

Austin close to deal with developer for Seaholm project

City would pay for \$18.6 million of \$117 million deal.

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The City of Austin and the local group it chose to redevelop the Seaholm Power Plant and surrounding property three years ago are close to reaching an agreement that would allow the \$117.2 million project to move forward.

The proposed deal, which the City Council could vote on next month, calls for the development group to pay \$98.6 million, or 84 percent of the cost of the project, with the city paying \$18.6 million.

The city money would be used to build a 315-space parking garage on city-owned land just west of the Seaholm site. It would also pay for street and utility improvements and public plazas, and to offset the cost of renovating the Seaholm Power Plant, which the city would continue to own.

The city would raise most of its money by dedicating all of the property and sales taxes generated by the project and revenue from the city-owned parking garage for 30 years.

The development group would be responsible for all costs associated with the planned 22-story hotel and condo tower and a two-story office and retail building. Those properties would be sold to the developer.

The City Council will hear a public presentation on the agreement April 10. The public can view the proposed plan on the city's Web site: www.ci.austin.tx.us/seaholm.

Assistant City Manager Laura Huffman said the deal has safeguards for the city if development doesn't go as planned, including termination and repurchase rights in the event of major delays and defaults, and a prohibition on major changes of uses. A completion guarantee also requires a private investment group to either complete construction or raze the uncompleted buildings and reimburse the city for money already paid out if the developer failed to perform.

Three local companies are behind the development group. Commercial developer Southwest Strategies Group did the Penn Field mixed-use development on South Congress Avenue. Residential developer Centro Partners helped build luxury apartments at the Domain. La Corsha Hospitality Group is the hotel management and consulting company founded by Jeff Trigger, ex-managing director of the Driskill Hotel.

Getting all of the paperwork done might be the hardest part of the project, joked the development group's managing director and Southwest Strategies principal John Rosato, who in the past three years had to refute several rumors that the deal was dead.

But, he said, the delays aren't that surprising given the complicated nature of the deal. "The main issue is that it's a very unusual endeavor for the city to enter into a joint venture and provide (financial) support to save a historic structure," Rosato said. "It's not a cookie-cutter partnership."

Built in the 1950s and decommissioned in 1996, the Seaholm plant sits on about 8 acres along West Cesar Chavez Street overlooking Lady Bird Lake. The location is prime, but the redevelopment will not be easy, particularly renovating the 136,000-square-foot art deco plant building.

"It was built incredibly well to be an industrial power plant," Rosato said. "Converting that type of a structure to another use will be very challenging."

The massive concrete building with its 65-foot cathedral ceiling is largely below grade. Creating the planned office, retail, restaurant and event space involves adding restrooms and elevators as well as modern electrical and heating and cooling systems without changing the iconic facade.

Renovation is expected to cost \$23.6 million while yielding just 99,000 square feet of usable space.

Further complicating matters are two Capitol view corridors that limit buildings to just two stories on nearly two-thirds of the site.

Rosato hopes the group will be able to start construction by this time next year. If that happens, construction could be completed in 2011.

Courtesy of JB Goodwin



Who's paying for what in the Seaholm redevelopment

Total cost: \$117.2 million

City's cost: \$18.6 million (15.9%)

Developer's cost: \$98.6 million (84.1%)

1 Seaholm Power Plant

Cost: \$23.6 million
Paid for by: city and developer
Owned by: city

2 Office/retail

Cost: \$14.8 million
Paid for by: developer
Owned by: city until 75% leased

3 Parking Garage

Cost: \$3.8 million
Paid for by: city
Owned by: city

4 Hotel/Condo Tower

Cost: \$63 million
Paid for by: developer
Owned by: developer

5 Streetwork

Cost: \$4.2 million
Paid for by: city

6 Public Plazas

Cost: \$3.8 million
Paid for by: city and developer

Utility Relocations

Cost: \$4 million
Paid for by: city

Sources: City of Austin, Design Collective Inc.