

RESOLUTION NO. 042516-5

**A RESOLUTION AUTHORIZING FUNDS FOR A HOTEL AND CONFERENCE CENTER
FEASIBILITY STUDY**

WHEREAS, the governing body has determined that it is a priority to support the tourism industry and that a hotel and conference center may be necessary to further efforts made in this area; and

WHEREAS, the City has solicited Request for Proposals from qualified companies and has identified a qualified and responsive company to complete the Feasibility Study to determine the feasibility of a hotel and conference center in Abilene.

NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

SECTION ONE. Appropriation. The City Commission hereby authorizes up to \$12,000 from the 2016 Budget to fund the acquisition of a Feasibility Study with such funds being appropriated from funds in the General Fund set aside for economic development purposes.

SECTION TWO. Effective Date. That the effects of this Resolution shall be in full force after its approval by the City Commission.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 25th day of April, 2016.



CITY OF ABILENE, KANSAS

By: 
S. Dee Marshall, Mayor

ATTEST:


Penny Soukup, CMC
City Clerk

CBRE, Inc.
Valuation & Advisory Services
3280 Peachtree Road NE
Suite 1400
Atlanta, GA 30305

CBRE Hotels

*Response to Request for Proposals
Hotel/Conference Center Feasibility Study
City of Abilene, Kansas*

April 14, 2016

April 14, 2016

Mr. David Dillner
City Manager
City of Abilene, Kansas
(785) 263-2550
citymgr@abilenecityhall.com

Dear Mr. Dillner:

On behalf of CBRE Hotels, we appreciate receiving your Request for Proposals ("RFP") in connection with a feasibility study for a proposed hotel and conference center (herein referred to as the "the Project") to be located in the City of Abilene, Kansas (herein referred to as "the City").

According to the RFP, in 2008 the City commissioned a Market and Financial Feasibility Study to determine the demand for mid-priced branded lodging in Abilene. The study indicated that midscale lodging in Abilene is feasible subject to the limitations and contingencies presented in the study. Critical success factors included the inclusion of a conference center, equity level, regional marketing, tourism and promotion, and maintaining a favorable average daily room rate. We understand that the City desires to update the information and assumptions contained in this study to evaluate the ability of the Abilene market to support another hotel and a conference center.

This proposal sets forth our approach to completing the feasibility study, our qualifications to perform the work, and an outline of the proposed costs and timeline to complete the work. We are confident of our ability to perform this assignment based on our experience with hotel and conference center development as well as our knowledge of the local, state, regional and national lodging and meeting markets. We appreciate the opportunity to submit this proposal and look forward to assisting you.

A. Company Profile and Project Personnel

Organization Name: CBRE Hotels
Business Address: 3280 Peachtree Road, Suite 1400
Atlanta, GA 30305
Contact Person: Caroline Kariberg, Director
caroline.kariberg@cbre.com | 404.512.5107

CBRE Hotels is a division of the CBRE Group, Inc. (NYSE:CBG), the largest full service, real estate and investment organization in the World with more than 70,000 employees located in more than 400 offices worldwide. CBRE Hotels operates as an existing specialized advisory group within CBRE and provides hospitality and real estate industry professionals with a global practice and one-stop shop of

unparalleled, global and fully integrated real estate services and products. CBRE Hotels is comprised of over 375 dedicated hospitality professionals located in more than 60 offices across the globe. CBRE Hotels is a specialized advisory group within CBRE and consists of three integrated hospitality-focused divisions including valuation and advisory services, brokerage and capital markets, and research. More background and information on our Firm can be obtained from our web site at www.cbrehotels.com.

The names and positions of personnel who will be conducting the field work, analyses, and production of the report are as follows.

Project Manager: Caroline Karlberg, Director
Project Advisors: Scott Smith, Managing Director
Mark Woodworth, Senior Managing Director

The qualifications of the above professionals are included in the final pages of this proposal. No sub-consultants will be used on this assignment.

