

# CITY OF RICHLAND CENTER - AGENDA ITEM DATA SHEET

**Agenda Item:** Report on Hotel Request for Proposal

**Requested & Presented by:** Jasen Glasbrenner

**Committee Review Meeting Date:** Finance Committee on 03-04-2025

**Background:** During the December 3, 2024 Council Meeting, a motion was passed approving the execution of a Hotel RFP process for the city owned Orange St site. An RFP was published on December 19<sup>th</sup>, 2024 with a closing date of February 28<sup>th</sup>, 2025.

<b>Directly Contacted:</b>	<ul style="list-style-type: none"> <li>● JCAP Real Estate</li> <li>● Cobblestone Hotels</li> <li>● NCG Hospitality</li> </ul>	<ul style="list-style-type: none"> <li>● Choice Hotels</li> <li>● Kaul Enterprises</li> <li>● Market Pointe (GrandStay)</li> </ul>	<ul style="list-style-type: none"> <li>● Wyndham Hotels &amp; Resorts</li> <li>● Badger Hotel Development</li> </ul>
<b>Communicated With:</b>	<ul style="list-style-type: none"> <li>● Choice Hotels</li> <li>● JCAP Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>● Cobblestone Hotels</li> <li>● Wyndham Hotels &amp; Resorts</li> </ul>	<ul style="list-style-type: none"> <li>● Market Pointe (GrandStay)</li> </ul>
<b>Submissions Rec'd:</b>	<ul style="list-style-type: none"> <li>● Cobblestone Hotels</li> <li>● Possible late submissions: Wyndham Hotels &amp; Resorts (Americinn) &amp; PHP Development</li> </ul>	<ul style="list-style-type: none"> <li>● Market Pointe (GrandStay)</li> </ul>	

## Preliminary Quick Comparison of Proposals Received

	<u>Cobblestone</u>	<u>Market Pointe (GrandStay)</u>
<b>Key Data:</b>	<ul style="list-style-type: none"> <li>● Regional franchise with approximately 170 hotels in operation or under construction.</li> <li>● Proposed 54 rooms</li> <li>● With beer &amp; wine bar, meeting rooms, pool, and fitness center</li> <li>● Approximate 12-Month Build</li> </ul>	<ul style="list-style-type: none"> <li>● Regional franchise with approximately 30 hotels in operation or under construction.</li> <li>● Proposed 48-54 rooms</li> <li>● With beer &amp; wine bar, meeting rooms, pool, and fitness center</li> <li>● Approximate 12-Month Build</li> </ul>
<b>Project Cost</b>	<ul style="list-style-type: none"> <li>● \$10.47M</li> <li>● Approximately \$194K per room</li> </ul>	<ul style="list-style-type: none"> <li>● \$9.83M</li> <li>● Approximately \$189K per room</li> </ul>
<b>Development Incentive</b>	<ul style="list-style-type: none"> <li>● Requested TID creation</li> <li>● Requested for \$1.4M in TIF assistance</li> <li>● Requested a reduction in the cost of land</li> </ul>	<ul style="list-style-type: none"> <li>● No request provided.</li> <li>● Anticipate receiving a request for TID assistance and reduced land cost but amount unknown</li> </ul>
<b>Financial Proforma</b>	<ul style="list-style-type: none"> <li>● Will not discuss proforma citing franchise law</li> <li>● Some proforma information has been provided by Core Distinction at the City's expense.</li> </ul>	<ul style="list-style-type: none"> <li>● Provided rough estimate based on other builds.                             <ul style="list-style-type: none"> <li>○ An RC specific proforma is needed.</li> </ul> </li> </ul>
<b>Ownership Structure</b>	<ul style="list-style-type: none"> <li>● Will secure investors who will be the principal owners</li> </ul>	<ul style="list-style-type: none"> <li>● Will be the principal owners but will also seek local investors</li> </ul>
<b>Summary</b>	<ul style="list-style-type: none"> <li>● Neither franchise is a nationally recognized brand, but Cobblestone has a larger regional presence.</li> <li>● Proforma and ROI concerns:                             <ul style="list-style-type: none"> <li>○ Cobblestone will not have substantive proforma related discussions</li> <li>○ GrandStay requires the execution of a predevelopment agreement prior to completing a proforma.</li> <li>○ Without in depth discussions and a clear understanding of the proforma, we cannot ascertain if the developer would be unduly enriched.</li> </ul> </li> <li>● A WEDC CDI grant cannot be <i>guaranteed</i> as a funding mechanism for the project.</li> </ul>	
<b>Next Steps</b>	<ol style="list-style-type: none"> <li>1. Determine if late proposals are to be accepted.</li> <li>2. Complete reference checks with consultants and municipalities.</li> <li>3. Tour recent builds of each franchise.</li> <li>4. Invite proposers to present to the Common Council <u>or</u> select one franchise to exclusively pursue.</li> <li>5. Select a franchise and execute a development agreement.</li> </ol>	