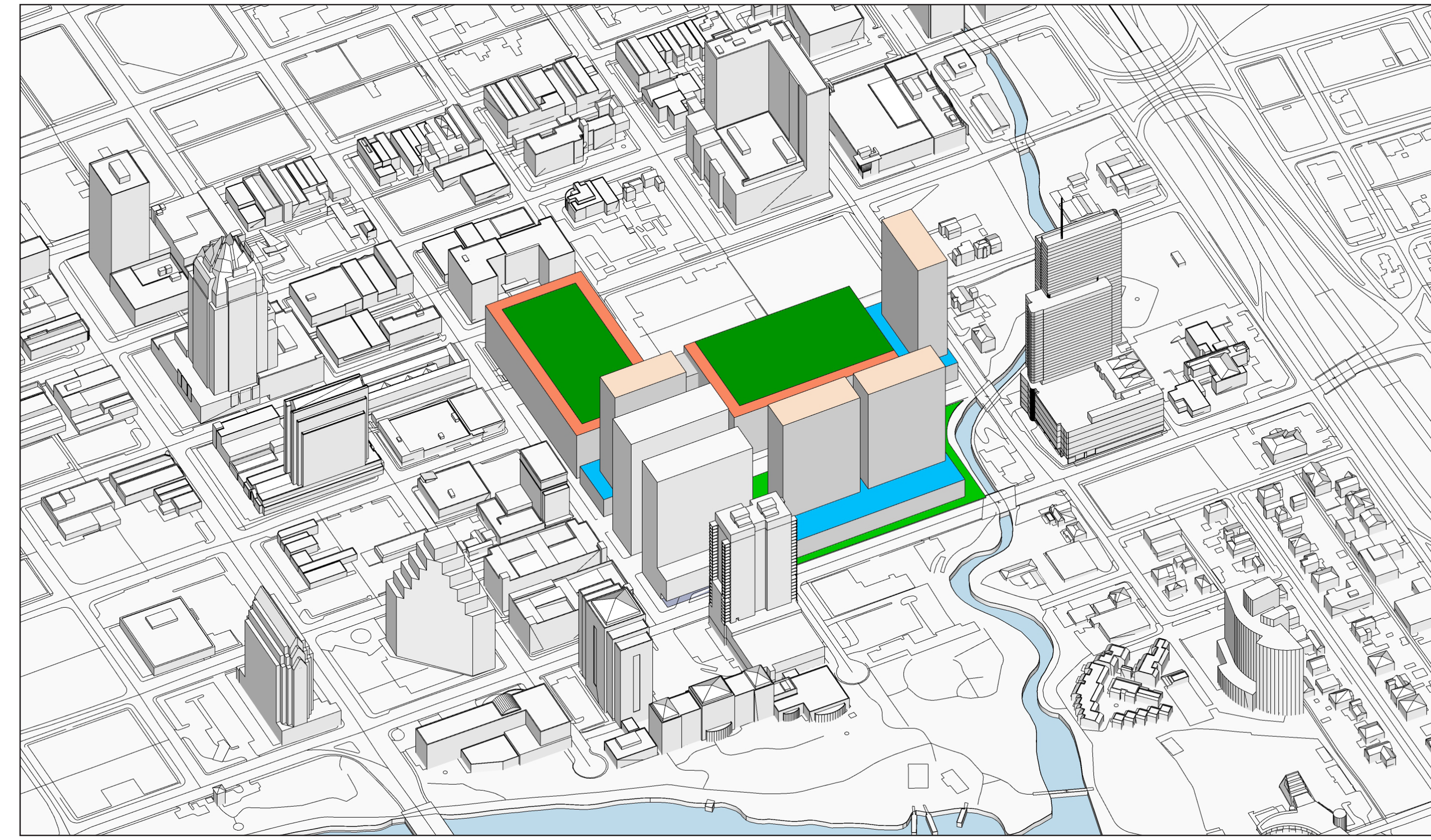
ROOFTOP

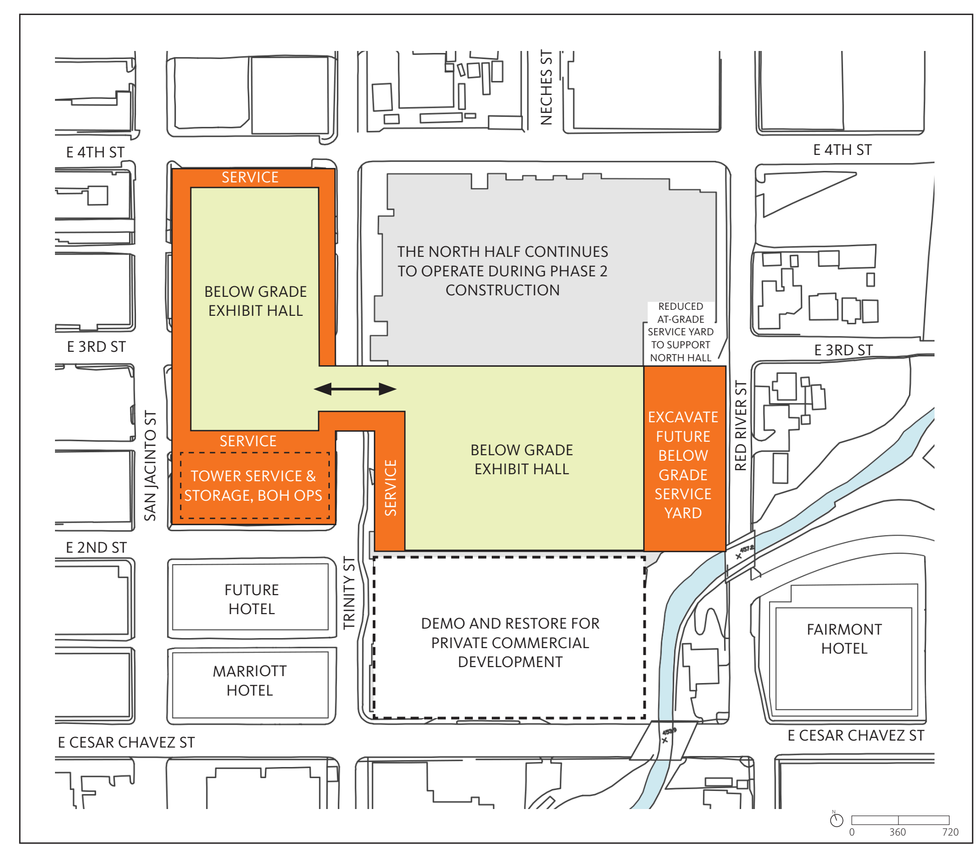
The rooftop park/event space is a response to the diminishing amount of open space in downtown Austin as the city grows and densifies. Approximately 1 ½ city blocks in size and with views of downtown and the Capitol, the rooftop park will be a desirable, revenue-generating venue for the City and ACCD. The space is serviced by freight elevators to support programmed events.

