

# Memorandum



CITY OF DALLAS

DATE February 28, 2020

TO City Council

SUBJECT **Omni Dallas Hotel – Second Quarterly Update**

As part of the Convention and Event Services (CES) portfolio, staff provides oversight of the Omni Hotel Dallas (Omni) management agreement and coordinates the Dallas Convention Center Hotel Development Corporation board meeting agendas. To provide ongoing communication about Omni operations, CES is providing quarterly update memorandums to City Council that include a forecasted financial outlook, along with an overview of any major systems, operations or process changes.

**2019 Actual Year-End (YE) Financial Performance**

The Omni’s financial performance remains strong and competitive. **Table-1** below provides the actual YE results for 2019. **Table-2** illustrates a historical performance comparison to the contract-approved bond budget, annually approved Omni operating budget and YE actuals.

The (\$7.5m) revenue shortfall for the year was a result of the room inventory loss during the approved and budgeted renovation in 2019. All indications continue to show that 2020 will return to the higher occupancy, revenue and ongoing profit levels that the hotel experienced in years prior to the renovation. Lead volume is up, and the sales team is aggressively working with customers and VisitDallas to secure business opportunities for the hotel.

**Table 1: YE 2019 Actual Financial Performance**

Table-1 2019 YE Actuals	YE 2018* (Actuals)	Approved 2019 Budget	YE 2019 (Actuals)	2019 Budget to Actual Variance
Occupancy Rate	78.9%	74.2%	68.9%	-5%
Average Daily Rate	197.48	204.62	205.23	0.61
Gross Operating Profit (GOP)**	42,496	41,487	36,584	(4,903)
GOP Margin	35.9%	36.7%	34.6%	-2%
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)**	40,738	39,629	34,887	(4,742)
EBITDA Margin	34.5%	35%	33%	-2%
Total Annualized Revenues**	118,234	113,198	105,638	(7,560)

\*2018 was a record year for the hotel in occupancy, revenues and EBITDA so comparisons to 2019 will be skewed due to the renovation.

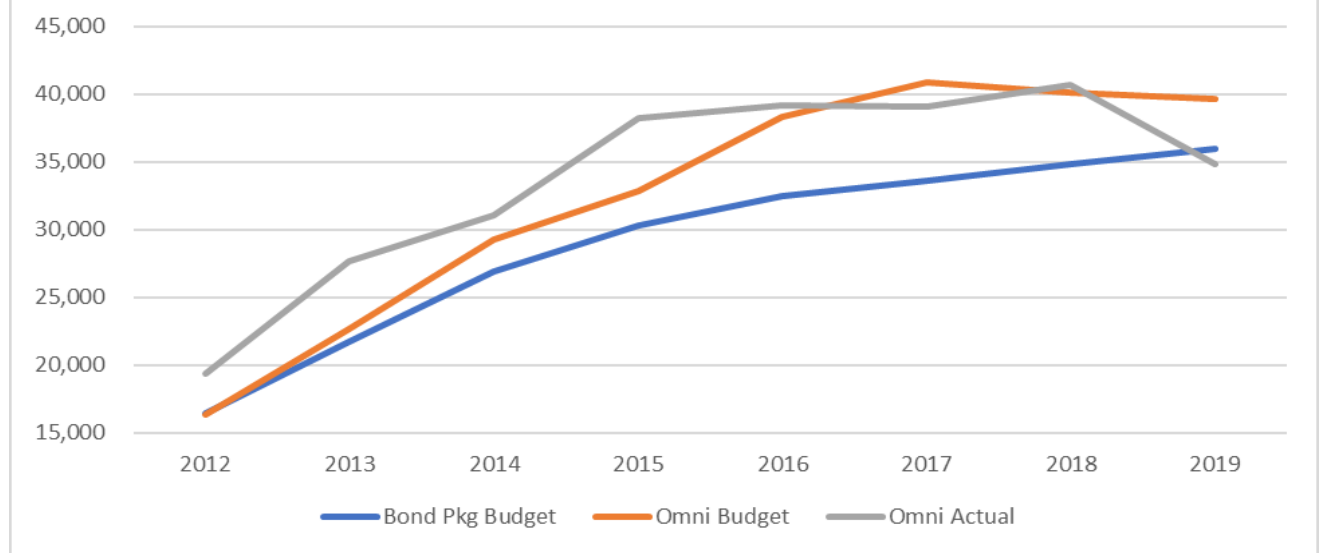
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**Table 2: 2019 Historical Performance Comparison**

EBITDA HISTORICAL PERFORMANCE								
EBITDA*	2012	2013	2014	2015	2016	2017	2018	2019
Bond Pkg Budget **	16,452	21,708	26,946	30,273	32,454	33,644	34,881	35,958
Omni Budget**	16,324	22,642	29,263	32,879	38,368	40,884	40,164	39,639
Omni Actual**	19,393	27,622	31,108	38,237	39,176	39,051	40,738	34,887



\* Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

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**Guest and Meeting Room Renovations**

Renovations were completed in mid-December 2019. As outlined in the initial quarterly update, the guest room scope included soft finish replacements of bedding, partial furniture replacement/repair, new carpet, wallpaper and televisions. Ballroom, breakout rooms and public foyer space received new carpet and wall vinyl throughout. Guest and meeting planner reviews have been very positive and service scores for the first full month of 2020 increased 13.8 points year-over-year, marking the highest score attained in the past 13 months. Overall guest room satisfaction was rated 10.5 points over previous year. Photos of the renovations are included as **Attachment - 1**.

**Restaurants**

Biergarten and Coal Vines are on a month-to-month lease as final concepts and design bids are being vetted. Biergarten will become a restaurant featuring local craft-draft beer, with retro-video and board games. Coal Vines will remain a pizza and salad concept with emphasis on classic rustic pizza. Both venues will be fast-casual and are scheduled to be re-concepted and opened in the fall of 2020.

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### Marketing and promotions

Dates have been selected for FAME Fest 2020 after its successful inaugural launch in 2019. September 25 and 26 will see a projected 1,200 locals and visitors to Pegasus Lawn, enjoying wellness activities, education, culinary experiences, live art, music and fitness studio classes. Leading up to the weekend, Omni and Dallas Fitness Ambassadors will host a preview event the first Tuesday of the month beginning in March and continuing through August. This will familiarize locals with FAME, as well as build excitement and buzz throughout the city.

Now this year, the Omni Dallas Hotel purchased an estimated 310 boxes of Girls Scout cookies from families of associates whose children participate in girl scout troops. The culinary teams have created one-of-a-kind desserts at each of the Restaurants on Lamar. Featured in *Dallas Morning News*, *Culture Map* and *Narcity*, the dessert promotion has gained well over 2.5 million media impressions valued at approximately \$50,000. The most popular dessert creation is Bob's Steak & Chop House Toasted Coconut Cheesecake, made with Girl Scout Cookie Samoas which sells out every evening. This promotion will continue through March 22, 2020, or the end of cookie season.

Please let me know if you require any additional updates or have any further questions.



Joey Zapata  
Assistant City Manager

- c: T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Mark Swann, City Auditor  
Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
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- Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
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Directors and Assistant Directors