

# Report: Formula One Austin construction a boon for many

## Jobs, wages estimated; much focus on timeline

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F1 construction activity can now be seen off a small rural road southeast of Austin-Bergstrom International Airport.

A report detailing construction spending for the proposed Formula One racetrack presents exciting data about hundreds of new jobs and about \$400 million in economic impact, and further demonstrates just how tight and ambitious the construction timeline is. According to the report commissioned by local F1 officials, the construction project— costing between \$215 million and \$242 million — will:

- **Create as many as 2,000 direct jobs between 2011 and 2012.**
- **Generate \$850,000 in Austin sales and hotel taxes.**
- **Pay out as much as \$176.2 million in wages.**
- **Create \$398 million in regional economic activity overall.**

The study indicates the 18-month timeline officials announced for construction is normal, even though it also said only three of the seven tracks completed since 1998 were finished in 18 months or less.

The report also said the anticipated completion date for the track is May 2012, only 16 months from now, but the race site is still being prepped.

Race developers have said they plan to hold an inaugural race in June 2012, and a spokeswoman for the development team said officials are sticking with the initial plan.

Racetrack financiers have said that missing the 2012 deadline would not kill the 10-year F1 Austin deal. But it could impact local businesses — especially within the convention and tourism industry — if a race doesn't happen when developers insist it will.

Study author Don Hoyte, commissioned by local F1 officials, said the examples of construction happening within 18 months were in countries without "the best construction infrastructure in place," and Texas has that infrastructure.

But those examples are in China, Bahrain and Malaysia, where there is less public scrutiny and governments can expedite projects that bring national prestige.

Conversely, in Austin, developers are still haggling with Travis County officials over who will pay for road improvements. The county has said it will not allow vertical construction — for which plans were filed Feb. 23 — to begin until a resolution is reached.

“My feeling is, once they get past the permitting part, there are no holdups,” Hoyte said, adding that Austin’s timeline “admittedly it is not a cakewalk, but I think they could probably get there.”

Hoyte’s report was completed last October, but it wasn’t publicized by officials until earlier this month to coincide with the start of construction, which was about a month late.

Previously, Hoyte worked for state Comptroller Susan Combs, a self-proclaimed F1 fan who promised \$25 million of state money to fund the F1 sanctioning fee with money generated by sales and other taxes going to pay the next year’s fee.

Local race officials would not distribute a copy of the report but allowed the *Austin Business Journal* to view it under supervision.

Hoyte’s report compares building a track in Texas to building one in Bahrain, an absolute monarchy where the facility was “more than ready” in 16 months, and said the Austin track “is most definitely in the same groove” as construction in the tiny Persian Gulf kingdom.

Bahrain canceled its 2010 Formula One race this month amid economic and social turmoil in that country.

The report, which a press release said involved a “rigorous, objective economic analysis,” said construction in Austin “would begin in earnest” by late 2010 and would lead to as much as \$16 million in induced economic impact that year.

But racetrack developers did not get permits to begin site preparation until late January, and actual work did not begin until this month.

Most of the 2010 spending was on project design, Hoyte said, adding that the delay will increase projections that the F1 project will funnel \$227 million into the economy during 2011.

If the Austin track is completed by mid-2012, it would outpace all but two tracks completed since 1998: Bahrain’s, built in 16 months, and Malaysia’s, built in 14.

The report also detailed construction of other tracks:

- China’s track, completed in 2004, took 18 months.
- Turkey’s track, completed in 2005, took 24 months.
- Abu Dhabi’s track, completed in 2009, took 30 months.
- South Korea’s track, completed in 2010, took 33 months.
- India’s track, projected to be completed this July, will have taken 21 months.

**Courtesy of JB Goodwin**