



# STAFF REPORT

**MEETING DATE:** July 26, 2022

**TITLE:**

Consider action to approve a Letter of Intent between the City of Bastrop and Sunway Hospitality to establish a partnership toward development of a 130-150 room hotel, update to City Convention & Exhibit center facade, development of associated kitchen facilities, and supportive retail.

**AGENDA ITEM SUBMITTED BY:**

Submitted by: Rebecca Gleason, Assistant City Manager

**BACKGROUND/HISTORY:**

In 2015, the City of Bastrop contracted for an assessment of the Bastrop Convention & Exhibit Center. The report, conducted by Harde Partners, LLC, states that the lack of an adjoining hotel was a hinderance to the Convention Center performance. In contract with the City of Bastrop, DP Consulting in 2017 stated that there was market justification for a 120+/- room hotel to be built on the site next to the Convention Center. Through the City Council's focus on Economic Vitality, staff is tasked with creating sustainability through enhancing public/private partnerships and through Fiscal Responsibility, maintaining our fiduciary duty of full utilization of the City asset of the Convention Center.

With Council's guidance, City staff contracted with Esch Development Solutions, LLC to review proposals for possible recommendation to Council for a letter of intent to be signed. Please find the attached Memorandum of Recommendation from Esch Development Solutions LLC. Mr. Esch recommended the City of Bastrop sign a Letter of Intent with Sunway Hospitality as laid out in the recommendation.

If the City of Bastrop is interested in moving forward, the next step in the process is to enter into a non-binding Letter of Intent with the preferred patternner. The Letter of Intent accomplishes the following items:

1. Identifies the parties involved in the project;
2. Details the major project elements, the scope and nature of the involvement of the parties, the process the parties will follow to reach final binding agreements;
3. Outlines the major business terms of the project;
4. Defines the anticipated financial investment required to reach a go/no-go decision
5. Establishes an anticipated timeline for the project.

**FISCAL IMPACT:**

Fiscal Impact for the process between the signing of the Letter of Intent and final binding agreement are estimated at \$350,000 and have been placed in the proposed FY2023 Budget as being paid by the HOT Fund.

**RECOMMENDATION:**

The Assistant City Manager recommends approval of the Letter of Intent between the City of Bastrop and Sunway Hospitality including authorization of the City to spend up to \$350,000 in funds for pursuit and predevelopment costs associated with project.

**ATTACHMENTS:**

- Memorandum of Recommendation from Esch Development Solutions, LLC
- Letter of Intent
- Convention Center Approach

