



Legislation Text

File #: 110631., Version: 2

Downtown Conference Center Multi-Step Invitation to Negotiate Potential Funding Partners Research (B)

This is a request for the City Commission to hear a presentation regarding potential community funding partners to participate in financing a downtown conference center.

In April 2010, the CRA issued a Request for Information for a publicly owned conference center/hotel in order for the CRA to respond to Alachua County's (the County) Request for Proposals for "Capital Projects that Promote Tourism." The proposed development required this funding source to achieve financial feasibility and was envisioned as a publicly-owned, multi-level conference center with highly flexible space, and a privately-owned, full service hotel with the potential for street-level retail. The project submitted by the CRA was not chosen for award by the County.

Since that time, there had been continued interest in a hotel and conference center in Gainesville's urban core. At the September 19, 2011, CRA Board meeting, staff was requested to draft language for a competitive solicitation for a hotel and conference center to be located on either the City-owned Lot 10 parcel or elsewhere in or near Gainesville's downtown. At the November 21, 2011, CRA Board meeting, specific boundaries for the solicitation area were defined as: a western boundary of NW/ SW10th Street, an eastern boundary of NE/SE 3rd Street, a northern boundary of 8th Avenue and the southern boundary of Depot Avenue.

A solicitation process was authorized by the City Commission on February 2, 2012. A multi-step Invitation to Negotiate (ITN) was jointly issued by the City and the CRA on February 29, 2012. The ITN was structured in two phases. The first phase requested the qualifications of developers demonstrating successful completion of similar projects elsewhere, a description of the development team composition, as well as a general description of any CRA or City financial assistance that would be sought for the project. This information was sought in order for the City and CRA to gain an understanding of the financial assistance needed for such a project.

A total of two responses to the first phase were received from Acquest Realty Advisors, Inc. and Gainesville Hotel & Conference Center, LLC. On June 21, 2012, the City Commission heard a presentation which outlined the financial assistance needs identified by the two respondents in order for a hotel and conference center project to be financially feasible.

After hearing the presentation, the City Commission requested that staff seek to identify potential local partners as funding sources for the project and report back to the Commission before the decision to continue or terminate the solicitation process is to be made.

Staff met with potential community funding partners to gauge interest in partnering on financing for construction and on-going operations of a conference center. These community partners expressed strong support for a conference center project, but did not have the ability to immediately commit funding towards construction or ongoing operations of a conference center. Each community partner provided valuable feedback on considerations regarding optimal conference center size, suitable locations, and additional

community stakeholders to involve in the discussion.

For the solicitation to move forward to the second phase, the City Commission and CRA Board will need to make a policy decision identifying what assistance, if any, either can make available for a hotel conference center project. If no assistance can be made available, the solicitation process can conclude. If assistance is offered by the City and/or the CRA, phase two of the solicitation would be authorized. Staff would issue a phase two addendum to the two respondents identifying potential financial assistance offered and other requirements for phase two. Proposals submitted in the second phase would be evaluated based on a thorough assessment of the respondents understanding of and experience and financial ability to carry out the project. Additionally the project's potential economic impacts and benefits to the City's downtown area would be considered as well. The proposals would be ranked by a staff evaluation team and upon approval of the ranking by the CRA Board and/or City Commission, negotiations would begin with the top ranked respondent.

The ITN makes clear that given the variables involved in this solicitation (such as, but not limited to, location, cost, ownership structure and availability of requested City and/or CRA resources or assistance), the CRA and City each reserve the right to terminate this solicitation at any time, even after ranking and negotiation with the proposer(s).

The following information is provided to give a rough estimate of the costs that the City might incur if it underwrote the costs of the conference center portion of a potential hotel and conference center development project. The 2010 hotel and conference center feasibility assessment identified a minimum \$8 million gap in project financing costs. At that time, it was contemplated that this gap could be financed via bed tax funding, as the project was under consideration by the Board of County Commissioners.

To demonstrate potential financial impacts of a project today, City Finance Department has estimated costs related to financing \$8 million in gap funding to build a conference center. Under this potential scenario, the City's potential debt service would be in the range of \$550,000 - \$600,000 annually for 20 years. If the City was also to be involved in operating the conference center, it is estimated that the City could face approximately \$100,000 - \$200,000 in operating losses per year.

Please see reference above for potential long term financial impact to the City if it were to finance construction and/or operations of a downtown conference center facility.

The City Commission: 1) hear a presentation from staff on potential local funding partners; 2) discuss requested assistance and whether it is feasible for the City to make any assistance available; and 3) provide direction to staff on whether to conclude the ITN or, if assistance is made available, to initiate phase two of the ITN.