



[Comments](#) 5 | [Recommend](#)  2

Still negotiating with Omni over convention center hotel, Dallas assistant city manager remains confident

12:17 PM CST on Thursday, February 5, 2009

By RUDOLPH BUSH / The Dallas Morning News
rbush@dallasnews.com

The city of Dallas had hoped that a major step toward building the planned convention center hotel would have been completed weeks ago.

But city officials have had much more difficulty than they expected in striking a deal with Irving-based Omni Hotels Corp. to operate the hotel – a setback that is costing City Hall time as it pushes to begin construction before opponents of the hotel can scuttle it.

Despite efforts to move forward quickly, the city has not been able to overcome a series of sticking points with Omni, said officials familiar with the deal.

Last week and again on Wednesday, the city's economic development staff scheduled a vote on the operating agreement before the City Council, only to pull the item from the agenda at the last minute because final terms with Omni could not be reached.

Assistant City Manager A.C. Gonzalez, who is leading negotiations for the city, said the deal has proved more complicated than expected but stressed that its major framework remains intact.

Asked if he was confident the city could reach terms with Omni, Mr. Gonzalez indicated the city could, given time.

"Ultimately we are going to be coming back to the council with what we feel is a deal that makes good sense for the city, and we're on track to make that happen," he said. An Omni spokeswoman did not respond to a request for comment.

Despite Gonzalez's assurance, failure by the city and Omni to resolve their issues after weeks of negotiations – including work over nights and weekends – has begun to sow doubt in a deal that had seemed all but signed, sealed and delivered.

It has also provided fodder for the hotel's main opponent, Hilton Anatole owner Harlan Crow.

Anne Raymond, a top manager at Crow Holdings, said Tuesday that the inability to quickly reach terms with Omni is an indication that City Hall doesn't belong in the hotel business.

"It's the public sector trying to do something that's private-sector business. ... It's people in a business that isn't their business," she said.

Mayor Tom Leppert called that nonsense, noting that the city has hired experts to help negotiate the operating agreement. Among those are attorneys who helped Crow Holdings negotiate the operating agreement with Hilton Hotels Corp.

Raymond said those negotiations took only a week.

Leppert acknowledged that the process of finalizing the operating agreement hasn't moved forward as quickly as he had hoped, but he stressed that the city has plenty of time to complete negotiations.

Meanwhile, City Hall faces another complication with the Omni deal in the form of a concerted lobbying effort by Marriott Hotels.

Marriott representatives have been meeting recently with individual City Council members in hopes of encouraging them to revisit plans to sign with Omni.

While Marriott has more experience operating convention hotels, the company wasn't chosen because Omni offered Dallas a better bottom line.

Despite troubles over the Omni negotiations and Marriott's lobbying, the possibility of Marriott stepping back into the deal remains remote at best, say several officials at City Hall.

And though several council members have been courted by Marriott, few appear interested in starting the operating agreement process anew.

Council member Ron Natinsky, who has led the charge for the hotel, said that he feels certain the city will soon solve its problems with Omni, adding that the number of outstanding issues have "seriously diminished."

Asked if the city's tight schedule might give Omni additional leverage, Natinsky said no.

"I don't think everybody at the table is putting this much work into it because they don't want a deal," he said. "They have significant dollars at risk if they don't go forward, and we have significant dollars at risk if we don't."