

January 18, 2018

REQUEST FOR PROPOSALS
Issued by the Delta Urban Renewal Authority

Overview

With this Request for Proposals (“**RFP**”) the Delta Urban Renewal Authority (“**DURA**”) is soliciting proposals for hotel development at a prime site. The City of Delta (“**Delta**”), population 8,779, is located in Western Colorado and serves as the County Seat of Delta County – population 30,214. Delta is located 30 miles south of Grand Junction (population 60,000) and 20 miles north of Montrose (population 19,000).

In light of the recent approval of the Delta Downtown Urban Renewal Plan (2017), which includes the site, tax increment financing may be available and requested as part of the RFP.

The proposed hotel site is located immediately east of Main Street (Highway 50), along the south side of the Gunnison River, just north of Delta’s historic downtown and is within walking distance to a number of amenities – the Bill Heddles Recreation Center, City Market Grocery Store, Delta Family Fun Park, and numerous restaurants, bars and stores. The subject site provides excellent access and visibility from Highway 50, the primary corridor into and out of Delta County, and has a WalkScore of 80 (out of 100) – deeming it “very walkable.”

The proposed project is a 70-room upper midscale hotel placed along the Gunnison River as part of a 2-mile riverfront improvement project. The subject site has average daily traffic counts of approximately 15,000 and is zoned B-3, which allows for hotels as a conditional use.

The parcel containing the site consists of approximately 9.4 acres known as the TK Mining parcel. The site contains significant frontage along Main Street (Highway 50) as well as good visibility along Highway 92 as it enters the town east of the proposed site. The current owner is Gunnison River Group LLC.

Currently, there are no upper midscale hotels in Delta. The primary competition (Comp Set) for the subject hotel project include the three economy hotels in Delta – Quality Inn, Days Inn, and Rodeway Inn – and the two upper midscale hotels in Montrose (20 miles south) – Holiday Inn Express (122 rooms) and Hampton Inn and Suites (64 rooms). Since 2012¹, occupancy has climbed by an average of 3.5% per year and average daily rates (ADR) have increased 1.5% per year within this Comp Set. Current blended occupancy for the Comp Set is 66% and ADR is \$91.68. The blended ADR for the two upper midscale hotels in Montrose is \$116.

DURA is soliciting proposals from developers to implement a plan for hotel development of the site consistent with land use standards set forth in the City of Delta City Code and the policies and provisions of the City of Delta Comprehensive Plan (2008) and the Delta Downtown Urban Renewal Plan (2017).

¹ Occupancy and ADR figures come from Smith Travel Research.

Additionally, DURA hereby formally invites all property owners, residents and owners of business concerns within the TK Mining parcel to submit proposals to redevelop or rehabilitate the TK Mining parcel. This notice and invitation is being delivered pursuant to C.R.S. § 31-25-105.5(2)(a)(II). A map of the proposed hotel development site (the “**Project Area**”) within the TK Mining parcel is attached as **Schedule A**.

All parties will have until 5:00 p.m. M.T. on March 6, 2018 within which to submit a proposal to redevelop or rehabilitate the Project Area. DURA is not obligated to accept any submitted proposal but will evaluate any timely submitted proposal and consider its merits based on the stated goals of DURA to encourage the redevelopment or rehabilitation of blighted areas in Delta and the specific goals and objectives of the Delta Downtown Urban Renewal Plan (2017), as it may be amended from time to time.

Area Overview

Delta County, situated in the central-western area of the state, has multiple National Parks, Conservation Areas and Forests nearby. The County is home to beautiful mountains, Canyonlands, the Grand Mesa and other scenic places. The City of Delta is strategically located at the confluence of the Uncompahgre and Gunnison Rivers. In addition to the rivers, the surrounding area has much to offer, including: the Grand Mesa National Forest, two National Conservation Area, trails, campsites, gold medal fishing, hunting areas, beautiful scenery and many more possibilities for outdoor recreation. All of these attractions are an asset for the tourism industry as they serve to attract people to the area.

The City of Delta is the county seat and commercial hub of Delta County and is the most populated community in the County. Delta’s location is within a 45-minute drive of Grand Junction’s relatively large market.

Development Plan

Development in this prime area should preserve and enhance the Delta community by providing services that improve quality of life.

