

# ***Results of Convention Center Hotel RFP Process***

Briefing to the Economic  
Development Committee  
May 6, 2008



# The Short Story

- The DCC hotel project is critical for the health of the City
  - The Dallas Convention Center is the largest capital plant investment the City owns - a billion dollar asset
  - The Hospitality industry (in 2005)
    - Supported 50,840 jobs
    - Had an economic impact of \$2.6 Billion
    - Generated local taxes of \$228 million
  - Helps to continue the renaissance of the downtown
    - Will help to provide a third anchor into the urban core
  - Over a 30 year period, staff estimates the project would
    - Generate \$2.5 Billion in economic activity
    - Produce 3,000 temporary and 800 permanent full time jobs

# The Short Story

- The DCC hotel project is critical for the health of the Convention Center
  - From 2003 to 2007
    - Lost 68 meetings representing \$300 million in direct dollar spending
    - Lost opportunities of 80 city-wide meetings representing \$800 million dollars of direct spending
  - In the future, if a hotel is constructed
    - Could gain 1.724 million room nights over the next 15 years
      - Based on customer feedback
    - DCVB has committed that they can book 10 major city-wide convention events over the next 18 months
  - Without the Hotel, loss of convention business will likely continue

# The Short Story

- The project is viable
  - Excellent site
  - Quality developers to chose from
  - Building program consistent with goals of the City
  - Quality operators to chose from
  - Market study supports need and project feasibility
  - Hotel net income projected to be in excess of related costs
- Of the two basic approaches – public or private ownership, **public ownership**:
  - Is the least costly
    - Cost of equity
    - Cost of debt
  - Offers the opportunity for the City to avoid cash payments into the project and to build equity

# The Short Story

- Public ownership has been the approach of choice for all (but one) of the last major projects in the last seven years
  - Including DFW Grand Hyatt

# Publicly Owned Convention Center Hotels



**McCormick Place,  
Chicago**



**Austin Convention  
Center Hotel**



**Houston Convention  
Center Hotel**



**Denver Convention  
Center Hotel**



**Baltimore Convention  
Center Hotel**



**DFW Airport Grand  
Hyatt Hotel**

# Site Selection

- Alternative sites are somewhat less expensive, but
  - Given the reaction from the customer group, these could be the most costly, if they do not achieve the primary goal of helping to translate into increased Convention Center bookings
- The Chavez site, while expensive,
  - Generates the most positive view from the customer base
  - Cost differential is mitigated because:
    - The size of the property permits ancillary development, increasing success of project
  - Property configuration and minimal restraints will facilitate efficient design and construction

# Developers

- Developers,
  - For the most part, brought solid proposals
  - Ranged considerably in creativity and cost
  - Presented at least two solid operators
  - Represent an opportunity for the City to use the competitive process to enhance the City's position