

Mayor and Council Communication

DATE: 05/23/23

M&C FILE NUMBER: M&C 23-0437

LOG NAME: 17OMNI_AMEND_EDPAM&C-2

SUBJECT

(CD 9 / Future CD 9) Amend Mayor and Council Communication 22-0724 Authorizing Execution of Certain Agreements Related to the Expansion of the Omni Fort Worth Hotel Generally Located on Property at Houston Street, W. 14th Street, Throckmorton Street, and Lancaster Avenue to Revise Certain Project Commitments and Authorize the Conveyance to Omni Fort Worth Partnership, L.P. or Affiliate (Omni) of Approximately 0.529 Acres Abutting the North Side of Lancaster Avenue Between Throckmorton Street and Houston Street for \$2,620,000.00 with Reimbursement of the Purchase Price to Omni as Chapter 380 Grant

RECOMMENDATION:

It is recommended that the City Council:

1. Amend Mayor and Council (M&C) Communication 22-0724 as follows:

- Revise the minimum number of hotel rooms such that the current Omni hotel and related expansion building must combine to include at least 1,000 hotel rooms;
- Revise the minimum number of parking spaces within the parking garage to be 200;
- Revise the minimum square footage for restaurant or retail space fronting Lancaster Avenue to be 6,500 square feet; and
- Revise all references to the Central City Local Government Corporation to also include the Research & Innovation Local Government Corporation or any another new or existing local government corporation of the City.

2. Authorize conveyance to Omni of approximately 0.529 acres of City property abutting the north side of Lancaster Avenue between Throckmorton Street and Houston Street in accordance with Section 272.001(b)(6) of the Texas Local Government Code for \$2,620,000.00 with the purchase price to be reimbursed to the Omni through an Economic Development Program Agreement in accordance with, and as recommend by, the most recently-adopted Comprehensive Plan and Chapter 380 of the Texas Local Government Code.

DISCUSSION:

The purpose of this Mayor and Council Communication is to amend M&C 22-0724 (Original M&C) to make certain revisions to the expansion of the Omni Fort Worth Hotel (Project) requirements. In all instances and as applicable to all agreements authorized by M&C 22-0724 (Agreements), the Project requirements are revised as follows:

1. The minimum hotel rooms required for the Expansion Building may be less than the 400 rooms outlined in the Original M&C, but only provided that the number of hotel rooms designed and constructed in the Hotel and the Expansion Building combine to include at least 1,000 hotel rooms; and
2. Omni will utilize commercially reasonable efforts to secure a 15,000 square foot tenant for restaurant/retail space located along Lancaster Avenue that must be constructed as part of the Expansion Building but in no event will the restaurant/retail space be less than 6,500 square feet.

In addition to the above revisions, the Original M&C contained a typographical error on the minimum number of parking spaces required for the parking garage. This number should be corrected to be a minimum of at least 200 spaces as originally presented to City Council. The City Council finds that the term and conditions of the Sublease Agreement (as that term is defined in M&C 22-0274), as revised, still constitutes a custom designed Economic Development Program.

Deal Structure: One final issue that should be noted is that the deal structure now involves the use of a condominium-style structure to ensure that the local government corporation receives adequate value for its \$53.3 million investment. In short, upon substantial completion of the project, the local government corporation will own those portions of the project improvements that have a fair market value that, together with the fair market value of the parking garage, equals the full \$53.3 million value of the Economic Program Development Grant (which may be subject to reduction).

All other terms, requirements, and authorizations will be preserved and in full effect as provided for in M&C 22-0724.

This project is located in COUNCIL DISTRICT 9.

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FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2023 Budget. While no current year

impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

Submitted for City Manager's Office by: William Johnson 5806

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Expedited