Concept Image of the Shop-Lined Paseo (pedestrian corridor)

HALLS DOWN - PHASE TWO

3 - PHASE SCENARIO





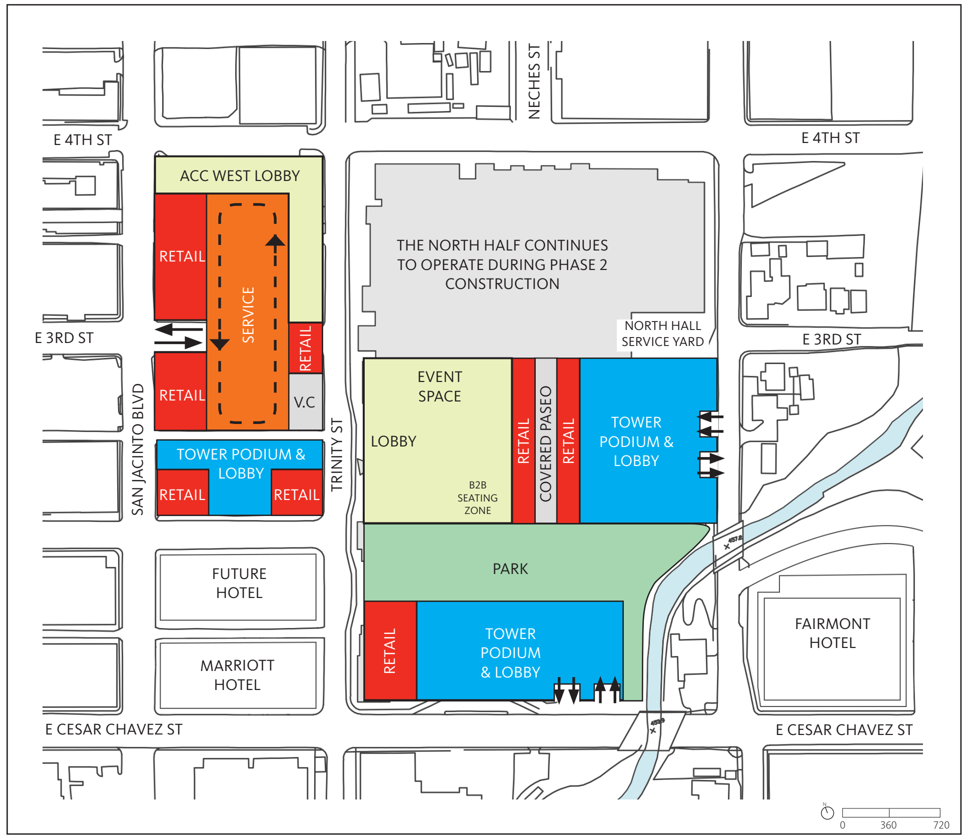
BELOW GRADE

The East Replacement (Phase 2) will house the first half of a large below-grade Exhibit Hall east of Trinity. The Exhibit Hall and service corridors will connect under Trinity Street with the Phase 1 Exhibit Hall. Despite the excavation of the below-grade Phase 2 loading zone along Red River, the Phase 2 East Hall may need to be serviced from the Phase 1 Hall until Phase 3 East and the 3rd Street ramp is completed due to ongoing construction activity.

Note 1: Consideration needs to be given to the impact of the Phase 2 excavation and truck ramp on the existing service yard's ability to accommodate trucks and loading for the Phase 3 North half until Phase 2 construction is completed.