The proposed project is an approximately 70-room upper midscale hotel placed along the Gunnison River as part of a planned 2-mile riverfront improvement project that has been included in the City’s strategic and general plans. The proposed hotel should be at least a limited service facility that competes in upper-midscale range rate tiers. The facility should be associated with a nationally recognized franchise affiliation with a robust membership loyalty program to assist in providing market awareness of the project and guest benefits to travelers visiting the area.

Delta currently has a limited supply of meeting space. The proposed hotel development would ideally include a conference center that is owned and operated by the hotel operator and integrated into the hotel. DURA’s preference would have the project include a conference center comprised of approximately 2,500 sq. ft. to 3,000 sq. ft. of meeting space sufficient to accommodate 150-200 people.

Process Summary and Schedule

DURA is using this RFP process as a means to select one or more qualified developers to undertake hotel development of the site. Please note that developer refers to any developer, business, joint venture or other enterprise interested in hotel development of the site. The DURA Board will select from among the RFP respondents a list of preferred developers, followed by in-person interviews and site tours with local representatives, if necessary. It is DURA's intention to enter into exclusive negotiations with the selected developer by the Spring of 2018.

DURA reserves the right, at its discretion, to: 1) reject any and all proposals, 2) enter into project discussions with one or multiple respondents, 3) extend the response deadline for the RFP, or 4) re-issue the RFP.

Submission Requirements

A. Overview

Developers shall submit the proposal no later than 5:00 p.m. M.T. on March 6, 2018. Proposals must be marked "Response to Request for Proposals for Development of DURA Hotel Site". Proposals must be submitted electronically to:

David Torgler, DURA Executive Director, david@cityofdeltanet
Copy to: Jolene Nelson, DURA Secretary, jolene@cityofdeltanet

Developers must submit comprehensive proposals to receive consideration. Proposals should provide a straightforward, concise description of Developer's proposal. All documentation submitted with the proposal shall be included in a single bound volume (with the exception of oversized documents which may be attached as exhibits).

Developers must provide the information outlined in section (B) Information Requested, below. All sections are to be addressed completely. Developers are not to leave any blanks where information is requested; instead, developers should indicate "none" or "not applicable" as appropriate. The information required in the proposal shall be tabbed and numbered in accordance with sections below.

Developers agree to allow the DURA Board, its staff and consultants, to contact the references listed and any entity reference in any response to any question in this RFP. The DURA Board further reserves the right to contact any individual or entity whatsoever or whatsoever in performing its due diligence after Developers' proposals have been received.

Developers warrant that all responses contained in its proposal are true, accurate, and complete. Developers acknowledge that the DURA Board is relying on the truth and accuracy of the responses. If it is later discovered that any information given in the proposal was false, then it may result in the developer's elimination from consideration.

The proposal, its completion by developer, and its use by the DURA Board shall not result in any liability on the part of DURA, its management and/or its agents to developer's organization or any third party.

B. Information Requested

1. Development Plan

- a. Narrative and graphic description of the proposed project and its components, including square footage, development program, number of parking spaces and any other project details.
- b. Preliminary conceptual site plan at 1" = 50' or 100' scale or equivalent metric scale illustrating all elements proposed in the project. This site plan shall provide 11" x 17" or 8.5" x 11" reductions of the site plan as part of the response.
- c. Renderings or concept plans illustrating the project's design intent, e.g., character, scale, height, context, materials, and finishes.
- d. Estimated schedule for the proposed development which addresses all phases, including acquisition, annexation/zoning, design, construction, project opening, etc.
- e. Describe infrastructure improvements, including but not limited, to Gunnison Drive extension and connection to existing signalized intersection, stormwater system improvements, and water and wastewater improvements (initial estimate is approximately \$830,000).
- f. A narrative description of the vision and rationale for the project, including evidence of market support, target markets, cost and quality level, market information, marketing plans, and the number of jobs created or employment projection, as applicable.
- g. Describe how the proposed hotel flag will reduce leakage and compete effectively with upper midscale hotels with robust membership loyalty programs located in Montrose and Grand Junction.