B. Relevant Hotel and Convention/Conference Center Projects

The below sample of projects represents a selection of engagements with which CBRE Hotels has been involved:

- **Georgia Tech Foundation:** Market study and financial projections relating to the proposed development of a hotel with an attendant Executive Conference Center and Continuing Education Center proximate to the campus of the Georgia Institute of Technology in Atlanta, Georgia.
- **City of Douglasville, GA:** Market study and appraisal for a proposed 246-room Sheraton Hotel to be developed adjacent to the planned convention center in Douglasville, Georgia.
- **Proposed Hotel and Expansion to the Classic Center, Athens, GA:** Market study, financial analysis and Request for Proposal process. City ultimately decided to work with a private sector developer to affect the development of a hotel adjacent to the Classic Center.
- **City of Alpharetta, GA:** Market study, financial analysis, capital construction analysis, and economic impact analysis for a proposed Conference Center to be developed by the City. City ultimately decided to work with a private sector developer to affect the development of a hotel adjacent to the proposed Center.
- **City of Dickinson, Texas:** Completed a site selection, market study and economic impact analysis for a proposed full-service hotel and conference center to serve the Bay Area in Houston, Texas. The study was completed in conjunction with Garfield Traub who was engaged as the Project Manager / Developer for the project.

- **Johnson Development Corp., c/o City of Sugar Land, TX:** Completed a market study and financial gap analysis for a proposed hotel and conference center at the historic Imperial Sugar plant site in Sugar Land, Texas. Also provided assistance in identifying potential developers/management companies for the project.
- **Texas A&M University:** Completed a site selection, market study and financial gap analysis for a full-service hotel and conference center adjacent to Texas A&M University in College Station, Texas.
- **City of Natchitoches, LA:** Completed a market study and financial gap analysis for a hotel to be located adjacent to the existing Natchitoches Conference Center. Also, managed an RFQ process for the City to identify a potential developer for the hotel project.
- **City of Victoria, TX:** Completed a site selection, market study, financial gap analysis and economic impact study for a hotel and conference center in Victoria, Texas. Also, identified three potential developers for the project.
- **Evergreen Resort and Conference Center:** Analysis of the potential to expand the guest rooms and meeting facilities at Evergreen Resort and Conference Center at Stone Mountain Park in Stone Mountain, Georgia. PKF Consulting managed the initial project work for the Stone Mountain Memorial Association when the facility concept was initially conceived in the mid-1980's.
- **City of Los Angeles and LA, Inc. (The Convention & Visitors Bureau):** Feasibility analysis of a headquarters hotel and sports and entertainment complex to be located adjacent to the Los Angeles Convention Center and Staples Center Arena, analysis of the best practices related to the booking of conventions, ongoing analysis of pickup from conventions held.
- **City of Newnan, GA:** Market study and financial analysis of a free-standing conference center within a mixed use development with hotel, office and retail uses. The assignment involved demand analysis and projection of revenues and cash flows.
- **City of Murfreesboro, TN:** Market study, financial analysis, development and distribution of a Request for Qualifications and Request for Proposals, negotiation of development and management agreements with John Q. Hammons Hotels and Resorts (the winning bidder).
- **Downtown Waco, Inc. / City of Waco, TX:** Market study for a hotel in downtown Waco. Issued requests for hotel developer qualifications/proposals and evaluated responses to RFP.
- **The Woodlands Township, The Woodlands, TX:** Market study for a 360-room Marriott hotel and adjacent 150,000-square foot convention center on The Woodlands Waterway. Conducted an economic impact study for the entire project. Represented the Township in contract negotiations with the designated developer. Involved development agreement, lease agreement, booking policy and room block policy. The hotel is open.

C. Scope of Work and Approach

Principal objectives of our work include the determination of current and potential lodging demand in the market area, the assessment of existing and potential hotel and meeting space supply, the estimation of the share of the market that could reasonably be attained by the proposed Project, and the projection of potential cash flows from operations available to service debt and provide a return on invested capital.

