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Alamo Drafthouse co-founder Tim League.

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SXSW has a new program for music-oriented tech firms.

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Winners of our annual awards program revealed.

INSIDE



JACOB DIRR | ABJ

Pedicabs are popular with downtown bar and club patrons. Right now there's no set rate, but there may be soon.

Austin may regulate pedicabs soon

Taxi rules overhauled too? "We don't want cab drivers just roaming around," official said

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A surge of new operators last summer threw the pedicab community into disarray, not only disrupting pedicab operators, but also exposing divisions among taxi drivers.

That bothers Steve Smajstrla, who owns Heart of Texas Pedicab, because he believes pedicabs have operated as a balanced, self-regulating ecosystem since their inception a decade ago. And he's not happy that a preliminary city report, which staff will finalize and present to the city council next month, says Austin should increase regulation and enforcement on pedicabs.

The city is suggesting a \$2-per-intersection rate for pedicabs and a requirement that more operator information be accessible online to the public. Currently, pedicab patrons pay whatever they feel is appropriate.

At the same time, City Hall is trying to implement more control over Austin's three approved taxi companies: Yellow Cab, Austin Cab and Lone Star Cab. Officials said those companies operate now with little

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Medical office strongest niche

It's the most recession-resistant, experts said; more buildings on horizon

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Medical office space continues to outperform traditional office space in Austin. And the niche could see construction within six to 12 months, according to developers and brokers.

The medical office market's midyear vacancy rate was 13.3 percent, according to the midyear Medical MarketScope, a report produced by Austin-based real estate company Site Solutions Inc. While that's up by 2 percent from midyear 2009 and by 1 percent from year-end 2009, it's well below the current midyear vacancy rate for nonmedical office properties of 24.1 percent, according to CB Richard Ellis' midyear report.

In recent years the region benefited from the construction of new medical of-

fice buildings tied to major hospital systems, as well as new higher-education buildings. Texas A&M Health Science Center College of Medicine moved into its first building in its new Round Rock campus, and Texas State University's new School of Nursing is welcoming its first students this fall.

There were significant events during the first half of the year, including St. Jude Medical Inc.'s expansion and Hanger Orthopedics Co. announcing its corporate relocation to Austin, said Gail O'Connor, senior vice president of Site Solutions.

"The Central Texas medical office market, totaling nearly 6.1 million square feet of space, has proven to be the most recession-resistant of all the commercial property types," O'Connor said.

About 111,047 square feet of medical office space was leased in the first half of the year. The largest lease deal came from St. Jude Medical, which leased 91,569 square feet at Palisades West II at 6300 Bee Caves Road. Kathy Carr, senior manager of fa-

SEE **OFFICE**, A23



SUBMITTED RENDERING

Grain silos and a cotton gin have been landmarks in the small town of Hutto for decades, so city officials will incorporate them into their new city hall complex.

Town to turn silos into city hall

Hutto almost ready to take bids for ambitious project

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One of the most novel construction contracts in Central Texas is about to go out for bid.

It all stems from the city of Hutto north of Austin, which is turning 100 next year

— and city officials are planning quite the birthday gift.

Hutto city officials recently had Austin-based Antenora Architects LLP draft a dramatic conversion of the town's beloved and defunct grain co-op into an 18-acre

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CABS: Taxi companies would like regulations to stay the same, city official said

FROM A1

oversight or performance tracking; there are two city inspectors for almost 700 taxis. Staff wants to develop a list of 10 performance indicators, including average gas mileage and driver turnover, that council members can use to grade franchises when city operating agreements expire in five years.

The transportation department, meanwhile, has proposed designating about five areas — in the Warehouse District and on Fifth, Sixth and Red River streets — as designated taxi stands, where taxis would queue up in block-long lines and take turns for fares, Assistant Transportation Director Gordon Derr said.

"We don't want the cab drivers just roam-

ing around," Derr said. "We will get people to them."

The city plans to install signs and work with pedicab drivers to funnel the crowds to the cab stations, Derr said. The stands and any navigational signs would be funded from parking meter revenue and operating permit fees from taxi companies.

Attempts to reach managers at all three Austin taxi companies were unsuccessful.