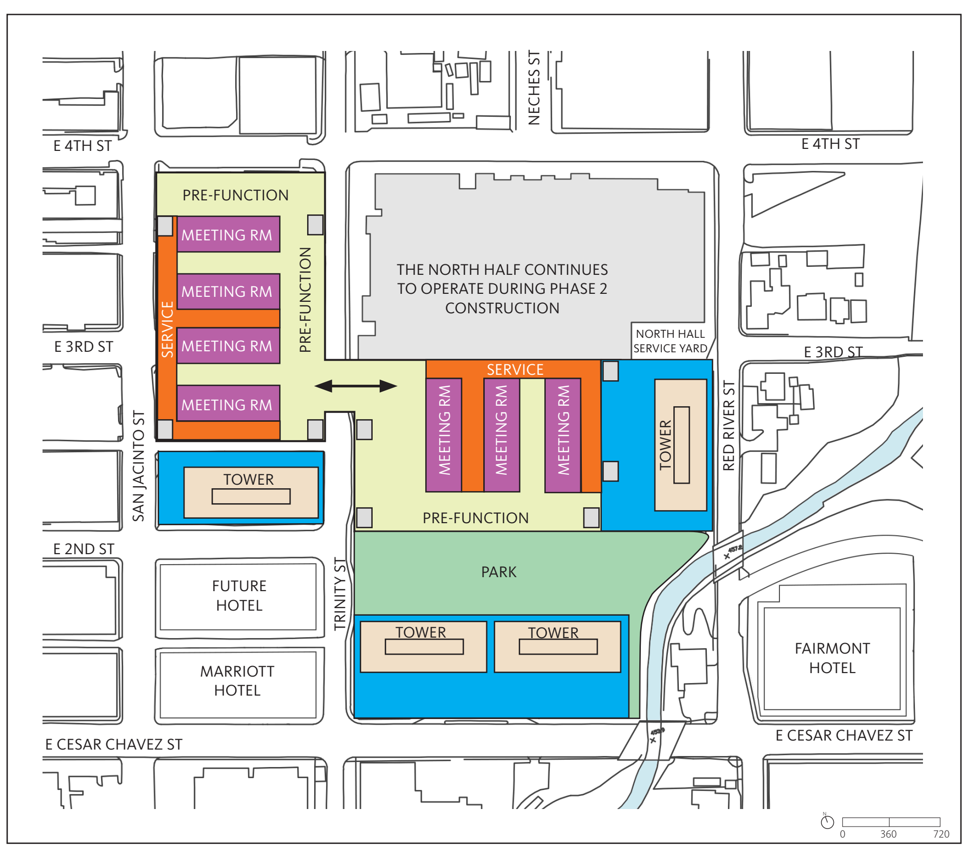
HALLS DOWN - PHASE TWO

3 - PHASE SCENARIO



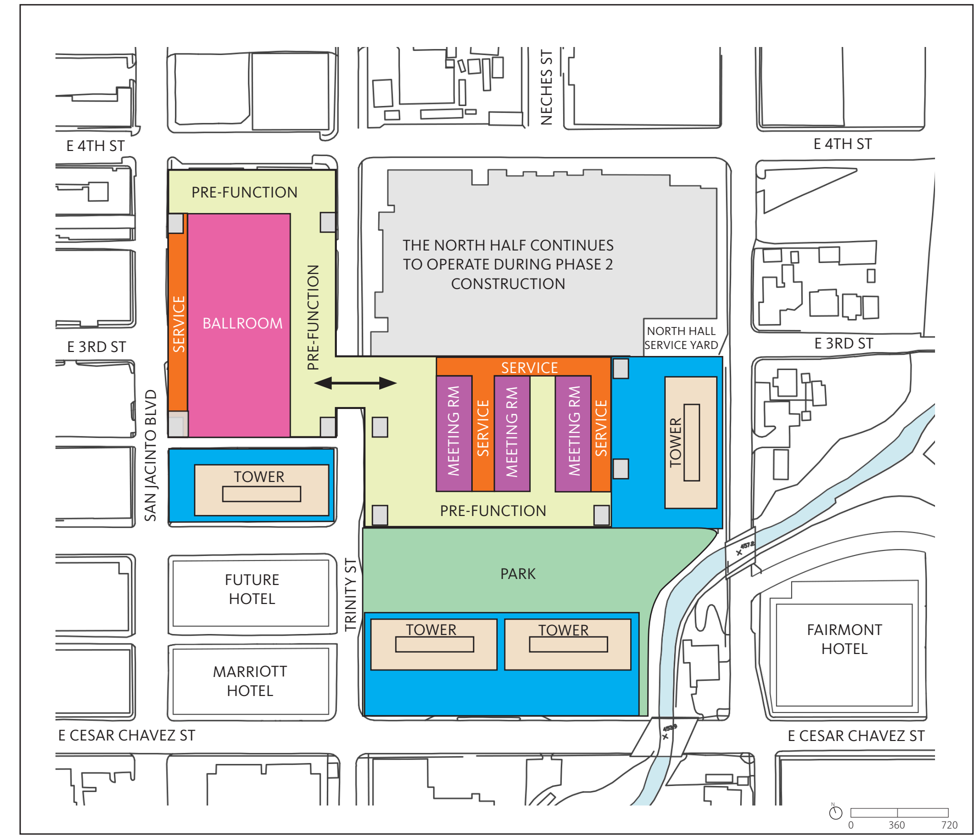
STREET LEVEL

At the street level, the East Replacement (Phase 2 South) has a substantial lobby on Trinity Street where the primary drop-off/pick-up for busses and taxis are located. A portion of the future pedestrian paseo, aligned with Neches Street running north-south, borders the east façade of the convention center lined with retail and F&B venues. Phase 2 is envisioned to be a vertically integrated P3 development with a podium and tower situated on top of the Exhibit Hall and service/loading zone, accessible on Red River Street. A second P3 development (podium and tower) is envisioned with access/exiting on Cesar Chavez. A linear park extends 2nd Street as an east-west pedestrian corridor providing access to Waller Creek and the retail-lined Neches paseo. The linear park is situated over the southern portion of the below-grade Exhibit Hall.



LEVELS 2 & 3

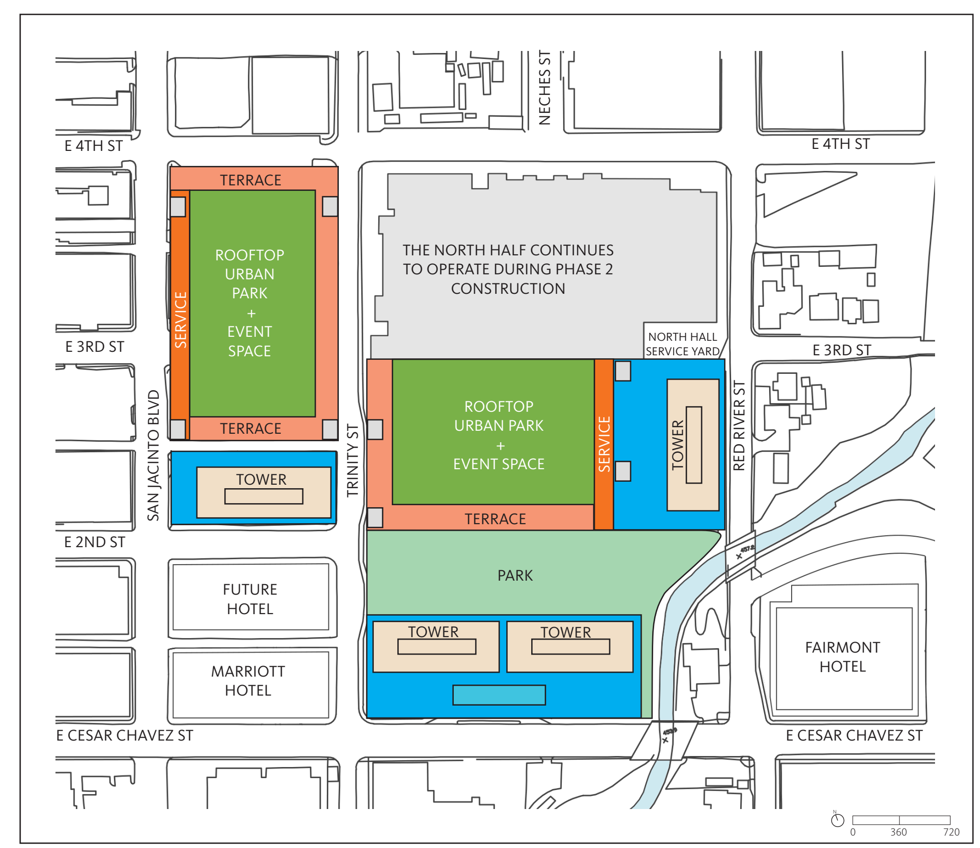
The convention center's Meeting Rooms are vertically stacked above the street level Lobby and the Neches Paseo. The meeting room floors are serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. Service corridors allow for seamless service from the backside of the rooms. Attendees arrive on each floor in the pre-function space with easy access to each bank of meeting rooms. The floor layout will allow connections over Trinity Street with the Phase 1 Meeting Room floors.



LEVEL 4

Level 4 houses another level of Meeting Rooms and serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. The service corridor allows for seamless service from the backside of the rooms. Attendees arrive in the pre-function space with easy access into each bank of meeting rooms. The layout of the Meeting Rooms allow connections over Trinity Street with the Phase 1 Ballroom and expanded pre-function space.

Note 1: The Phase 2, Level 4 meeting rooms can be substituted with a 40,000-sf Junior Ballroom, connected by a shared pre-function area spanning Trinity Street.

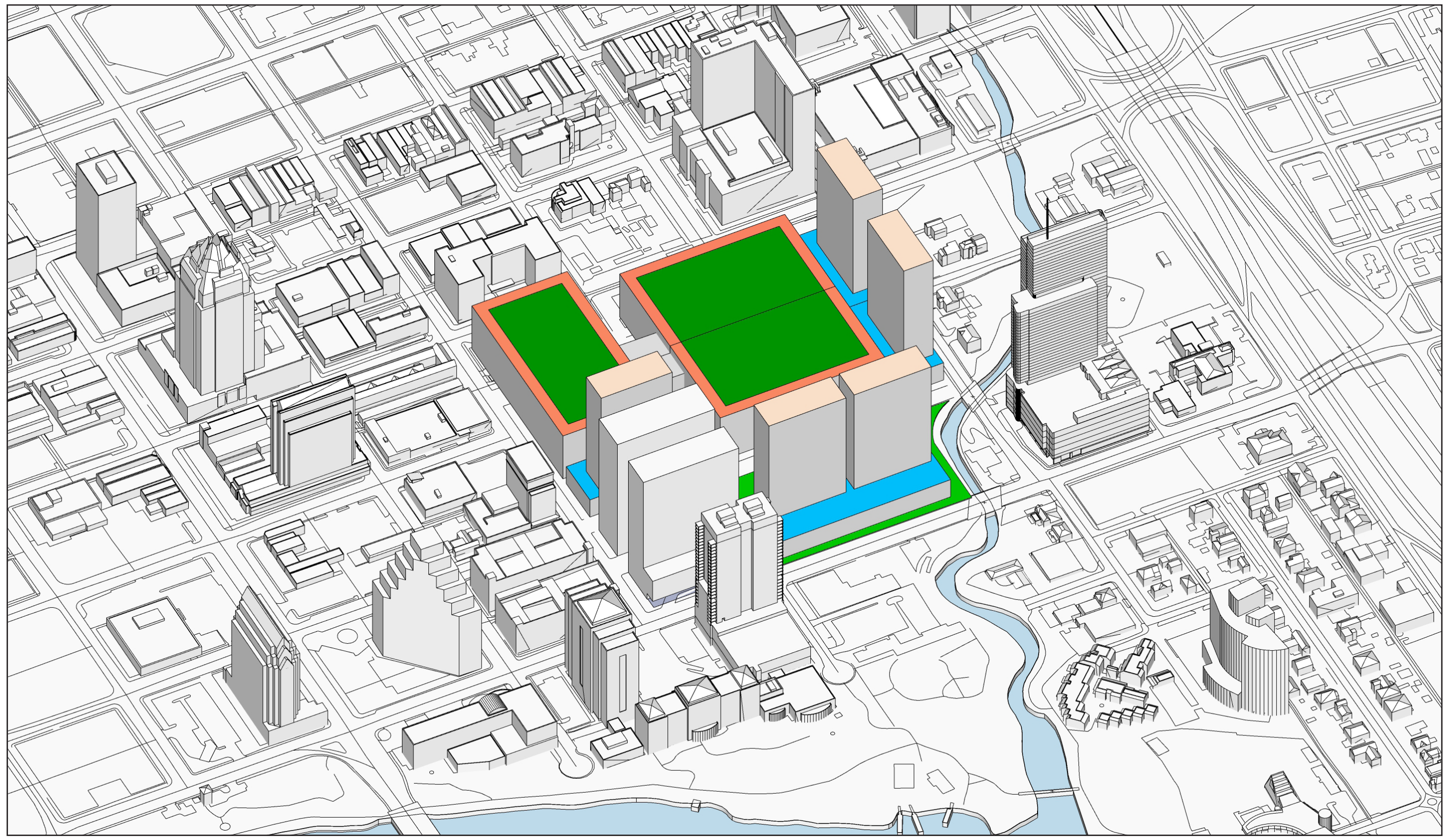


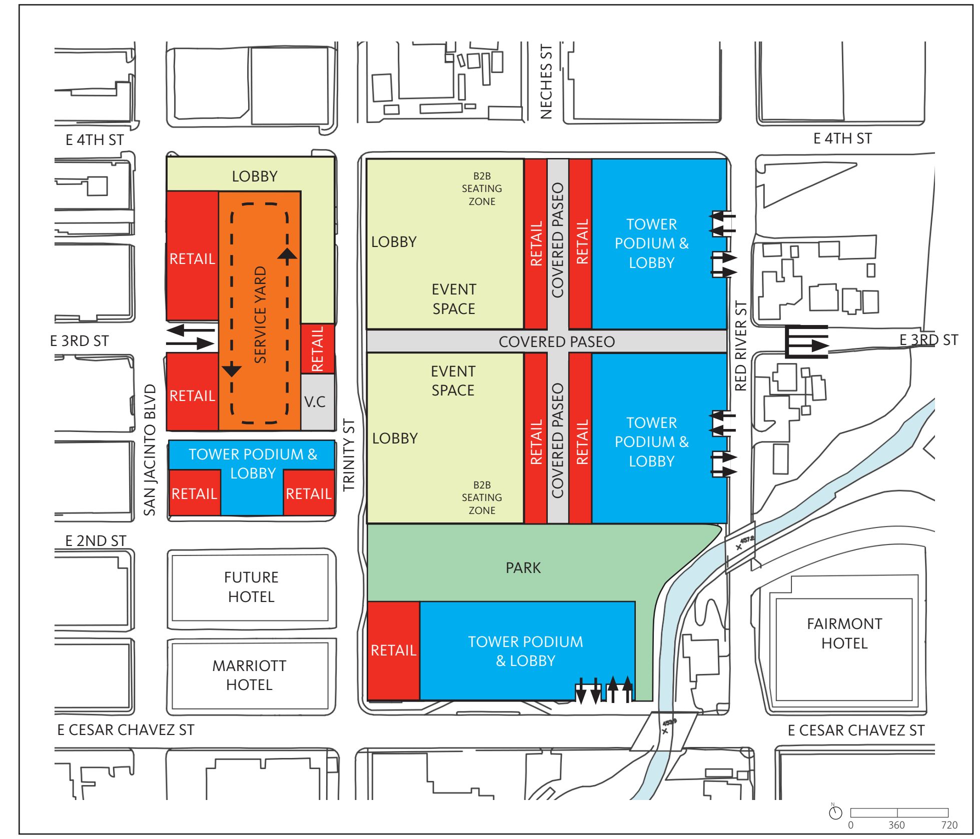
ROOFTOP

The rooftop park/event space is a response to the diminishing amount of open space in downtown Austin as the city grows and densifies. Approximately 1 city block in size and with views of Waller Creek and Palm Park, the rooftop park will be a desirable, revenue-generating venue for the City and ACCD. The space is serviced by freight elevators to support programmed events.