Prior to commencing our work on the study, we will meet with you and/or your associates, as appropriate, to discuss the overall Project in detail. Following this meeting, our work plan for the study will be as follows.

- **Evaluation of Site(s) and Surrounding Area:** In this part of the study, we will inspect and evaluate the potential sites to assess their opportunities and constraints for development of the proposed Project. Some of the factors we will analyze include vehicular and pedestrian access; availability of parking; visibility from principal access routes; access from local/regional airports; ambiance of the surrounding neighborhood; current land uses in the vicinity; topography of the site and immediate vicinity; relationship to area demand generators; relationship to area amenities such as restaurants and shopping; relationship to commercial core; contribution cost; and advantages/disadvantages of each site versus the alternative sites. Based on this analysis, we will make recommendations to the optimal site for the Project.
- **Market Area Review and Analysis:** We will gather and analyze relevant economic data regarding the Greater Abilene area to determine whether the overall economic environment in the area appears to be suitable for the proposed Project. We will examine correlations between key economic factors and the demand for lodging/meeting space and will utilize any available forecasts of these indicators in our evaluation of potential demand. We will perform primary market research in the area, consisting of interviews with key demand generators, inspection and evaluation of competition and discussions with people familiar with development patterns and the local and regional meeting and lodging markets. Those with whom we will conduct such interviews include, but are not limited to, the local convention and visitor's bureau, economic development department, chamber of commerce, government officials, business leaders, and owners/managers of potentially competitive lodging and meeting facilities.

We will also conduct an evaluation of the conference and convention business that has historically met in the City Abilene, the attractiveness of the City as a tourism and meeting destination, and the competitive advantages and disadvantages of the Project concept. This will also entail an overview

and definition of relative market segments. As part of this work step, we will analyze historical data and review projected convention/group bookings.

- **Demand Growth Estimates:** We will develop a census of competitive meeting and lodging facilities for the proposed Project. We will evaluate the performance of these facilities in the immediate area and within the determined competitive set, which may be local, county-wide, or regional. This census will include the following factors:
 - Name
 - Location
 - Average Room Rate and Occupancy (reported in the ranges and in aggregate)
 - Five year trend analysis
 - Market mix of guests
 - Type and size of food, beverage, and meeting facilities and amenities
 - Convention/Conference Center facility

We will identify any rumored or proposed projects in the area that might be considered competition for the proposed Project. We will analyze historical economic growth in the area and the characteristics of each of the principal segments of demand including commercial travelers, tourists, group meetings, and any other identifiable sources of demand. Then, using the information gathered in our research, we will estimate growth in demand for each market segment and project demand for each of the next five to ten years, expressed in room nights.

- **Facilities Recommendations and Operational Strategy:** Based on the nature and kind of requirements associated with the identified potential users of the Project, we will make recommendations relating to the:
 - Number and mix of guest rooms and suites;
 - Room configuration;
 - Food and beverage concept;
 - Banquet and meeting space requirements (including number of rooms and size);
 - Other required facilities and amenities;
 - Service levels required; and
 - Advantages and disadvantages of various hotel branding options.
- **Market Share Estimates:** The focus here will be on estimated demand for the proposed Project. Upon completion of the estimate of market area supply and demand, we will determine the share of the market that the proposed facility should reasonably be expected to capture for the property's first five years of operation. Our analysis will include an estimate of the demand that could be induced, if any, through the development of the Subject property.

This includes an analysis of underserved markets and/or opportunities that can be targeted with a new hotel and conference center. Based upon an analysis of the sources of demand available to the Subject property and its estimated competitive position, we will estimate the average daily room rate that could potentially be achieved in a representative year, in current value dollars, and over the first five years of operation of the Project.

- **Financial Analysis:** Based upon the analysis of market demand and the estimated utilization of the Project, we will project revenues and operating expenses for the hotel and conference center for its first ten years of operation. Our prospective financial analysis will be in sufficient detail to reflect the major revenue and expense categories. These estimates will result in a "bottom line" of net operating income available for debt service after management fees and reserves for replacement of fixed assets but before interest, depreciation, amortization and income taxes. All of our financial analyses are prepared in accordance with the Uniform System of Accounts for the Lodging Industry.