Derr said there is some expected anxiety from the companies as the city develops a grading system that will track cab performance. Currently, no one knows how many taxis are on the road at one time, what average trips cost, how much fuel is used or how customer satisfaction rates.

"[Cab companies], of course, would like things to stay exactly like they are," Derr

said.

Any new regulations or systems would be instituted by the city council sometime after the September presentation. It's likely they will direct the city manager to develop new ordinances and that some recommendations will change. Already, the city and taxi companies are backpedaling from a mutual plan created this year to cap rates from the airport to downtown and the University of Texas.

If the reaction of Heart of Texas Pedicabs' owner is any indication, the city could back off suggesting a flat pedicab rate too.

Smajstrla, whose company operates 20 bicycle-powered vehicles, immediately bristled when told about a proposed \$2-per-intersection rate for pedicabs.

"It is ridiculous. There would be no way to

enforce that," he said, adding that he didn't attend any of the stakeholder meetings the city held this summer to discuss issues.

Unscrupulous operators who gouge customers — one of the primary sparks for greater regulation — eventually will dissolve in a Darwinian way, Smajstrla said.

Smajstrla is also wary of anything that is bad for business or limits pedicabs' income, as the cost to operate Heart of Texas Pedicab is rising, he said, citing five-figure insurance costs that have doubled in 12 months.

"Our policy is tips only," he said. "I tell drivers, 'Provide a positive experience, show them a good time, be friendly and you will be tipped more than you feel comfortable asking for.'"

HUTTO: Dirt may turn for new city hall in late 2011; expansions to come later

FROM A1

mixed-use development. The plan incorporates its old silos and cotton gin buildings into a civic complex with a new city hall, amphitheater, city offices, and residential, retail and office buildings.

The city had Antenora assess its space needs through 2025, when Hutto's population is projected to approach 50,000, Hutto City Manager Edward Broussard said.

"At the same time, we wanted something that is unique to Hutto, representing the best aspects of Hutto's past and future," he said. "The cotton gins and grain silos are landmarks for many who grew up around Hutto."



Broussard

The city hopes to break ground in late 2011 to mid-2012, depending on market conditions, with a multiphase, gradual buildout over the next 10 to 20 years as financing and population growth dictate, Broussard said.

Hutto's population exploded in the last decade from 1,250 in 2000 to 17,120 in 2010. During the next 20 years, the city is expected to add 2,000 residents a year on average.

That growth has fueled the need for ser-

vices beyond what the city's budget can support, so the city is preparing to issue a request for proposals this winter for a public-private partnership to help develop much of the 18 acres at U.S. Highway 79 and Short Street.

"We own the land and would like to work with developers on creating a new heart for Hutto residents to live, work, play and get their city services," Broussard said. "But in this economy, we know we need to create these partnerships."

The city can afford to build a roughly 32,000-square-foot to 35,000-square-foot city hall on the proposed site. A building that size will provide adequate room for the city's expanding administrative staff for many years, while other departments such as public works and municipal courts will need to be accommodated in new buildings built over time, Broussard said.

Sometime in 2011, Hutto plans to also issue a request for proposals for construction of about half the first phase, which will include an amphitheater and a 14,000-square-foot interim city hall that will later accommodate uses such as a museum or library.

One of Hutto's best-known landmark structures on the site is a long horizontal metal silo known as The Long Building. The proposed design, which is aiming to meet LEED green building standards, reuses

much of the old silo to form the shell of an interim city hall designed for flexible use.

"Hutto's space needs will grow over time, so our design had to account for changing space-usage requirements," said Michael Antenora, managing principal of Antenora Architects.

As a part of Hutto's 2010-19 Capital Improvements Plan, the city allocated \$7 million toward design and construction of a new city hall. That amount should cover the first half of phase one. About \$6.4 million of that amount was allocated for construction costs, with the remainder going for professional design fees.

The city's facility needs assessment report concludes the city will need about 110,000 square feet for facilities by 2025, based on population projections by the Capital Area Metropolitan Planning Organization. Today, the city's offices are smaller and spread throughout the 7.5-square-mile city, with the police station on one side of railroad tracks such that it is isolated from the city when trains pass. Officials want to consolidate all city departments into the old co-op space to prevent a train derailment from blocking the police department from parts of the city during an emergency, Antenora said.

The plan's second part of phase one, which will total about another \$7 million, calls for a permanent 35,000-square-foot

city hall that will reuse a large silo for council chambers and smaller silos for a power plant to supply the civic complex. Four of the silos are too damaged to be made habitable, but Antenora said engineers can install a cogeneration power plant inside them to simultaneously generate electricity, steam and chilled water — an effective form of energy recycling.

Phase two calls for a new police station and courthouse with retail, multifamily housing and office space, likely to break ground after the civic complex is under way. No dates have been set for the later phases.

Antenora, who worked on the conversion of Penn Field on South Congress Avenue from a World War I Army airfield into a mixed-use campus, said the Hutto project provided an opportunity to collaborate with other design firms, and residents and city officials who wanted to protect the community's roots in agriculture. Antenora said he consulted with Austin design agencies such as TBG Partners, Bury + Partners, Bay & Associates and Architectural Engineers Collaborative on the design.

"The final design is not just a nod to Hutto's roots, but more so a tribute, and it will reflect where the city was, is today and where it's going," Antenora said. "This is the dream plan."

WATER: Confusion surrounds F1 site

FROM A3

"They certainly had us jumping through hoops," Lewis said. "It was highly unusual and unfair."

In such a contract, called a community facilities contract, the city solicits bids, verifies them and certifies a list of bidders.

The city then delegates the process to the developer, who is obligated by law to execute a contract with the lowest bidder because the city has agreed to reimburse construction costs, according to city staff.

Lewis Contractors' project manager, Matt Lewis, said he was never able to get an answer from the city as to why it rebid the contract.

"We asked them several times," he said.

Austin Water officials cited "administrative errors" and issues with bids received but could not elaborate. They also said that rebidding the work was the developer's decision. That varies from an account by the city contracting office, which said not all the bidders received updated information on the project and cancelled it for bidding

fairness. That office said it was the city's choice, not the developer's.

The city doesn't always explain its reasons when it cancels bids, said Robert Martinez, owner of Central Road & Utility Ltd., which also bid on the Wandering Creek water pipeline installation.

Martinez doesn't know why the bids were scrapped, noting the city said nothing had changed between bidding periods, he said.

A Wandering Creek Investments partner referred questions to lawyer Richard Suttle, who could not be reached.

The Wandering Creek scenario is further muddled by statements Austin F1 organizer Tavo Hellmund has made to the press.

Hellmund has at least twice said his site had water and wastewater permitting, according to reports. Hellmund has also said he had an option on the track land for three years.

Hellmund could not be reached for comment. Hellmund's spokesman, Trey Salinas, referred emailed questions regarding infrastructure to Suttle.

SXSW: New show

FROM A3

cess stories. A company called Siri was acquired by Apple. Nutshell Mail was acquired by Constant Contact, and reMail was acquired by Google.

"What this tells us is that we are choosing the right companies," Valentine said. "These are the innovators, the next big things, the Twitters of the world."

SXSW has benefited from having people on its advisory boards in major technology markets around the country who are tasked with identifying potential business for the competitions, Valentine said.

"Their job is to find those companies, share them with us and get them to apply," he said. "Then we go through the process of whittling those down to the top 12."

SXSW is assembling its Music Accelerator advisory board now.

Discovering new companies is the fun part of Valentine's job, he said.

"I see stuff now that people will be talking about six months from now to a year," he said. "That's what South By is trying to do — to find the innovators in the music space."

IT: WF consolidates

FROM A3

part of the natural grocer's shift to primarily perishables in its distribution business and to free up capital for "executing our new store development pipeline."

The company transferred its distribution operations for nonperishables to United Natural Foods Inc.'s facility that is planned to open in Dallas this fall.

In early August, the company reported \$65.7 million in net income for the quarter that ended July 4 compared with \$42.8 million in net income during the same three months in 2009. Its total sales increased 15 percent to \$2.2 billion, and comparable store sales increased 8.8 percent versus the same three-month period during 2009.

Whole Foods officials are trying to capitalize on the rebound by cutting costs, and consolidation is one way to do that, supermarket industry analyst Phil Lempert said.

"It's a great way to ride that curve back," he said. "Anything they can do to reduce costs and increase efficiencies, that's their job."