HALLS DOWN - PHASE THREE

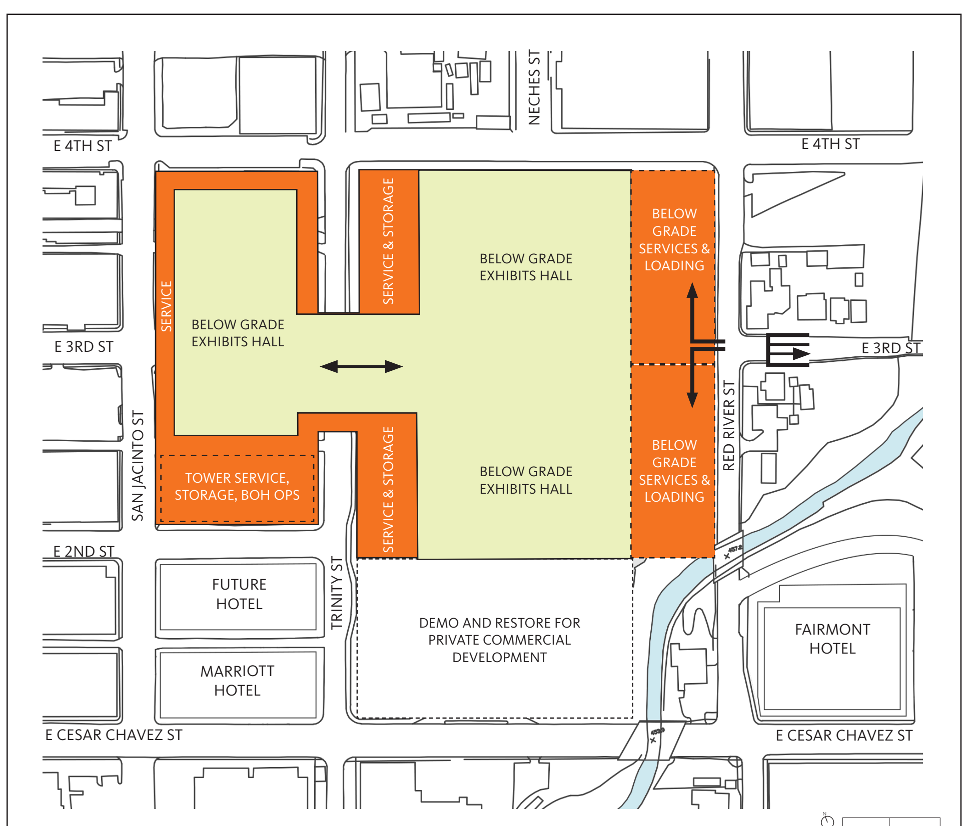
3 - PHASE SCENARIO





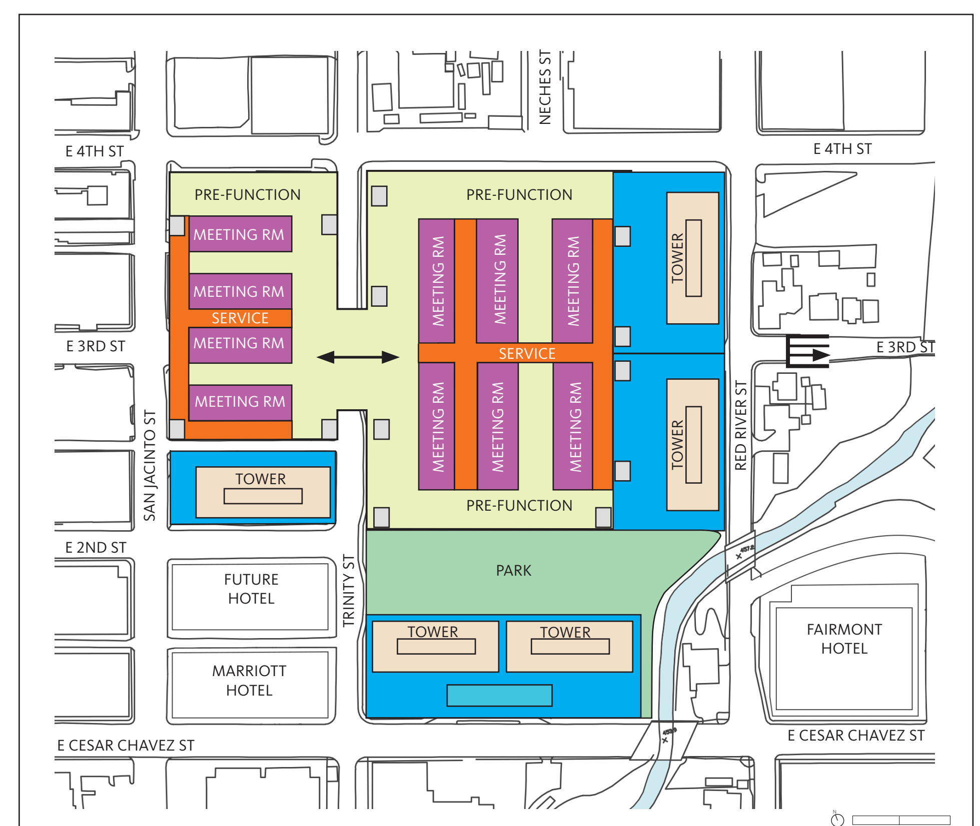
STREET LEVEL

At the street level, the East Replacement (Phase 3 North) has a substantial lobby on Trinity Street where the primary drop-off/pick-up for busses and taxis are located. The northern portion of the Neches Paseo, running north-south, borders the east façade of the convention center lined with retail and F&B venues. Phase 3 is envisioned to be a vertically integrated P3 development with a podium and tower situated on top of the Exhibit Hall and service/loading zone, accessible on Red River Street. A second Paseo, running east-west aligned with 3rd Street, is a public access corridor that separates the Phase 2 and Phase 3 Lobbies and intersects with the Neches Paseo.



BELOW GRADE

The East Replacement (Phase 3) will house the second half of a large below-grade Exhibit Hall east of Trinity. The Exhibit Hall and service corridors will connect under Trinity Street with the Phase 1 and Phase 2 Exhibit Halls. Service, loading and storage for the Phase 3 Exhibit Hall will also be below-grade with direct service from the loading docks into the Hall. Trucks and service vehicles will enter the sub-grade service zone via the new entry/exit ramp on 3rd Street east of Red River.

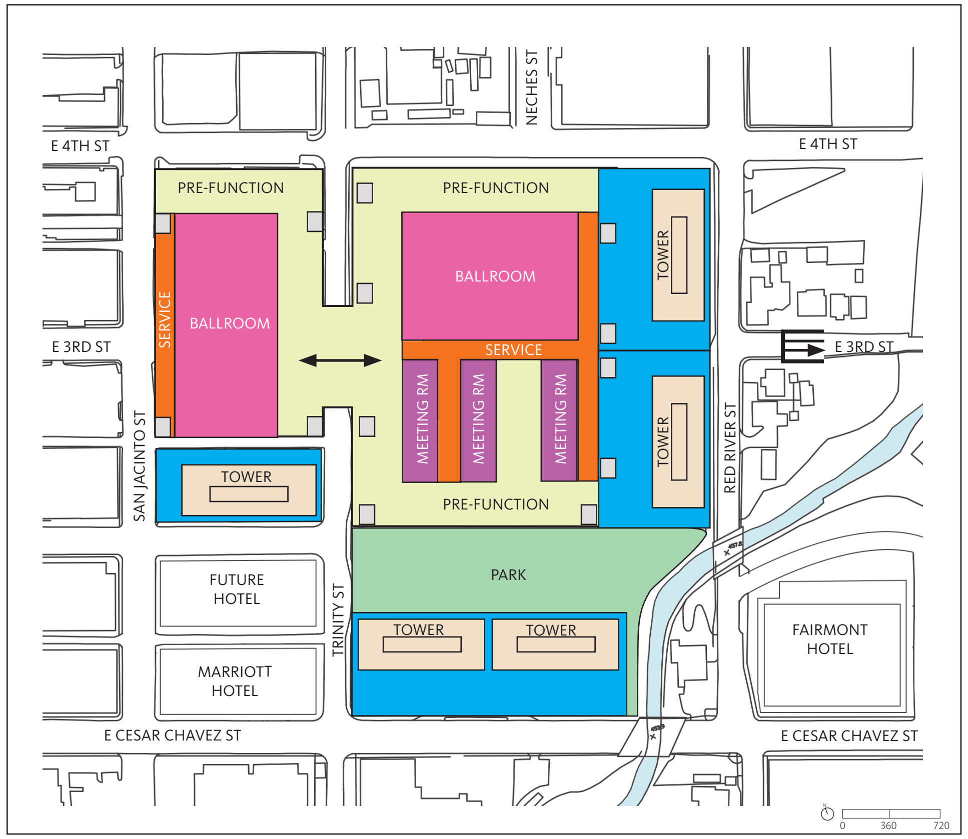


LEVELS 2 & 3

The convention center's Meeting Rooms are vertically stacked above the street level Lobby and the Neches Paseo. The meeting room floors are serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. Service corridors allow for seamless service from the backside of the rooms. Attendees arrive on each floor in the pre-function space with easy access to each bank of meeting rooms. The floor layout will merge with the Phase 2 floor and allow connections over Trinity Street with the Phase 1 Meeting Room floors.