We shall prepare these estimates by department base on the historical operating performance of comparable facilities. CBRE Hotels annually publishes Trends in the Hotel Industry, a statistical analysis of operating statements of over 7,000 hotel properties. CBRE Hotels is the only consulting firm with access to the actual, unaggregated financial statements of comparable hotels. This database will be utilized in preparing financial statements for the proposed facility.

- **Final Report:** We will prepare a full narrative report that will describe the market analysis and our findings and conclusions regarding the future operating potential of the proposed Project. The report will be prepared in its final form upon receipt and resolution of any review comments that you might have. This report will be suitable for both your internal use as well as for presentation to potential hotel developers, lending institutions, management companies and franchises that may be interested in participating in the Project.

D. Proposed Cost and Timeline

Our fees are commensurate with services rendered and are based on time expended by our professionals, charged at our normal billing rates, and are not in any way contingent upon the results of our work. Based on our understanding of the scope of this engagement, we estimate our professional fees to be \$18,000. Out-of-pocket expenses for such items as travel, STR trend data, or other such ordinary and necessary reimbursable incidentals will be billed in addition to the fees. These expenses will be itemized and billed at cost. As it is customary in assignments of this nature, we require a retainer of 60 percent of the total project fee in order to begin our work, or \$10,800. A final invoice for the balance of our fees plus all expenses

incurred will be presented and will be payable upon delivery of a draft of our proposed final report.

Based on our present scheduling, we can commit to commence the engagement within approximately two weeks of receiving your authorization to proceed. Barring unforeseen circumstances, we envision completing our study three to four weeks thereafter.

Our report will be subject to our standard Terms and Conditions, which can be provided upon request.

E. Approval and Acceptance

If this proposal correctly states the nature of the work to be undertaken and the arrangements are satisfactory, please sign a copy of this letter and return it to us as our authorization to commence the assignment. We appreciate the opportunity to submit this proposal and we look forward to working with you on this very interesting assignment.

Yours sincerely,
CBRE Hotels

Caroline Karlberg

Caroline Karlberg
Director
caroline.karlberg@cbre.com | 404.512.5107

Approved and Accepted:

By: *David B. Shuller*

Title: *City Manager*

Date: *4/26/16*

Res No. 042516-5

QUALIFICATIONS OF CAROLINE KARLBERG

PROFESSIONAL HISTORY

<i>Present</i>	Director, CBRE Hotels Atlanta, Georgia
<i>Prior</i>	Analyst, Goldman Sachs New York, New York

AREAS OF EXPERTISE

Economic, financial, operational and valuation consulting for the hospitality, lodging, real estate, and tourism industries.

Market and financial feasibility studies, portfolio valuations, appraisals and business valuations, strategic research assignments, repositioning and operational analyses, conference center advisory services and litigation support services.

REPRESENTATIVE PROJECTS

Over 200 assignments conducted involving lodging facilities of all types and tiers: hotels, motels, resorts, golf courses, indoor water parks, conference centers, restaurants, and mixed-use developments.

Market studies, acquisition studies, appraisals, and development planning of hospitality assets valued at more than \$5 billion.

Preparation of market analyses and cash flow estimates for existing and proposed hospitality assets.

Preparation, administration and analysis of online meeting planner and local business leader surveys.

