



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Economic Development Division

m e m o r a n d u m

TO: Mayor Diane Wolfe Marlin and City Council Members

FROM: Lorrie Pearson, AICP, Community Development Director

DATE: October 8, 2020

SUBJECT: **AN ORDINANCE APPROVING AN EXTENSION TO A REDEVELOPMENT PROJECT START DATE** (Urbana Landmark Hotel - 2020)

Due to the effects of the pandemic and the stay-at-home order, the developer of the Urbana Landmark Hotel has requested to extend the Project Commencement Date from July 1, 2020, to July 1, 2021. The request and a revised timeline are attached. The request was received timely. Staff took additional time to fully evaluate this request before bringing a recommendation to Council.

As part of the evaluation of the request, Patek Hospitality Consulting was asked to review the resubmitted pro forma and pricing assumptions for a Hilton Tapestry property and available hotel market data. The pro forma was found to be within industry standards, and the market assumptions were found to be reasonable. Patek also provided information about the expected timeline for recovery of the hospitality industry, indicating that a full recovery to hotel demand is predicted in 2023.

Per the redevelopment agreement, project occupancy is required within 18 months of project commencement. If the extension is approved, the projected occupancy date would be the beginning of 2023. The attached revised timeline shows a slightly more aggressive date in the fourth quarter of 2022.

Options

1. Approve the ordinance as presented.
2. Approve the ordinance with changes.
3. Deny the ordinance.

Recommendation

The redevelopment project would result in the most significant renovation this historic property has seen in over 35 years. The proposed project would return the property to its highest and best use, generate new tax revenues, bring visitors and commerce to the downtown area, and restore this iconic and historic building in

the heart of Downtown Urbana.

Staff recommends that the City Council approve the attached ordinance to extend the Project Commencement Date to July 1, 2021.

Attachment: Extension Request with Revised Timeline

TAPESTRY COLLECTION

BY HILTON™
210 S Race St Urbana IL 61801

Urbana Hilton Tapestry Collection Extension Request

Due to the unforeseen circumstances that arose with the COVID-19 pandemic and subsequent shelter in place measures by the State of Illinois, the Urbana Hilton Tapestry Collection project would like to request an extension for the commencement of the construction phase of the project. Icon Hospitality is requesting an extension of the commencement date to July 1st 2021 with a corresponding extension of the 18-month project timeline to completion. Icon Hospitality has currently contracted a reputable branding firm that created the distinctive branding for the LondonHouse Hilton in downtown Chicago. The branding firm is developing the hotel's branding story, new name, and logo. Icon Hospitality's architecture and interior design team was unable to visit the property to conduct the necessary architectural and design work during the lockdown causing a delay in the progress. This extension will allow the Icon Hospitality team to ensure that any potential spread of the virus due to individuals working inside the property is minimized.

Icon Hospitality is cognizant about opening the hotel at a time when the market is ready and able to receive it. The Property relies on large-scale meeting and event space as well as the University of Illinois Urbana-Champaign resuming substantial in-person programming. Our projections indicate that extending the Property opening will help to greatly minimize the impact of COVID-19 on the operations and financials of the Urbana Hilton Tapestry. Icon Hospitality is excited to continue its partnership with the City of Urbana in developing the Urbana Hilton Tapestry Collection. We remain committed to this hotel and the Urbana community. We intend to adapt to the changing global environment to ensure the success of the hotel.

Respectfully,



Urbana Tapestry Collection by Hilton Timeline

	Q4 2020 (Oct-Dec)	Q1 2021 (Jan-Mar)	Q2 2021 (April-June)	Q3 2021 (July-Sept)	Q4 2021 (Oct-Dec)	Q1 2022 (Jan-Mar)	Q2 2022 (April-June)	Q3 2022 (July-Sept)	Q4 2022 (Oct-Dec)
Branding	Brand Development								
Interior Design + Architecture	Design Development								
Hilton Review			Hilton Review						
Permit			Permitting						
Guestroom Mockups			Model Rooms						
Construction Phase			Construction Begins July 1st 2021						
Hiring and Staff Training								Staffing	
Final Inspections								Inspections	
Opening									Property Open Q4 2022

ORDINANCE NO. _____

**AN ORDINANCE APPROVING AN EXTENSION TO A REDEVELOPMENT
PROJECT START DATE**

(Urbana Landmark Hotel - 2020)

WHEREAS, the City of Urbana, an Illinois municipal corporation (hereinafter, the “City”), is a home rule unit of local government pursuant to Article 7, § 6 of the Illinois Constitution of 1970 and 65 ILCS 5/1-1-10; and

WHEREAS, the City Council approved a Redevelopment Agreement with Marksons Affiliates, LLC (hereinafter the “Agreement”), on July 1, 2019, to renovate and operate the Urbana Landmark Hotel as a Tapestry Collection by Hilton Properties brand; and

WHEREAS, the Agreement defined the “Project Commencement Date” as July 1, 2020; and

WHEREAS, due to the COVID-19 global pandemic and the resulting restrictions and limitations, the Project Commencement Date could not be met; and

WHEREAS, the Developer requested timely to extend the Project Commencement Date from July 1, 2020, to July 1, 2021; and

WHEREAS, the City Council, after due consideration, finds that approval of the extension request is in the best interests of the residents of the City and is desirable for the welfare of the City’s government and affairs.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE
CITY OF URBANA, ILLINOIS**, as follows:

Section 1.

The City Council approves extending the Project Commencement Date as defined and used in the Agreement from July 1, 2020, to July 1, 2021.

Section 2.

The Mayor of the City of Urbana, Illinois, shall be and is hereby authorized to execute and deliver such documents required to reflect the extension granted in Section 1, and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said documents as so authorized and approved for and on behalf of the City of Urbana, Illinois.

Section 3.

This Ordinance shall be in full force and effect from and after its passage.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSTENTIONS:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Diane Wolfe Marlin, Mayor