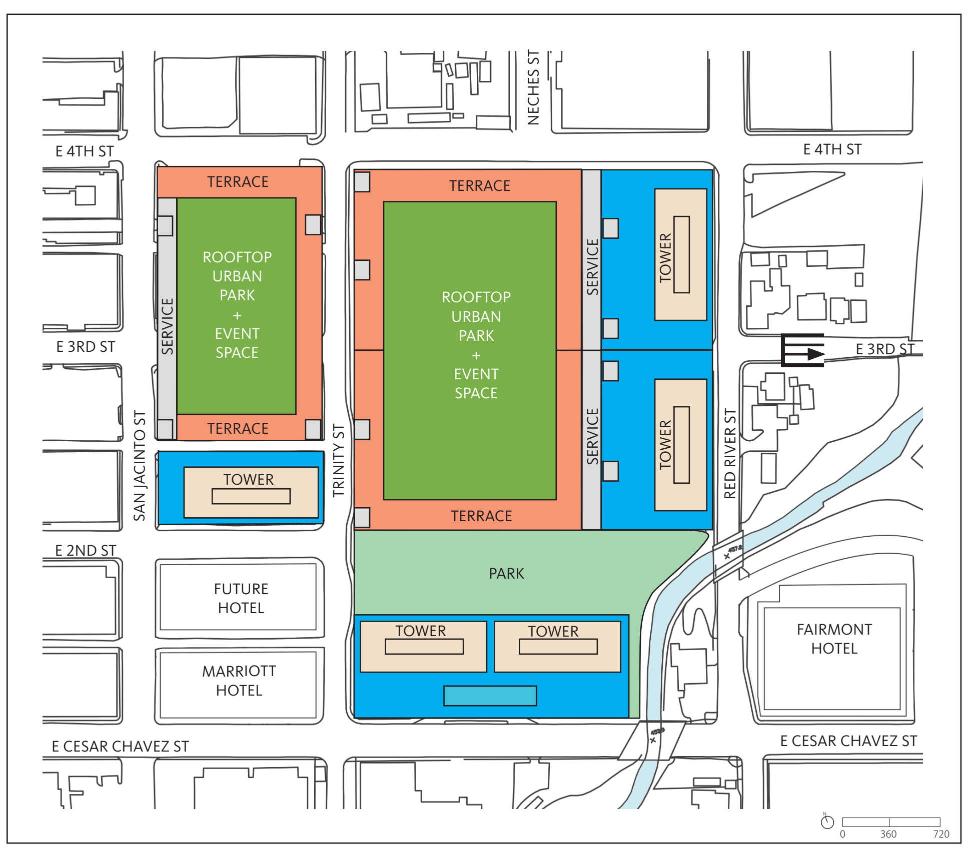
HALLS DOWN - PHASE THREE

3 - PHASE SCENARIO



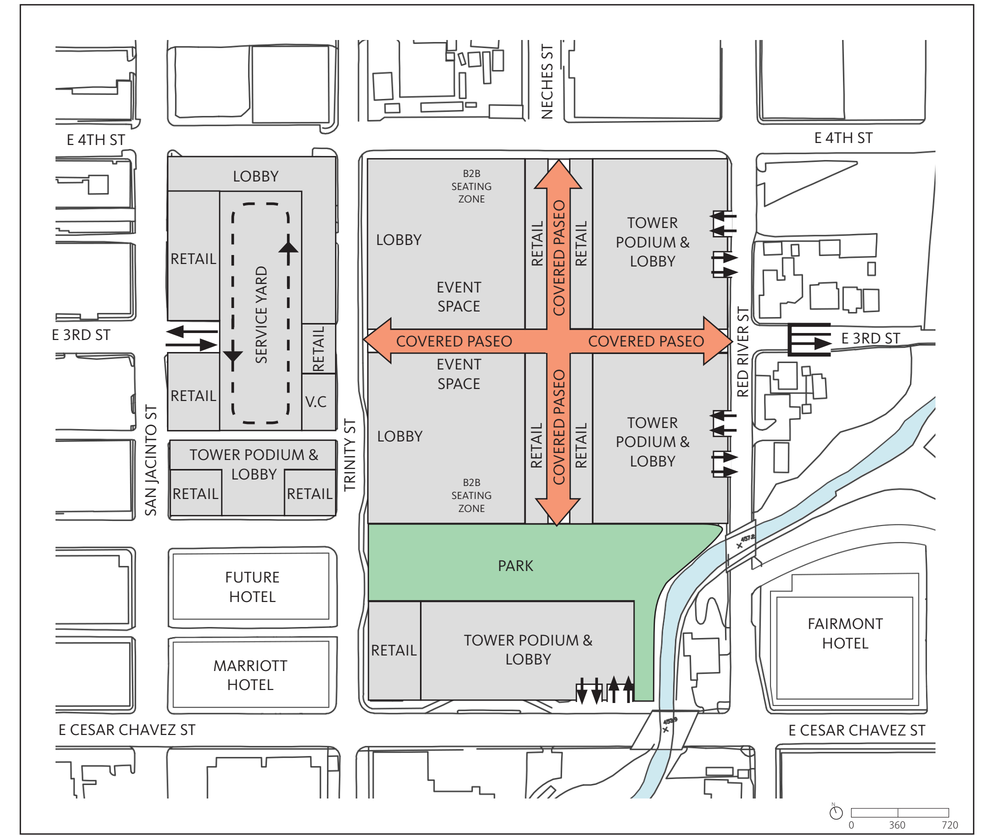
LEVEL 4

Level 4 houses a second Ballroom, serviced by freight elevators directly from the below-grade Kitchen and loading/service zone. The service corridor, shared with the adjacent Meeting Rooms, allows for seamless service from the backside of the Ballroom. Attendees arrive in the pre-function space with easy access into Ballroom and offering views of downtown and the Capitol. The layout of the Phase 3 floor merges seamlessly with the Phase 2 floorplan and allowing connections over Trinity Street with the Phase 1 Ballroom.



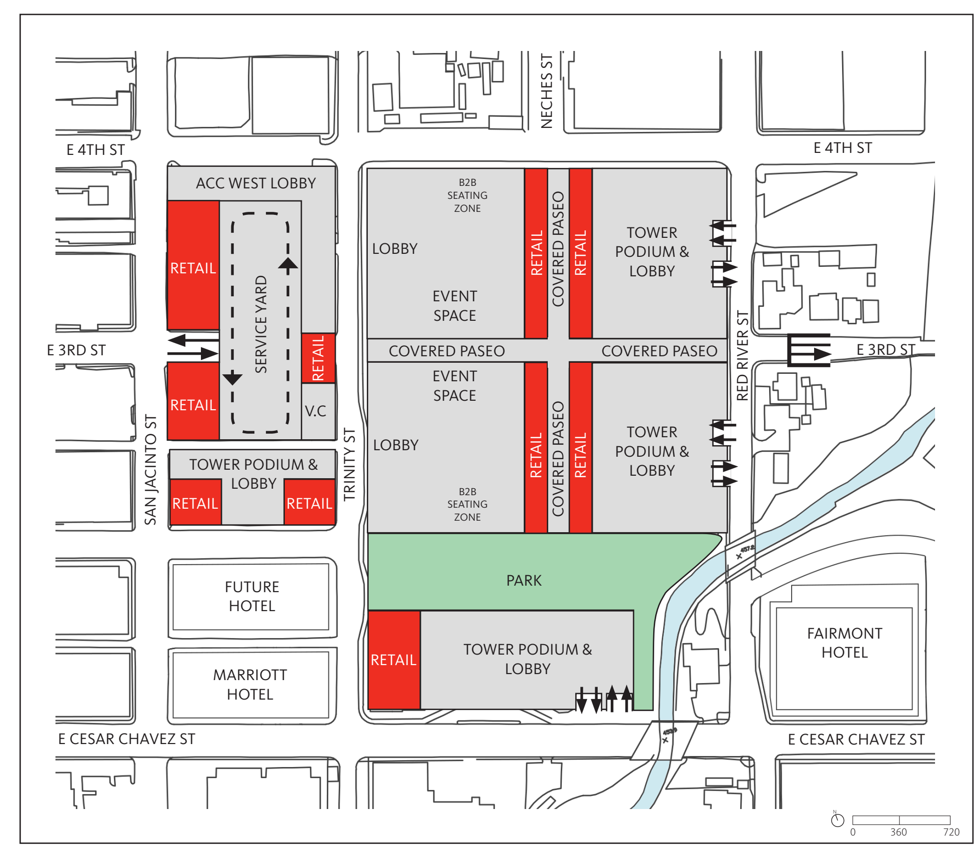
ROOFTOP

The rooftop park/event space is a response to the diminishing amount of open space in downtown Austin as the city grows and densifies. Approximately 2 city blocks in size and with views of downtown and the Capitol, the rooftop park will be a desirable, revenue-generating venue for the City and ACCD. The space is serviced by freight elevators to support programmed events.



