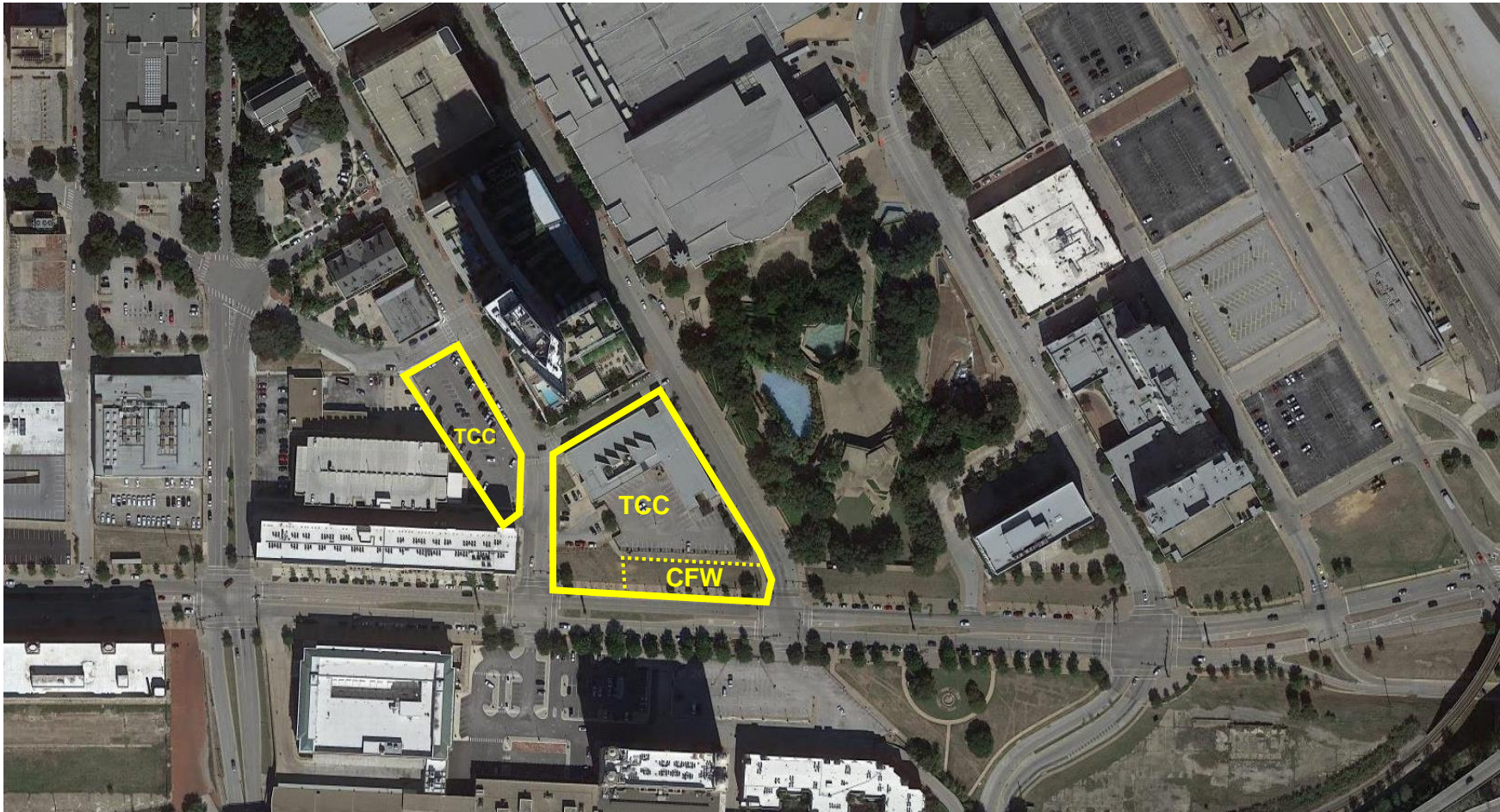




Omni Hotel Expansion

Economic Development Department
August 16, 2022

Site Located at Lancaster Ave. and Houston St. (one block south of Omni)



Proposed Project (early design concept)



2020 Proposed Project

- **Min. \$174 Million, 400-key expansion** of Omni Hotel
- TCC property purchase scheduled to close end of March 2020
- Ch. 380 Economic Development **Agreement authorized by City Council March 19, 2020**
 - \$45 M cash at Completion through **\$40 M bond** and **\$5 M TIF**
- **Pandemic halted plans** and forced full reconsideration of the project

