

Convention Center Hotel Development Update

City Council Economic
Development
Committee
October 23, 2007



Purpose

- To provide the City Council Economic Development Committee with an update on the Convention Center Hotel development project.

Briefing Objectives

- To secure approval for the following:
 - Project scope
 - Site selections
 - Developer selection process

Background

- The Dallas City Council briefing on August 1, 2007
- Staff directed to re-convene the Convention Center Hotel (CC Hotel) task force
- City Staff team assembled August 20, 2007
- CC Hotel task force assembled on September 6, 2007
- Both teams have been meeting every two weeks

CC Hotel Task Force Membership

- A.C. Gonzalez, Co-Chair, City of Dallas/City Manager's Office
- J. Peter Kline, Co-Chair, Dallas CVB Board
- John Crawford, Downtown Dallas Association
- Doug Ducate, Center for Exhibition Industry Research
- Tom Garcia, Adolphus/Hotel Association of Greater Dallas
- Steven Hacker, International Association of Events/Exhibitions
- Matthew Jones, Dallas CVB
- Phillip Jones, Dallas CVB
- Casandra Matej, Dallas CVB
- Mike Rawlings, Dallas CVB Board
- Anne Raymond, Crow Holdings
- Leigh Ann Stockard, American Heart Association
- Ron Trammell, Mary Kay Cosmetics
- Fritzi Pikes Woods, Dallas CVB Board

CC Hotel Task Force Activity

- CC Hotel task force has met regularly to:
 - Review previous process for CC Hotel Development,
 - Understand lessons learned in that process and
 - Evaluate project scope
- Task force has been assisted by key City staff including the City attorney's office
- City's financial advisors have also been part of the working group

CC Hotel Task Force Activity

- The task force has identified the following objectives and issues requiring City Council direction:
 - Scope of development
 - Hotel only
 - Hotel and ancillary development – retail, entertainment and/or residential
 - Site selection
 - Developer selection process
 - Project schedule

Scope of Development

- The City has at least two development options to consider:
 - Hotel only
 - Hotel and ancillary development

Note: project scope could affect developer selection criteria

- The CC Hotel task force believes that while the primary focus and most immediate need is the CC Hotel, expanded development is highly desirable.

Site Selection

- Site selection criteria have been developed (See Appendix)
 - To take advantage of state available incentives, hotel development site has to be within 1000' of the convention center facility
 - Location that:
 - Provides for connectivity to the center city
 - Creates an anchor for development in the southwest quadrant of downtown
 - Creates visitors for retail/dining opportunities
 - Enhances visitor and pedestrian experience between hotel, convention center and center city (a convention center district)
- In the prior process – developers were required to identify a site for their project
- CC Hotel task force and City staff have identified various sites that meet the site selection criteria:
 - Each site has positive/negative considerations
 - CC Hotel task force and City staff team recommend the City secure control of one or more sites under consideration, while developer selection process advances

Developer Selection

- In 2004 Woodbine Development was selected through a competitive process as the exclusive CC Hotel developer
 - This exclusive arrangement expired in 2005
- Project parameters have changed somewhat from the last process
 - Consideration of ancillary development
 - Expanded interest in the CC Hotel development project by parties not involved in the prior process

Developer Selection cont.

- New competitive process will:
 - Attract new players
 - Utilize developer expertise in all aspects of project implementation
 - Financial capacity of developer can aid the development
 - Allow for alternative proposals for sites not identified or secured by the City
 - Ensure cost/construction schedules are aligned
 - Developer selection can be done simultaneously with the site acquisition
 - Allow alternative proposals or milestones bonuses for guaranteed opening by January 2011

Project Timing

- At the August Council briefing, a January 2011 target was suggested
 - Factors affecting project schedule
 - Project complexity
 - Site
 - Developer selection
- Depending on site and project complexity, the construction schedule can range between 30 – 33 months (based upon information received from sites previously assessed for the DCC hotel).
 - However, there are examples of CC Hotel construction schedules in the 24 – 27 month range.

Note: Preceding information for construction does not include project design schedule.

Decision Process – CC Hotel Task Force and City Staff

- Project scope:
 - Hotel only
 - Hotel & associated development
- Site
 - Acquire rights to the site before developer selection
 - Utilize developer or City-owned site
 - Wait for developer selection and jointly chose site
- Developer selection
 - Proceed with Woodbine, or
 - Proceed with competitive process to secure an exclusive developer, or
 - Proceed with a competitive process and select more than one developer

Other Considerations

- Cost
 - Development scope will affect site acquisition, project budget and debt service
 - Public financial support beyond the incentives available under current state law will most likely be required

Staff Recommendation

- Authorize staff to proceed with project scope that emphasizes CC Hotel without precluding potential for ancillary retail, commercial and/or residential development.
- Authorize staff to proceed with securing property options on likely sites that support project scope.
- Authorize staff to proceed with a competitive two step developer selection process:
 - Step one – Request for Qualifications (RFQ) – to secure two – three qualified developers capable of working with the City to deliver on project scope
 - Step two – Request for Proposals (RFP) from two – three pre-qualified developers on final project scope to include financing, development plan and project schedule
- Authorize staff to proceed with underwriter(s) selection for
 - CC Hotel Project
 - DCC debt refunding

Next steps

- City Council Committee approval of staff recommendations regarding:
 - Project scope,
 - Site selections
 - Developer selection process
- Consistent with staff recommendation for project scope:
 - Commence site selection/ acquisition process
 - Obtain City Council approvals are required
- Commence developer selection process as directed
- Proceed with underwriter(s) selection for CC Hotel project
- Proceed with selection of financial feasibility consultant for DCC Debt Refinancing
- Develop Economic Development Committee briefing schedule for the CC Hotel Development project

Schedule - Preliminary

- Developer selection process – up to 6 months
 - Developer/city agreements – 3 months
- Site acquisition (assuming private ownership):
 - Single or multiple options – 3 months
 - Acquisition – 3 to 6 months (could exceed 6 months under adverse circumstances)
- Secure CC Hotel underwriter to include RFQ and appropriate council action – 4 months
- Secure DCC Debt refinancing financial feasibility consultant – 4 months
- Finalize financing – 3 to 6 months
- Project design – 12 months (parts could overlap construction should design-build process be used)
- Construction – groundbreaking to completion 30 to 33 months – environmental abatement if required could add to this schedule

Note: A number of the preceding items could occur concurrently

Questions

Appendix



TAX PARCELS THAT HAVE SOME PORTION OF THEIR AREA WITHIN 1000' OF THE CONVENTION CENTER BUILDING

