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Editorial: Yes, build a city-owned convention hotel

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Despite an uncertain economy, Dallas is making the best decision in moving forward with plans to finance a \$525 million, city-owned convention center hotel.

Like any project, this one isn't risk-free. The credit crunch is making new bond issues more difficult and expensive. Hotel and convention business often dip when the economy is sour. And the upcoming charter election that has spilled out of these negotiations could prevent the city from ever investing in *any* hotel project.

Dallas mustn't be myopic. By city estimates, the city is losing out on about \$800 million in direct spending annually and \$2.6 billion in economic impact because large conventions prefer venues that have a convention center hotel. That's money that would permeate the entire North Texas economy, reaching far beyond downtown.

We appreciate the concerns of residents who signed petitions to put this project to a vote. Some said skeptically, "If this deal is so good, then why hasn't the private sector jumped on board?"

This is an easy question to answer. Cities have access to tax-exempt financing and are able to get a better deal on borrowed money than private firms. Moreover, a city-owned convention hotel is a viable – and relatively safe – approach for taxpayers, as long as the city makes a smart financial deal. In Dallas' case, hotel revenue, not taxpayer dollars, would back the bonds on the 1,000-room hotel.

The threat of the May election has been good for the process, as the city is shoring up its case by negotiating even tougher terms with the firms that will develop and operate the hotel. City officials also would be wise to time the issuance to get a good interest rate on the bonds. And if the price point gets too high, the city should put the plan on hold, despite the possible implications of the election. These are all wise decisions to protect taxpayers.

We were concerned earlier in this process that the city was moving too fast and secretively in pushing this project. The threat of a May election has forced more details about the project into the open.

Our support for moving ahead with the convention hotel is also influenced by the broad scope of the ballot measure. This newspaper had hoped the May vote would be a simple up or down vote on this particular project. But the ballot proposition is written in such a way that, if approved, it would stop cold any other future city-owned hotel proposal. A charter amendment that would block deals, sight unseen, is too restrictive.

Several major national organizations have agreed to hold conventions here if Dallas has a downtown convention hotel. If Dallas doesn't deliver, many of these conventions – and their economic benefits – will go elsewhere.

Plus, the hotel is an integral part of Dallas' plan to revitalize downtown and would only enhance and allow the city to better market the Arts District, Uptown, The Cedars, Victory, the West End and Main Street.

Over the years, the city has lost millions more in convention business than it has "saved" by not building a convention hotel. Dallas must not make that mistake again.