

Memorandum



CITY OF DALLAS

DATE February 18, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Economic Development Committee Briefing Follow-Up: Courtyard and Residence Inn by Marriott (hotel development project within Reimagine Redbird)**

On February 23, 2022, staff will seek City Council authorization of a development agreement with Redbird Hotel Venture, LLC and/or its affiliates in an amount not to exceed \$1,788,126, payable from future Mall Area Redevelopment TIF District funds, and a Chapter 380 grant agreement with Redbird Hotel Venture, LLC and/or its affiliates in an amount not to exceed \$1,500,000, payable from Public/Private Partnership funds, in consideration of the Courtyard and Residence Inn by Marriott hotel development project on property currently addressed at 3662 W. Camp Wisdom Road in Tax Increment Financing Reinvestment Zone Number Twenty (Mall Area Redevelopment TIF District).

The Office of Economic Development briefed the Economic Development Committee on February 7, 2022, and the briefing is available here: [February 7, 2022 Economic Development Committee Briefing C](#)

A question was raised during the briefing which required follow-up. The response is provided below.

Question: As negotiated and recommended by staff, the terms of the proposed agreement do not include a living wage requirement. Why not? Will the hotel provide a living wage?

The proposed City subsidy was underwritten as gap financing necessary to make development of the Project financially feasible as a real estate project. The contracting entity in the development agreement will be the Developer's special purpose development entity, Redbird Hotel Venture, LLC. Neither the hotel operating company nor the hotel franchisor (Marriott) will be a party to the development agreement. The Developer's role is to finance, design, and construct the hotel site/building. Wages, staffing, and training are matters handled by the hotel operating company. Mandating minimum wage levels in the development agreement for the City's development subsidy would be counterproductive and undermine the financial feasibility of developing the Project, especially in the context of the fragile state of the hospitality industry under current economic conditions.

While the Project is under construction, City staff (specifically including the Small Business Center) will endeavor to negotiate a separate incentive package with Atlantic

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Hotels Group (AHG) in order to secure maximum public benefits (e.g. minimum wage levels; workforce training programs; local hiring efforts) in all Dallas hotels currently operating in AHG's management portfolio.

Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development, at (214) 671-9942.



Majed A. Al-Ghafry
Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Interim Assistant City Manager
Carl Simpson, Interim Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors