Plano City of Excellence | Memorandum

Date: January 2, 2020

To: Mark D. Israelson, City Manager

From: Robin Reeves, Director of Parks and Recreation

Subject: Plano Event Center Hotel Land Lease Update

In March 2018, the City of Plano entered into a broker agreement with SVN Dunn Commercial for the purpose of issuing a real estate listing for a long-term lease of approximately 5 acres of land adjacent to Plano Event Center. The land would be used for construction of a hotel. The listing closed on May 31, 2018 and one proposal was received from Tirgo, LLC (Tirgo). The basic terms of their proposal are as follows:

- 4 Star 175 room hotel
- Flag – Radisson
- No cost to the City for the hotel
- No tax abatement from the City
- City keeps all Hotel Occupancy Tax (HOT) revenue and sales tax revenue
- Full service restaurant with gathering area, bar and snack facility
- 3000 to 5000 square feet of meeting space complementary to Plano Event Center
- Exercise facilities, business center, latest technology
- Lease term 39 years with two 20 year renewal options with performance requirements
- Lease site approximately 5 acres
- No lease payment to the City

On June 25, 2018, City Council authorized the City Manager to enter into an agreement with Tirgo, LLC for the lease of approximately 5 acres of land adjacent to Plano Event Center for the construction of a hotel. Tirgo's intention was to move forward immediately with design and construction of the hotel following completion of a lease agreement. The lease agreement is complete subject to finalizing a few minor details and adding surveys and other necessary exhibits.

The Tirgo proposal was to construct the hotel and associated improvements on the Plano Event Site "as is" with only minor modifications to the existing drives and utilities to accommodate the hotel. Tirgo would construct surface parking on the lease site to serve the hotel. The hotel could be constructed within the existing O-2 zoning on the property. No zoning change is needed for the hotel and hotel related services.

On July 23, 2018 City Council approved the Envision Oak Point Plan. The approximately 50 acre Plano Event Center site is an important piece of the overall Envision Oak Point Plan. The plan provides guidance for future development of the Event Center site with a more traditional street grid pattern.

Staff believes that it is important that the layout of the hotel site follow the guidance of the Envision Oak Point Plan. This has the following impacts.

- The existing Event Center drives need to be replaced with more traditional street patterns.

- The proposed surface parking for the hotel should be moved into a structured parking facility to reduce the amount of land area required for parking.

- The layout of the site should allow for future expansion of the Event Center if needed.

Tirgo has embraced the Envision Oak Point Plan and has been willing to delay construction of the hotel until plans for the overall site layout can be developed.

The proposed project direction is as follows.

- The City will fund and construct the public streets and utilities necessary to allow the hotel and Event Center to conform with the Envision Oak Point Plan. The estimated cost to construct these streets and utilities is approximately $2,500,000 to $3,000,000 and is available in the Streets CIP budget. Engineering staff is negotiating a contract for design and engineering services for these streets. The engineering fee will be submitted for City Council approval. This street construction will only include the streets identified on the hotel site plan which are necessary to accommodate the hotel and Event Center. Staff believes that these streets should increase the value of the remaining City property. We anticipated that expansion of these streets will be the responsibility of parties interested in developing the remaining site in the future.

- Tirgo will still be responsible for all construction cost for the hotel and associated improvements in accordance with their original proposal.

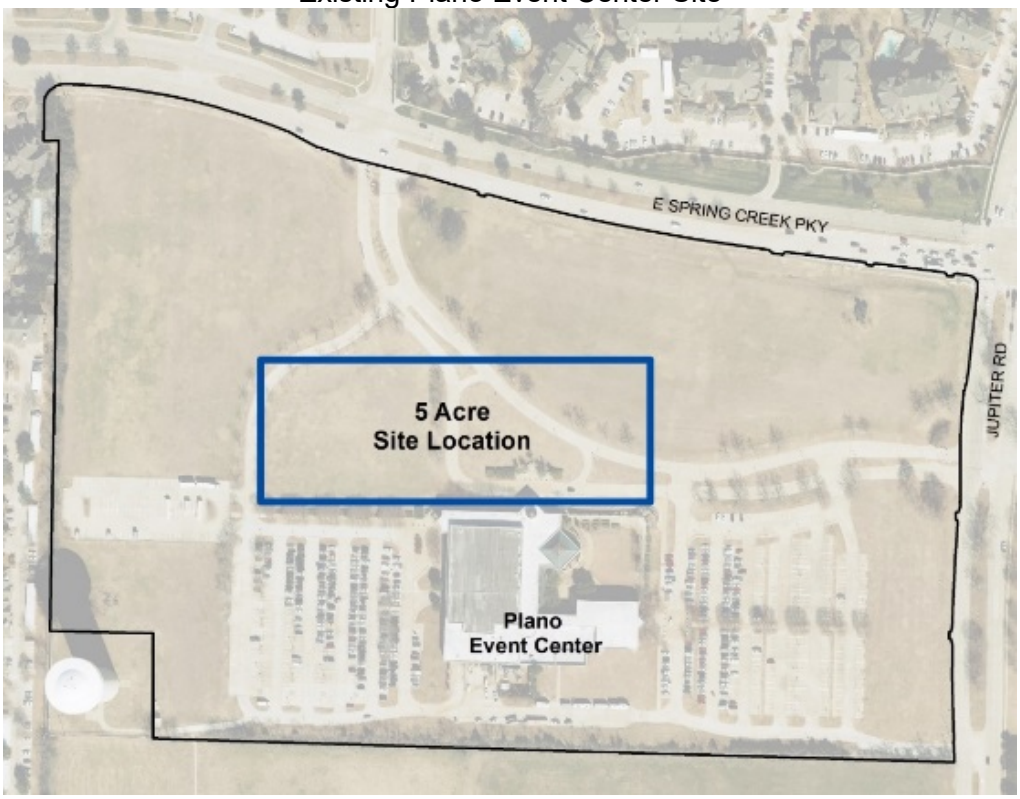
- Tirgo will fund and build a parking garage to serve the hotel on the hotel lease site in lieu of constructing the less expensive surface parking contemplated at the time of their original proposal. Tirgo will construct at their expense an additional 500 to 600 parking spaces within the parking garage to replace the existing 515 parking spaces on the west side of the Event Center. The City will lease these garage parking spaces from Tirgo at the fair market rate on a long term lease. The City will use Hotel Occupancy Tax Revenue to fund the lease payments. Any parking fees charged to users of the lease spaces in the future will belong to the City. This will free up the land on the west side of the Event Center for development once the hotel and parking garage are complete. The City will no longer have a need to issue revenue bonds for construction of an Event Center parking garage.

- The City has hired Kimley-Horn Planning and Engineering to prepare a concept plan for the entire site in accordance with the Envision Oak Point Plan. This plan will provide guidance for the street layout and future land uses at the site. No multi-family development is contemplated at the Plano Event Center Site.

- Tirgo has submitted a parking garage lease agreement for staff review. The basic terms of the proposed parking garage lease agreement will be submitted to City Council for approval. Once the parking agreement is completed the hotel lease agreement can also be executed, and Tirgo will proceed with design and construction of the hotel and parking garage.

Included on the following pages is an aerial photograph of the existing Plano Event Center site, a preliminary concept for how the hotel will look and a preliminary site layout for the hotel. Lastly a preliminary street layout for the entire site is included.