EDUCATION

Florida International University
Miami, Florida
Master of Science in Hospitality Management

Bucknell University
Lewisburg, Pennsylvania
Bachelor of Science in Business Management

PROFESSIONAL MEMBERSHIPS

- Member, Atlanta Hospitality Alliance
- Member, Georgia Women in Lodging
- Member, American Hotel and Lodging Association
- Member, Georgia Hotel and Lodging Association
- Vice President Atlanta Chapter, Bucknell University Alumni Association

QUALIFICATIONS OF SCOTT D. SMITH, MAI

PROFESSIONAL HISTORY

<i>Present</i>	Managing Director, CBRE Hotels Atlanta, Georgia
<i>Prior</i>	Senior Appraiser, Cushman and Wakefield of Georgia (Atlanta, Georgia) Vice-President, First Interstate Bank (San Diego, California) Senior Consultant, PKF Consulting (San Diego, California) Consultant, Laventhol and Horwath (Los Angeles, California)

AREAS OF EXPERTISE

Economic, financial, operational and valuation consulting for the real estate, hospitality and related service industries.

REPRESENTATIVE PROJECTS

Numerous market and economic feasibility studies for hotels, motor hotels, and resorts in the United States and Caribbean.

Acquisition studies and development planning for numerous hotels and resorts.

Appraisal of the market value of all types of income producing properties including: hotels, office buildings, golf courses, mixed-use and retail developments.

Preparation of master plan studies for the development of multiuse real estate projects in the Southeast. These studies include highest and best use analyses for the proposed site, market and financial feasibility analyses, economic valuations and development of the management structure for project implementation.

Development of reorganization plans and expert testimony in court for bankruptcy proceedings associated with all types of hotels.

Preparation of cash flow and return on investment calculations for proposed, operating and distressed hotels, resorts, fractional interest and luxury residential developments.

Appraisal of the market value of large real estate portfolios.

EDUCATION

University of Tennessee
Knoxville, Tennessee
B. S. Degree, Business Administration

Various courses and seminars related to real estate valuation issues and topics, leading to MAI designation, and to satisfy continuing education requirements. Currently certified by the Appraisal Institute under its continuing professional education program.

PROFESSIONAL MEMBERSHIPS

- Member of the Appraisal Institute
- Certified General Appraiser in the following states: Georgia, Florida, North Carolina, Alabama, Texas, Louisiana, and Indiana.

RESUME OF R. MARK WOODWORTH

Mr. Woodworth is Senior Managing Director of CBRE Hotels | Americas Research. Mr. Woodworth has over 30 years of hospitality industry experience in both a consulting and hands-on operational capacity. Mr. Woodworth is based in the Atlanta office of CBRE Hotels.

Before joining CBRE Hotels, formerly PKF Consulting, Mr. Woodworth was a Partner and Industry Chairman of the Hospitality Industry Consulting practice for Coopers & Lybrand L.L.P., and specialized in the lodging industry. Prior to that, he was a Senior Principal with Laventhol & Horwath where he focused on the hospitality industry and was responsible for all lodging and real estate consulting services in the southeastern United States.

Mr. Woodworth has managed and conducted consulting assignments, involving both the public and private sectors, throughout the U.S. He has worked for the industry's leading lenders, developers, chains and management companies and has dealt with all aspects of operations, development and financing. Mr. Woodworth has been qualified as an expert and has testified in litigation and/or bankruptcy matters in New York, Georgia, Alabama, South Carolina, Kentucky and Texas regarding hospitality properties.

Mr. Woodworth has been quoted on hospitality issues in such noted publications as The Wall Street Journal, The New York Times, The Los Angeles Times, The Washington Post, Barron's, USA Today, The Financial Times and numerous industry publications. Furthermore, Mr. Woodworth is a frequent speaker at industry conferences and a lecturer at Cornell University and Georgia State University, among others. He serves on the Board of Directors of the Atlanta Convention & Visitors Bureau, the Finance Committee of the United Way of Metropolitan Atlanta, the DeKalb County Convention Center Authority, the Georgia Chapter of the Cornell Hotel Society and recently completed two terms on the Cornell University Council, an advisory group appointed by the University Board of Trustees. He also recently completed a three-year term on the Board of Advisors for the Center for Hospitality Research at Cornell University.

Mr. Woodworth holds both a B.S. and Master's Degree from Cornell University's School of Hotel Administration. He also serves on the faculty of the Center for Professional Development at Cornell, where he continues to guest lecture.