

# City leaders moving forward with plans to build a convention hotel downtown

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The Tulsa Police/Courts Building is adjacent to the Cox Business Convention Center (lower left) in downtown Tulsa. The BOK Center is in the background. (Daniel Shular, Tulsa World)

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If Renee McKenney has anything to say about it — and she does — downtown Tulsa will have a 650-room convention hotel by 2026.

“My hope is, by the end of ’24, we can look at getting a shovel in the ground,” said McKenney, president of Tulsa Regional Tourism.

City leaders have been talking about the need for a headquarters hotel to complement the BOK Center and Cox Business Convention Center for years, and now, with the passage of the \$814 million Improve Our Tulsa 3 capital improvements package, people like McKenney are bringing the topic back to the fore.

IOT 3 includes \$47.5 million for a new public safety center that would house Police and Fire department headquarters and free up for development the Police/Courts Building property adjacent to the Convention Center.

The city's 2019 Arena District Master Plan envisions building the hotel on that land.

McKenney never mentioned the IOT vote, the master plan or a specific location in making her case for a new headquarters hotel. Instead, she relied on a recent report commissioned by Tulsa Regional Tourism, her work experience in places like Dallas and common sense.

“Our brand, it’s a hot brand right now. People want to come to Tulsa, they want to bring their meetings and events to Tulsa. We’ve already proved how highly successful we are,” McKenney said. “From the music standpoint, from the film standpoint, we did over 1,600 live music performances last year, we did around 28 film productions last year.

“So because of that, and the brand recognition, we have conventions and meetings that want to bring their annual conventions here. And when we started looking at that, we can’t accommodate those.”

### **Loss of convention business**

According to a feasibility study conducted by Hunden Partners, since 2018 the loss of that convention business has cost the city an estimated \$186.7 million in economic impact.

The problem starts with proximity, McKenney said. According to a feasibility study, the average walkable distance for most convention goers is 3/10ths of a mile.

There are five hotels within that distance of the Convention Center: the DoubleTree, the Aloft, the Residence Inn, Hampton Inn & Suites and the Mayo.

And although those hotels have a total of 935 rooms, typically only a third or so of the rooms can be committed exclusively for convention business. Hunden Partners found that Tulsa's has a deficit of 604 walkable rooms from the Convention Center, a figure based on the size of its exhibit hall space.

The study also notes that among Tulsa's regional competitors for conventions, such as Nashville, Kansas City and Austin, the average number of walkable hotels is 14. Oklahoma City has seven.

McKenney believes Tulsa will need many more rooms within one or two blocks of the Convention Center to even get in the game of attracting larger events.

"When I talked about peak room nights ... a group that we would want would be at least 1,000 on peak," McKenney said.

Tulsans have spent or committed to spend tens of millions of dollars to upgrade and maintain the Convention and BOK centers over the last decade, including \$55 million for the Convention Center in the 2029 Vision Tulsa package, and a combined \$25 million for both facilities in this month's IOT 3 program.

McKenney said those venues are thriving despite not having enough of what a convention hotel would provide in abundance: meeting rooms. The Cox Business Convention Center has 19, compared to an average of 44 in competitive regional convention centers, according to Hunden Partners.

"When a meeting planner comes here, and we do a preconference and a post-conference meeting, the thing we hear over and over again, is that we really would have loved to have been in Tulsa, but you could not accommodate our meeting room needs, small meeting rooms, you could not accommodate our walkability," McKenney said. "And you could not accommodate our hotel blocks."

Mayor G.T. Bynum said building a downtown convention hotel would help ensure that Tulsans' investments in their entertainment and convention venues is maximized.

“And part of that means attracting major conventions,” Bynum said. “... We are eager to identify a private sector location investor who sees the opportunity in downtown Tulsa.”

### **Incentivizing development**

McKenney said she would like to have a requests for proposals or a request for qualifications issued by the end of the year. She estimated the convention hotel could cost about \$350 million.

The city would not be on the hook for that amount, McKenney said, noting that such developments are often public-private ventures.

Matthew Avila, project manager for Hunden Partners, said in an email that the cost of headquarters hotels has risen due to an increase in labor and other construction expenses.

“Because of all the amenities and other components expected of such hotels, the public sector is typically contributing 40-60% of the cost,” Avila said.

In Oklahoma City, Avila said, the city issued \$85.4 million in debt to help finance the \$241 million, 605-room Omni Oklahoma City hotel.

The debt was backed by “three tax increment financing (TIF) districts, including one newly created TIF of sales and property tax, a pledge of lease payments and loan paybacks from other assets, a match from the state on sales and hotel tax utilizing the leverage act and the taxation of the Omni at the lowest level possible,” Avila said.

Kian Kamas, executive director of Partner Tulsa, the city's economic development arm, said the city plans to work with Tulsa Regional Tourism to determine the most effective forms of public assistance.

“As with most major cities, we envision leveraging tax increment finance to support a major private investment of this nature, and will evaluate other incentive structures as we understand opportunities and specific proposals,” Kamas said.

TIFs are a development tool used by government entities to incentivize development. Typically, sales or property taxes — sometimes both — are frozen and future tax collections beyond that baseline are poured back into the project and used to fund city improvements.

McKenney said building a convention hotel makes good economic sense for more than hoteliers. City attractions, restaurants and other businesses would also benefit from having more people in town spending their money, she said.

“For every dollar spent, the way you want to look at the formula is that it brings in three times as much back, three times as much back to our economy,” McKenney said.

Last but definitely not least for McKenney, who in her previous job helped push for the creation and opening of the Omni Dallas Hotel in 2011, is the vibrancy she’s certain a large convention hotel would create in and around the Convention and BOK centers and beyond.

“If you have a convention at the Cox Convention Center. When you walk out, you’ve got Aloft and Doubletree right there. But what do you see? You don’t see a restaurant, retail or a beautiful space to hang out, you don’t see any of that right there.” McKenney said.

“This is the anchor of how you create that vibe, just that vitality in the downtown core.

“... When you want to walk out, you want to see people. A gathering place is a great way to put that — there isn’t an area where people are meeting in the lobby for a cup of coffee. And that happens in all of our competitive set. So my first step on this, and our hope, is that we create awareness of how important it is and what it will do to transform downtown.”