



MEMORANDUM

Council Agenda
Item No. IX.P.
9/27/2016

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution authorizing the City Manager and the Executive Director of the Oklahoma City Urban Renewal Authority to negotiate an Economic Development Agreement with Omni Hotels and Resorts, and any other necessary parties, for a commitment to develop, construct and operate an upper upscale convention center hotel with a minimum of 600 guest rooms adjacent to the MAPS 3 Convention Center located in the area in and around SW 3rd Street to the north and SW 4th Street to the south, bounded by South Robinson Avenue to the west and South Broadway Avenue to the east; and directing the City Manager and Executive Director of the Oklahoma City Urban Renewal Authority to develop a funding plan to support the proposed Economic Development Agreement with Omni Hotels and Resorts, outlining the various sources of public participation available for subsequent City Council consideration and approval. Ward 6.

Background

The City of Oklahoma City ("City") desires to promote and assist economic development and community development projects, which involve substantial investments and support tourism opportunities throughout the City. On December 7, 2007, the citizens of Oklahoma City approved an excise tax in the amount of one percent levied upon the gross proceeds or gross receipts derived from all sales taxable under the sales tax laws of this State for the purpose of developing City capital improvements, commonly known as MAPS 3 projects, which improvements enhance and support the quality of life of citizens and visitors. One of the proposed MAPS 3 projects was the construction of a new 550,000 square foot Convention Center, which upon completion is expected to significantly promote tourism and convention business in the core of Oklahoma City thereby enhancing the tax base and spurring additional economic development.

Based on consultant studies and industry standards it is known that an integral component necessary to support and maximize the potential of the new \$288 million convention center is the development of an adjacent designated convention center hotel ("Hotel"). On June 11, 2013 (Item No. VIII. O.), the City Council approved a resolution authorizing the Executive Director of the Oklahoma City Urban Renewal Authority to lead negotiations for the development of a potential Hotel. On April 1, 2014 (Item No. VI. R.), the City Council approved an amended contract with Public Financial Management to provide professional services and perform due diligence as it pertained to a potential Hotel.

On January 20, 2015 (Item No. VIII. C.), the City Council approved the Request for Proposals ("RFP") and authorized the solicitation of proposals from potential hotel developers and/or operators. The City received seven proposals in response to the RFP on March 3, 2015. On March 26, 2015, a Selection Committee comprised of Councilman Larry McAtee, Councilman David Greenwell, Tom McDaniel, Catherine O'Connor, Craig Freeman and Brent Bryant reviewed the seven proposals and selected the top four finalists for future consideration. The top four finalists included Mortenson, Marcus Hotels, Omni Hotels and Resorts, and Mathews Southwest.

The selection process was delayed for more than six months while the potential location of the new convention center was discussed and determined. On October 13, 2015, the City Council selected a new site for the convention center. Staff met with each finalist to discuss their approach to the development of the convention center hotel and the Oklahoma City hospitality market on December 1, 2015. Additional information related to the potential hotel financial structure and operating revenues and expenditures was solicited from the finalists on June 6, 2016. The Executive Director of the Oklahoma City Urban Renewal Authority received responses to the request for additional information, one from Marcus/Mortenson and one from Omni Hotels and Resorts on the deadline of August 1, 2016.

On September 21, 2016, the Selection Committee convened with the two finalists in order to obtain additional information and clarification pertaining to the final proposals. Subsequent to the September 21, 2016 meeting, the Selection Committee unanimously recommended Omni Hotels and Resorts as the lead developer of the Hotel with a minimum of 600 guest rooms with an estimated development budget of \$235,500,000.

After reviewing the information presented by City staff and representatives from the Oklahoma City Urban Renewal Authority and Public Financial Management, the City Council finds it is in the best interest of the citizens of Oklahoma City to authorize the City Manager and the Executive Director of the Oklahoma City Urban Renewal Authority to negotiate an Economic Development Agreement with Omni Hotels and Resorts, and any other necessary parties (including public trusts whose sole beneficiary is the City), for subsequent City Council consideration and approval.

Approval of the attached resolution will authorize and direct the City Manager and the Executive Director of the Oklahoma City Urban Renewal Authority to negotiate an Economic Development Agreement with Omni Hotels and Resorts, and any other necessary parties. The resolution also directs the City Manager and Executive Director of the Oklahoma City Urban Renewal Authority to develop a funding plan to support the proposed Economic Development Agreement.

Previous Action On January 20, 2015 (Item No. VIII. C.), City Council authorized the issuance of the RFP for solicitation of hotel developers.

Review City Manager's Office - Economic Development

Recommendation: Resolution be adopted.

Attachment