MOBILITY

The Halls Down scenario proposes a covered pedestrian Paseo running north-south, connecting the Neches Street corridor with the linear park to its south. The Paseo is lined with retail and F&B venues embedded in the convention center and P3 developments. A secondary paseo runs east-west, aligned with 3rd Street and connecting Trinity Street to the P3 developments along Red River Street. Like the Neches Paseo, the paseo is covered by the convention floors above. Additionally, a linear park at the terminus of 2nd Street at Trinity provides a secondary pedestrian corridor intersecting with the Neches Paseo and Waller Creek. In the Halls Down scenario, service and 18-wheeler truck traffic will continue to enter the downtown grid to serve the West Expansion (Phase 1).

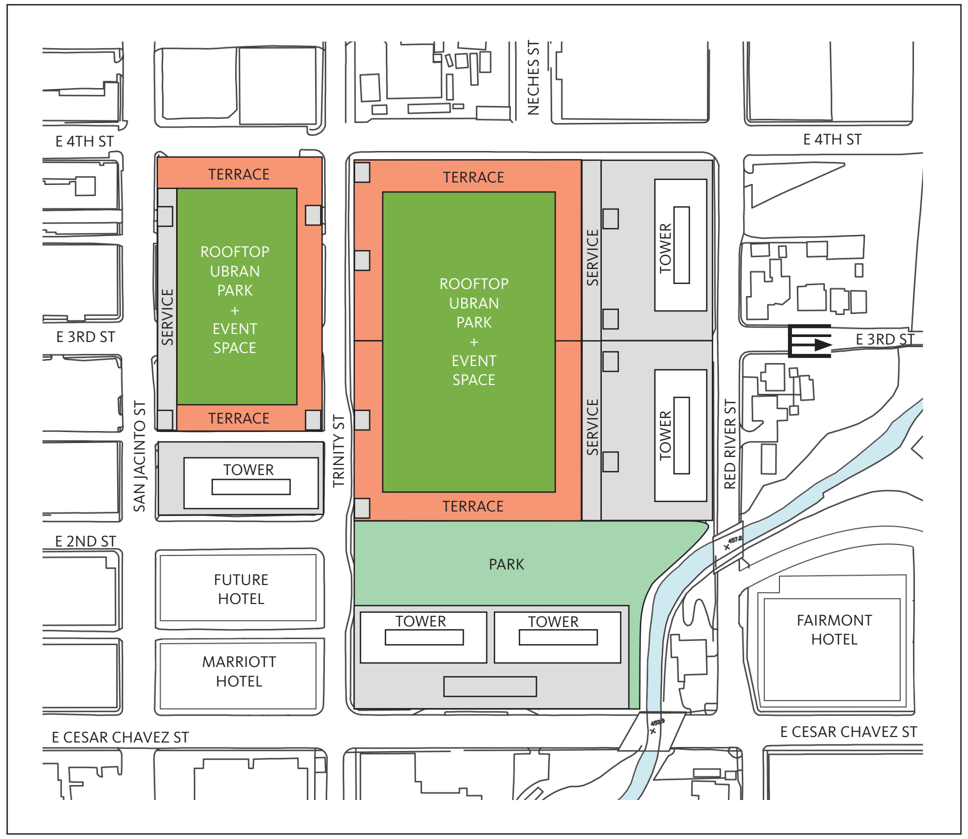


ACTIVATING THE STREETS

Connectivity with a variety of venues and experiences draw people to a destination. San Jacinto Street, 2nd Street and the Neches Paseo are lined with retail and F&B venues. Shop-lined streets and paseos that enhance the pedestrian experience, combined with a linear park for outdoor events and connectivity to Waller Creek will promote the district's image as a destination for visitors, downtown workers and Austin residents. The combination of convention events/shows, increased hotel activity, venue-lined pedestrian corridors, urban parks and the Waller Creek corridor will transform the experience along Austin's southeast gateway.

HALLS DOWN - PHASE THREE

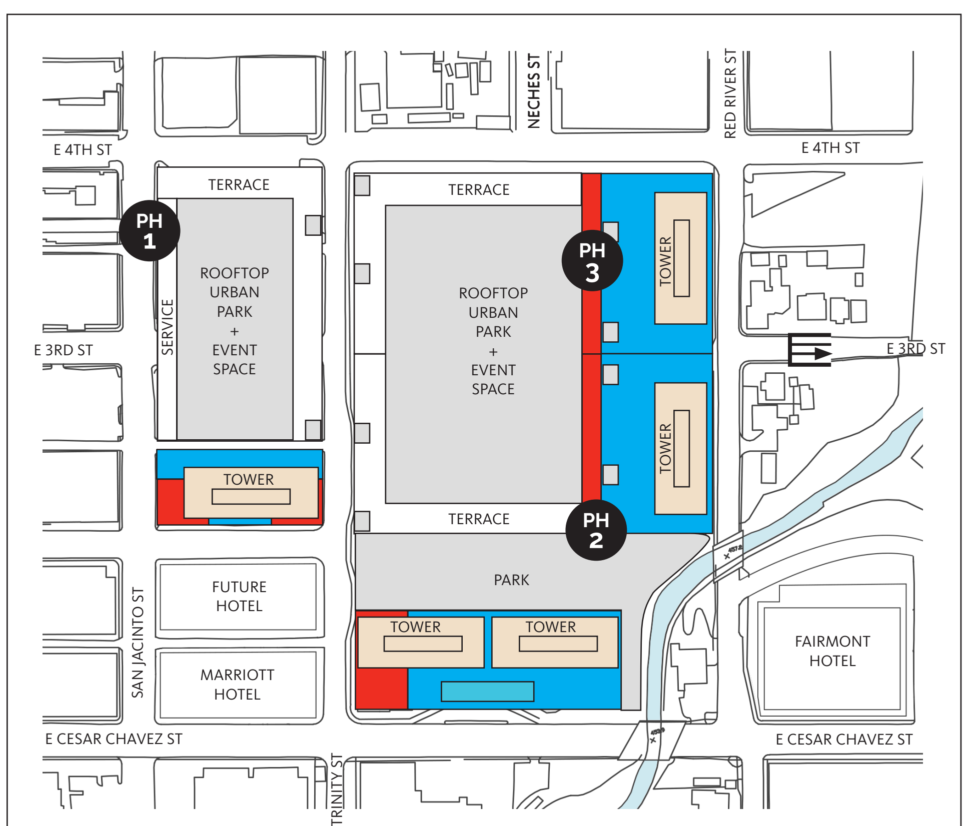
3 - PHASE SCENARIO



OPEN SPACE & PLACEMAKING

As Austin grows and downtown densifies, surface lots and open spaces are disappearing. In the Halls Down scenario, the Phase 1 and Phases 2/3 convention center buildings support rooftop urban parks for public events and revenue-generating space for private events. In total, the two rooftop parks are the equivalent to 2 ½ - 3 city blocks in size.

