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
**EDPA**
- Bond Value: $53,300,000
- City Participation: 25.1%
- Est. P:P Ratio (NPV): 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