Existing Plano Event Center Site

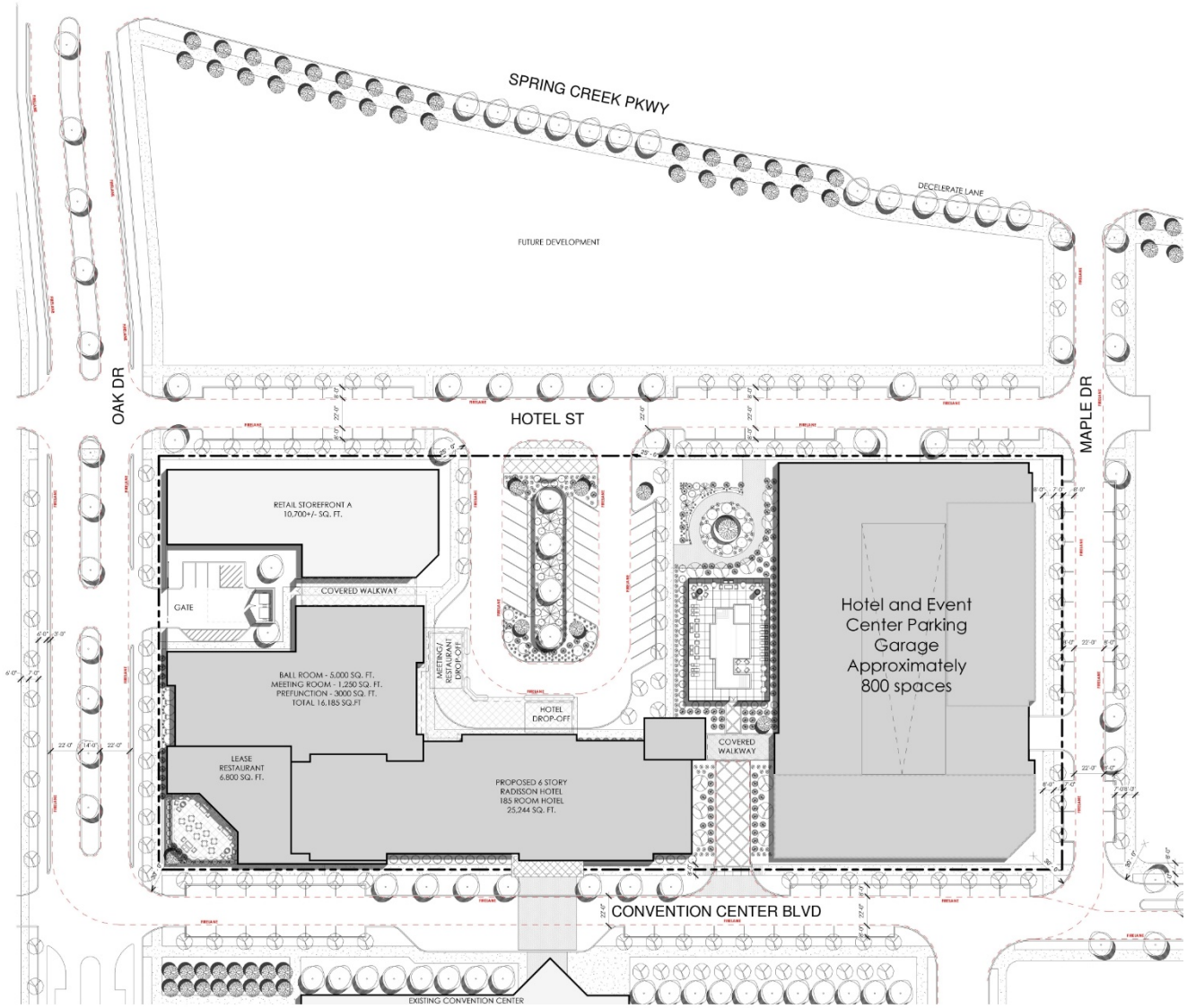




FRONT ELEVATION
SCALE: 1/32" = 1'-0"

PROPOSED RADISSON HOTEL AND CONFERENCE CENTER

PLANO, TX **2018 10 09**



HOTEL SITE PLAN

RADISSON HOTEL AND CONFERENCE CENTER

CONVENTION CENTER SQUARE

PLANO, TEXAS

Conceptual Street Layout – Not Final