Current Proposed Project

- **Est. \$217 Million, 400-key expansion** of Omni Hotel
 - Would create **strategically-important 1,008 – room hotel** property on two adjacent (but separated) blocks
 - Min. **50,000 SF meeting space**
 - Refresh of existing hotel property
 - Improvements to surrounding streetscape
- **Under contract** with TCC for purchase of Mae Owens building



Impact to Conventions / Hospitality

- Significant hotel inventory being added to market now
 - Primarily 150-250 rooms in size each
 - Supports leisure and business travel; moderate impact to conventions
- Large block properties remain a strategic priority
 - 2019 updated Hunden Study points to need/market support for two 1,000-room hotels
 - Enhances ability to attract new and larger convention business
- Strengthens impact and appeal of expanded convention center

Additional Priorities for Lancaster Avenue

- City of Fort Worth, LDC, and partners through TIF have invested millions of dollars into redevelopment of Lancaster Ave.
 - Goal is to create a vibrant and pedestrian-friendly mixed-use district
- Participation of City property in project highly dependent on role in promoting objectives for Lancaster Ave.
- As a part of the overall development, Omni expansion would include **space for a min. 15,000 sq.ft. restaurant** facing Lancaster Ave.

Omni Commitments – Hotel Expansion

- **Min. \$202,365,000 expansion** of Omni Hotel
 - Min. **\$127.7 Million Hard Costs**
 - Min. **400 rooms** in separate tower
 - Min. **50,000 SF meeting space**
 - Min. **15,000 SF** restaurant space facing Lancaster Ave.
- Min. **15% Hard and Soft Costs to M/WBE** Contractors
- Required **Completion by December 31, 2026**

Omni Commitments – Parking Garage

- **Omni to construct new parking garage** for overall development (estimated cost of **\$6 million**, min. \$4.365 million)
 - Omni to convey parking lot to City upon purchase from TCC
 - **Omni to construct, maintain, and operate** min. 200 space parking garage
 - **CCLGC will own garage** at completion (to satisfy bond requirements), **lease to Omni with option to purchase** at appraised value after 10 years, with purchase value refunded to Omni as 380

Recommended Incentives

- One-time **\$53.3 million grant at Completion**
 - Delivered no later than **120 days following Project Completion**
 - **CCLGC to issue \$53.3 M bond** backed by lease revenues from City
- **Conveyance of City Property** along Lancaster Ave. with purchase price granted to Developer as 380 (consistent with terms of 2020 M&C);
 - Approx. \$1.15 M value (currently tax-exempt)
- **Lease Agreement** with option to purchase after 10 years for **TCC lot & parking garage**



Development Summary

- Private Investment

- Minimum \$202,365,000 in Real property
- Minimum \$127,700,000 in Hard Costs
- 15% M/WBE

- Hotel & Parking Garage

- Min. 400 rooms in separate tower
- Min. 50,000 SF meeting space
- Min. 15,000 SF restaurant space
- Min. 200 space garage on TCC lot (\$6 M)
- CCLGC to retain ownership of garage for 10 years

- Private/Public Ratio

(based on max. estimate / cap)

- Bond Value
- City Participation
- Est. P:P Ratio (NPV)

EDPA

\$53,300,000
25.1%
4.0:1

- CFW Tax Revenue (20 yr. projection)

• New Property Tax	\$ 28,813,252
• New Sales Tax	\$ 7,330,355
• New City HOT	\$ 74,732,992
• Net New Taxes* (after debt service)	\$ 10,322,146
• Net City HOT (C&T Fund)	\$ -
• Net State HOT (PFZ)	\$ 33,630,717

**From all sources flowing to City General Fund, Project Finance Zone, or Culture and Tourism Fund; Reflects negative impact to existing hotel during construction*

Staff Recommendation

Staff recommends that the City:

- Enter into an Economic Development Program Agreement with Omni Fort Worth Partnership, L.P. to provide a one-time cash grant of up to \$53,300,000 for a minimum \$202,365,000, 400-room expansion of the Omni Fort Worth Hotel subject to satisfaction of certain other project commitments;
- Engage in related public financing activities in support of the grant payment;
- Accept certain property now owned by TCC
- Convey certain City-owned property located along Lancaster Ave.; and
- Enter into a lease agreement with option to purchase for property conveyed to City by Omni and authorize 380 grant of option receipts

Questions

