



Recommendation for Action

File #: 23-3471, **Agenda Item #:** 9.

12/14/2023

Posting Language

Authorize the use of up to \$4,500,000 of proceeds of bonds approved by voters in 2018 under Proposition B (Libraries, Museums & Cultural Arts Facilities), by the Austin Economic Development Corporation for the Austin Playhouse Arts Center project.

Lead Department

Economic Development Department.

Fiscal Note

Funding is available in the Capital Budget of the Economic Development Department.

Prior Council Action:

Resolution No. 20180215-082 - directed City Manager to propose steps for collaborating with and supporting Austin Cultural Trust to create spaces to support artists and arts organizations, preserve historic and iconic cultural buildings and spaces for creative and cultural uses and function in a way that provides for cultural assets to exist in all parts of the City;

Resolution No. 20201001-055 - Approve a resolution creating the Austin Economic Development Corporation (Corporation), a Local Government Corporation under Subchapter D, Chapter 431, Texas Transportation Code; approving and adopting the corporation's Articles of Incorporation and Bylaws; and appointing the initial Board.

Resolution No. 20210610-011 - Authorize negotiation and execution of an interlocal cooperation agreement with the Austin Economic Development Corporation to provide assistance in engaging and supporting development projects and leveraging the City's investments or assets to achieve inclusive economic and community development outcomes and priorities, in an amount not to exceed \$15,000,000.

Resolution No. 20221208-029 - Approved negotiation and execution of a lease agreement with the Austin Economic Development Corporation for approximately 7,006 square feet of space in the City's Permitting and Development Center located at 6310 Wilhelmina Delco Drive, Austin, Texas 78752 for an annual lease rate of \$100, and approve the use of up to \$2,400,000 of proceeds from Proposition B of the 2018 Bond for this project and the Millennium Youth Entertainment Complex.

For More Information:

Sylvia Holt-Rabb, Director, Economic Development Department, 512-974-3131; Theresa Alvarez, President and CEO, Austin Economic Development Corporation, 512-844-2972.

Council Committee, Boards and Commission Action:

AEDC Board approval October 22, 2022.

Additional Backup Information:

The Austin Economic Development Corporation (AEDC) was organized to aid and act on behalf of the City in the performance of the City's governmental functions to accomplish certain governmental purposes of the City

as specified in an interlocal cooperation agreement between the parties in 2021 (ILA).

The City is partnering with AEDC to achieve several shared goals, including broadening community access to vital programs and resources, developing economic opportunity and entrepreneurial success, and strengthening cultural arts, music, and theatre. The City considers AEDC a key partner in exploring opportunities for progress, serving the community, and building stronger relationships with residents, businesses, and visitors to increase prosperity, cultural investment, and deliver needed services to the community.

In 2021, AEDC issued a request for proposals from cultural arts organizations pursuing funding from the Cultural Trust Fund, which includes proceeds of the 2018 Cultural Facilities Bond. The solicitation closed March 31, 2022, with 45 applicants. After evaluation and preliminary due diligence, 14 projects were identified on June 30, 2022, to advance to feasibility phase. After further evaluation, six projects were identified by AEDC to receive funding from proceeds of the 2018 Cultural Facilities Bond. The first two Bond projects were approved by City Council on December 8, 2022.

In accordance with the ILA, City Council must approve the expenditure of any proceeds from Proposition B of the 2018 Bond. By approval of this item, Council approves the use of \$4,500,000 of bond funds for the Austin Playhouse Arts Center project at 1717 East Anderson Lane, for capital construction of a new multi-purpose two-theater building and related site improvements. One theater is expected to be a black box of approximately 99 seats and the other a proscenium theater of approximately 207 seats. Also included are flexible studio spaces (classrooms and rehearsal hall), all back of house spaces (dressing rooms, storage, technical support spaces), and lobby gallery.

The objectives of this project are to: secure land and develop new cultural infrastructure that complements the variety of theater sizes in Austin and is available to diverse arts organizations throughout the day for the production of arts/music/culture; secure long-term tenancy for a long-standing operating theater company that has been displaced many times in Austin; and, bring a professional theater company's expertise to managing a new publicly accessible and affordable community arts facility. The facility will serve as part of the Austin Cultural Trust.

Austin Playhouse (AP) owns an approximately 2.8-acre parcel of land fronting East Anderson Lane. The contemplated real estate deal structure includes: a 40-year ground lease of the property to AEDC; a 40-year sublease of the property back to AP; a development, construction and funding Agreement between AEDC and AP; a 40-year facility management agreement between AP and AEDC, and other necessary documents.

The current total project budget estimate is \$7,500,000, with up to \$4,500,000 funded from bond funds and \$3,000,000 funded by AP. Of the \$7,500,000 total budget, approximately \$6,000,000 is estimated for construction, with approximately \$1,500,000 of soft costs and contingency. AP, together with its architectural/engineering design professionals, has prepared construction documents for the new theater facility, and have secured a site development permit and building permit to facilitate its construction. Before proceeding with construction procurement, AP will identify any design changes necessary to: meet AP's current operational needs; align with current community facility needs; align the construction contract, technical specifications, and details with current City standards; and maintain the capital project budget agreed to by the parties. Construction is anticipated to begin in the 4th quarter 2024, with occupancy to occur by the 4th quarter 2025.