

Update on Hotel Management Agreement Between Austin-Bergstrom Landhost Enterprises, Inc. and Hilton Austin Airport

City Council Mobility Committee
September 19, 2024

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Austin-Bergstrom
International Airport



Hilton Austin Airport – Facility Information

Hotel Description

- Former headquarters for Bergstrom Air Force Base
 - Opened in 1968; closed 1993
 - Featured: 3 stories, enclosed courtyard, and an underground bunker
- Also known as:
 - Building 2900, The Roundagon, The Donut, and The Little Pentagon
- Opened as hotel: 2001
 - Serves as a full-service lodging facility
 - 4 stories
 - 206,608 square feet
 - 262 guestrooms; 278 parking spaces (surface)
- Additional amenities, food and beverage facilities



Hilton Austin Airport – Structure & Operations

- **Austin-Bergstrom Landhost Enterprises, Inc. (ABLE)**
 - Texas nonprofit public facility corporation created by City of Austin (City) in 1998
- **ABLE is independent corporation with paid professional President and sovereign Board of Directors**
 - Issuer of tax exempt bonds
 - Construct/improve public facilities at the Airport (Hilton Austin Airport)
 - Operate and Manage the Hilton Austin Airport
- **ABLE primary contracts for Hotel operations**
 - Franchise Agreement – Hilton Franchise Holdings, LLC.
 - Hotel Management Agreement – Boykin Prospera, LLC. (Prospera)



Request for Council Approval

- **Approve negotiated New Hotel Management Agreement between ABLE and Prospera consistent with requirements of Resolution No. 20210603-075**
 - Council previously approved Amendment No. 1 to Current Management Agreement; Resolution No. 20220728-005
 - Current Management Agreement expires October 31, 2024
- **Schedule for approval of New Agreement**
 - Public briefing at Mobility Committee – September 19, 2024
 - City Council Action – September 26, 2024
 - ABLE Board of Directors Action – Week of October 28, 2024
 - Effective Date of New Agreement – November 1, 2024
 - Term of New Agreement – Initial Term is 5 years; with 2 annual extensions



Prospera and New Agreement Highlights

- **Airport Hilton Hotel is well managed by Prospera**
 - Successfully managed \$13.2 million Hotel Renovation Program
 - Successfully operated in Covid-19 conditions; returning net revenues to sustainable levels
 - Initiated City Living Wages for employees in advance of required date
 - Successfully negotiated Labor Peace Agreement and Collective Bargaining Agreement with UniteHere Local 23
 - Consistently outperforms competitive set hotels in Austin – operations and revenue
 - Hotel performance results were periodically provided to City Audit Finance Committee
- **New Agreement improves on strong Current Agreement**
 - Bond Counsel approved - Qualified Management Contract as required in Bond Indenture
 - Incorporates Hotel current best business practices
 - Clarified roles and responsibilities
 - Updated procedures and reporting
 - Preserves Labor Peace objectives as directed by Council
- **UniteHere Local 23 supports the New Agreement with Prospera**



Thank You
City of Austin, Department of Aviation
Austin-Bergstrom International Airport