A linear park/event space, aligned with 2nd Street between Trinity and Red River Streets, offers pedestrian connectivity from downtown to Waller Creek and Palm Park.



P3 DEVELOPMENT PARCELS

Due to parcel assemblage, it is assumed the West Expansion (Phase 1) will be a vertically integrated design solution for both the convention facility and the commercial tower and podium. In the Halls Down scenario, both Phase 2 and Phase 3 development parcels include vertically integrated, concurrently constructed convention center/podium tower complex. Another P3 parcel along Cesar Chavez is envisioned as independent of the Phase 2 convention center facility. Phases 2 and 3 are dependent on the funding, design and construction schedule of the integrated, co-developed commercial buildings. The 3-phase approach extends the duration of construction activity and impacts to ongoing convention operations by a minimum of 3-4 years.

SCENARIO COMPARISON

Both development scenarios showcased in this study address district mobility, activating the streets, P3 development, phasing strategies and connectivity to adjacent districts and amenities. Both scenarios have strong points for consideration and both scenarios require some compromises to achieve the City's vision for development of the convention center complex. Below is a list of considerations for each scenario:

2-PHASE HALLS UP	3-PHASE HALLS DOWN
EXHIBIT HALLS	
• Two levels; stacked; above grade. • Connected over Trinity Street. • 27% reduction of Exhibit Hall Space until Phase 2 is complete.	• One Level; contiguous; below grade. • Connected under Trinity Street. • 16% reduction of Exhibit Hall space until Phase 2 is complete.
LOADING DOCKS/SERVICES/STORAGE	
• Below grade Superblock. • Connected Under Trinity. • Accessed by 3rd Street ramp east of Red River Street. • Trucks stay out of the downtown grid following the completion of Phase 2.	• Phase 1 West – street level. • Phase 2/3 East – below grade; accessed by 3rd Street ramp east of Red River Street. • Trucks continue to enter the downtown grid to serve Phase 1 West after Phase 2/3.
DISTRICT MOBILITY	
• Neches Paseo (open air) runs N-S from 4th Street to Cesar Chavez. • 2nd Street extended east to Red River for improved vehicular circulation and access; serves as secondary pedestrian access to the east and Waller Creek.	• Neches Paseo (enclosed) runs N-S from 4th Street to 2nd Street. • 3rd Street Paseo (enclosed) runs E-W, intersecting with the Neches Paseo. • Linear Park serves as secondary pedestrian access to the east and Waller Creek. as the front lawn for the convention center.
STREET PRESENCE	
• High profile visibility of the convention center's new 'ceremonial front door' facing east and viewed from I-35, Cesar Chavez and Palm Park. • The proposed urban park/event space serves as the front lawn for the convention center.	• Low visibility of the convention center facades due to lower massing and integration with P3 development. • Linear Park serves as event space and a buffer between Phase 2 and P3 development along Cesar Chavez.
MISCELLANEOUS	
• Phase 2 is developed independently of the P3 developments on Cesar Chavez and Red River. - schedule is not tied to P3 development timing. - less building complexity without the need for P3 mixed vertical integration. • Shorter time frame to complete the two phases and minimal disruption to ongoing operations during construction.	• Phase 2 & 3 development is dependent on the funding, design and schedule of the P3 developments. • Longer time frame to complete the three phases and the potential for disruption (noise; access) to ongoing Phase 2 and Phase 3 operations during construction of the co-joined space. • A minimum of 3 additional years to complete the convention center complex.

CONCLUSION & RECOMMENDATIONS

A comparison of the sizes of the various function spaces for the existing ACC, two-phase, and three-phase expansions is shown in the table below:

Space (in 1,000s)	*Existing ACC*	*West (Phase 1)*	*After (Phase 1)*	*East (Phase 2)*	*After (Phase 2)*	*East (Phase 3)*	*Total Space*
2-Phases			*				
Exhibit	**247 sf**	180 sf	**180 sf**	300 sf	**480 sf**	n/a	**480 sf**
Meeting	**57 sf**	110 sf	**110 sf**	80 sf	**190 sf**	n/a	**190 sf**
Ballroom	**67 sf**	88 sf	**88 sf**	80 sf	**168 sf**	n/a	**168 sf**
Net SF	**369 sf**	378 sf	**378 sf**	460 sf	**838 sf**	n/a	**838 sf**
Gross SF	**881 sf**	998 sf	**998 sf**	1,150 sf	**2,095 sf**		**2,095 sf**
3-Phases			**		***		
Exhibit	**247 sf**	88 sf	**209 sf**	202 sf	**290 sf**	164 sf	**454 sf**
Meeting	**57 sf**	110 sf	**139 sf**	80 sf	**190 sf**	60 sf	**250 sf**
Ballroom****	**67 sf**	80 sf	**120 sf**	40 sf	**120 sf**	80 sf	**200 sf**
Net SF	**369 sf**	278 sf	**468 sf**	322 sf	**600 sf**	304 sf	**904 sf**
Gross SF	**881 sf**	734 sf	**1,219 sf**	823 sf	**1,487 sf**	633 sf	**2,121 sf**

* In the 2-Phase scheme, the existing convention center is demolished after the completion of West Phase 1.

** In the 3-Phase scheme, the south half of the existing convention center is demolished after the completion of West Phase 1.

*** In the 3-Phase scheme, the north half of the existing convention center is demolished after the completion of East Phase 2.

**** A combination of Ballrooms and large Multi-Purpose room.

In the five years since the City of Austin made the decision to explore the possibilities for expanding its convention center, much has happened. Private sector land acquisitions have impacted earlier development strategies, multiple parties have been engaged to revisit and rethink previous studies and solutions, elections have changed the political landscape and several of the original champions within ACCD have departed.

The one constant that remains is the universal agreement by all parties involved that the City of Austin has all the components necessary to be a top convention/trade show/meeting destination in the U.S...except for its convention center facilities.

This document is a reflection of the analysis and strategies of the 2015 long-range master plan, the recommendations of the Urban Land Institute's Technical Assistant Panel and the district-wide vision of the 2019 University of Texas study. It offers two distinctly different approaches for development of the convention center complex with regard to facility layout, back of house operations, phasing, number of years for completion, engaging the surrounding district, mobility and P3 strategies. The intent is to provide the City with alternative pathways to adapt its approach over time in response to market shifts, funding mechanisms and external initiatives that impact the convention district.

Based on the analysis, site opportunities and constraints, development concepts and stakeholder input, this master plan update offers the following recommendations:

- To successfully operate either development option, the convention center must have below-grade rights under Trinity Street between Cesar Chavez and Fourth Street.
- The future CapMetro Blue Line should be planned for an at-grade line on Trinity Street to allow contiguous below-grade development of the convention center.
- Trinity Street between Second and Fourth Streets should be developed as a multi-modal transit hub for the convention district and southeast part of downtown, accommodating rail, busses and taxi services.
- Consider the view corridor and arrival from I-35. The Convention Complex will be the City of Austin's billboard for decades to come.
- Success follows informed decision making. Read this document fully and consider what is best for the City of Austin going forward.