2. Development Entity

- a. Describe the development entity. This entity must be the same legal entity that will carry out the hotel development of the site. The DURA Board reserves the right to review the qualifications of and approve or reject any substitute legal entity proposed by the developer during the RFP process or subsequent negotiations for the purchase and development of the site.
- b. Name, title, street address, phone and e-mail address of developer's authorized point of contact concerning this submittal.
- c. Name, title, street address, phone and e-mail address of developer's authorized to sign binding commitments for the developer if different from 2.B.
- d. Number of years entity has been in business. Number of years members of entity or related entities which will be involved with this proposed project have been in business.
- e. Identify the contractual relationship among multiple developers, if applicable.

- f. Identify the known team members; e.g., architects, engineers, contractors, legal representatives, real estate brokers/marketing representatives, and retail consultants. Provide resumes and references for each key team member.

3. Experience

- a. Describe the entity's relevant project experience and success with projects similar to that contemplated in this RFP. The DURA Board, at its discretion, may visit these sites as part of the evaluation process.
 - i. Provide brief project summaries, including the role of the development entity and its team members, history of each project, any unique challenges of the projects, descriptions and concept, brochures, photographs or renderings, site plans, and development costs. Discuss the project schedules and whether projects were on schedule and within budget.
 - ii. Highlight projects that have been catalytic and attracted follow-on private sector development activity in the immediately adjacent properties and surrounding areas.
 - iii. Discuss familiarity and general awareness of developing and operating hotels in western Colorado.
 - iv. Describe entity's experience in property management and operation of facilities similar to that contemplated in this proposal.
 - v. Provide references and contact information for persons familiar with the development entity and its activities. These are in addition to financial references, and you may include public officials you have worked with, community leaders, major tenants in past projects, etc.

4. Financial Information

- a. Describe your proposed development budget. Include details for an estimated construction budget. The budget must include line items exhibiting land acquisition costs, site costs, construction costs (hard and soft), financing costs, contingency and any fees to be paid to the development entity, to a related party, etc.
- b. If tax increment financing ("TIF") is requested as part of the development budget, explain in narrative form, the "but for" case (i.e., why won't this project get constructed absent TIF support?)
- c. Describe any other financing components contemplated (e.g., metropolitan district, public improvement fee, etc.)
- d. Provide your method for raising equity and debt to finance the project and anticipated timeline.
- e. Provide a project pro forma at a minimum three operating years showing gross potential income, expenses, net operating income, and annual debt service (if taking on any debt). Should include, at minimum, project revenues, project costs, financing, equity investment, land cost, and internal rate of return or other measurement of return (state whether levered or unlevered). If TIF support is requested, provide project pro forma with and without TIF to demonstrate internal rate of return or other appropriate measurement of return and gap analysis.

- f. Describe your method and assumptions used for deriving the land value for the project included in the pro-forma.
- g. Fiscal impact of the project, including estimated property tax, sales tax and lodging tax to be generated by the project on an annual basis at build out. Please include estimated number of jobs to be created.
- h. Describe any public assistance requested, financial or otherwise.

C. Project Contact

The RFP and all supporting materials, including any questions about the information contained in the RFP and any addenda that may be issued, can be requested by contacting the DURA representative below:

Adam Hughes, CEO, Better City consultants, 801-332-9006, adam@bettercity.us.

Questions regarding the RFP will be submitted in writing via email to the DURA representative listed above so that questions may be responded to and circulated by Addenda or uploaded to the City website for all interested parties. The deadline for questions is 5:00 p.m., February 27, 2018.

RFP Evaluation

The following guidelines, in no particular order of importance, will be used by the DURA Board to evaluate the RFP responses:

1. The overall responsiveness of the RFP response to the stated goals and objectives of the DURA's desired Development Plan noted above.
2. The development team's proven experience in successfully raising financing, developing, and operating nationally-recognized hotel franchises in the upper midscale hotel segment with robust member loyalty programs of a similar scope and scale.
3. The financial viability, fiscal impact, catalytic nature, and public assistance being requested of the proposed project.
4. Familiarity and general market awareness of developing and operating hotels in western Colorado.
5. Financial capacity and ability to dedicate appropriate resources to execute the project in a desired timeline to undertake the project.
6. Overall quality and experience of the development team.
7. The degree to which the RFP response will accomplish the goals of the Delta Downtown Urban Renewal Plan (2017), and eliminate and prevent blighted conditions within the Plan area.