

REQUEST FOR QUALIFICATIONS AND PROPOSALS

Development of a Hotel Conference Center
Fredericksburg, Texas



Issue Date: *February 22, 2022*

Proposal Due Date: *April 22, 2022*

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1. INTRODUCTION AND SUMMARY

The City of Fredericksburg, Texas (“City”) invites written proposals for the development, financing, design, construction, and operation of a Hotel Conference Center in Fredericksburg, Texas. To attract new meeting and group business to Fredericksburg, the City seeks the development of a conference center (“Conference Center”) and an upscale hotel (“Hotel”) through a public-private partnership.

Proposals are solicited in accordance with the terms, conditions, and instructions as set forth in this Request for Qualifications and Proposals (“RFP”).

The deadline for submitting the response to this RFP is 5pm (CST). (If mailed, the proposal must be received by the City by April 22, 2022.)

Proposals will be time stamped in and should be sent to:

Kent Myers, City Manager
Fredericksburg City Hall
126 West Main Street
Fredericksburg, Texas, 78624

Late proposals will not be accepted. Faxed or emailed proposals will not be accepted. The City is not responsible for submissions not properly identified.

Respondents to this RFP must submit an original and nine (9) copies of their Proposal in a sealed package labeled “HOTEL CONFERENCE CENTER DEVELOPMENT PROPOSAL.”

Questions regarding this RFP must be submitted in writing to the City by March 22, 2022. Responses to respondent questions will be provided by March 25, 2022

The City reserves the right to reject any and all proposals or to accept any proposal deemed to be in its best interest. The City shall not be obligated to enter into any contract with any respondent on any terms or conditions. Questions regarding this RFP should be sent in writing or email per respondent to:

Kent Myers, City Manager
Fredericksburg City Hall
126 West Main Street
Fredericksburg, Texas, 78624
kmyers@fbgtx.org

Procurement Schedule

RFP Issued: February 22, 2022

Questions must be received by: March 22, 2022

Questions answered by: March 25, 2022

RFP Responses Due: April 22, 2022

2. PROJECT BACKGROUND AND SCOPE

2.1. Purpose and Overview

The City of Fredericksburg, Texas (the “City”) seeks a highly-qualified Development Partner to develop, construct, equip, and operate a Hotel Conference Center. The purposes of this project are to improve the ability of the City to attract conference and group meeting business and generate a positive economic impact on Fredericksburg.

The City envisions that the Development Partner would own and operate the Conference Center and the Hotel.

In 2015, the City engaged HVS Convention, Sports and Entertainment Facilities Consulting (“HVS”) to study the feasibility of conference center development in Fredericksburg. The HVS study, which can be found here, www.VisitFredericksburgTX.com/partners/CVB-visitor-research/, included a market area overview, projection of demand for and the financial operations of a conference center, an overview of the lodging market, and a discussion of approach to financing. Analysis of hotel demand revealed high room occupancy on weekends and during peak seasons, but low occupancies during mid-week. Surveys of event planners show a desire to place events in Fredericksburg, but a lack of facilities to accommodate them. Furthermore, many group meeting events would occur during mid-week periods. The study concluded that an integrated hotel conference center developed through a public-private partnership offers the best opportunity for success. Proposers are advised to carefully read this report in its entirety.

In 2017 the City issued an initial Request for Proposals (RFP) and received several proposals. These proposals were reviewed and eventually the City selected a firm to develop this project. However, this firm was not able to secure their financing and the City has cancelled their agreement with this firm.

In 2021 the Fredericksburg Convention and Visitor’s Bureau (CVB) retained HVS to update their previous study. This updated feasibility study is also available on the website reference above. Based upon this study and new interest expressed by potential project developers, the City has decided to issue this new RFP.

Although Proposals are expected to range in scope and scale, the Selection Committee will compare all Proposals according to the criteria described in this RFP.

The City seeks a proposal from a highly qualified and financially capable Development Partner for the design, financing, construction, and operation of the Hotel Conference Center which contains the following elements:

- a hotel with a minimum of 150 rooms,
- useable meeting space with a minimum of 12,000 square feet which would include a multipurpose ballroom with a minimum of 8,000 square feet (divisible into three rooms),

- a minimum of 4,000 square feet of meeting room space (four rooms of various sizes), and
- lobbies, pre-function areas, storage, production kitchen and other support spaces necessary for the successful operation of the facility.

Development Partner teams should include an architect, a builder, and equity investors. Developer Partners may recommend Hotel brands and operators, but final selections of a hotel flag and a hotel and conference center operator would occur after the selection of a Development Partner.

**2.2
Site Considerations**

The City will consider any sites within its municipal boundaries and outside municipal boundaries if an annexation plan is included in the proposal. Developers may offer alternative proposals for more than one site.

Site selection will be a key factor in evaluation of proposals. Sites will be evaluated based on their capacity to accommodate the recommended building program, accessibility, availability of related infrastructure, compliance with building and zoning requirements, proximity to tourist amenities, and impact on neighboring land uses. Additional consideration will be given to sites that allow for future expansion of the Conference Center.

**2.3
Public Investment and Resources**

The Development Partner should propose an approach to financing the project that is feasible and achievable within the specified project schedule. The City recognizes that some level of public participation may be necessary. The City intends to minimize the level of public participation in the Project while attaining the most distinctive, highest quality and marketable project possible. Preference will be given to those developers who minimize public participation and emphasize private sector financing and participation.

**2.4
Two Phased Selection Process**

Development Partner proposals will be considered in a two-phased selection process.

Phase 1 – Developer Partners should submit the qualifications of team members, proposed development site, provide a preliminary project concept, and identify an approach to financing and ownership of the project.

Phase 2 – The team of Development Partners initially approved will be asked to submit a business plan that includes: a development schedule, project cost estimates, a pro forma statement of operations, and a financing and ownership plan.

3. PROPOSAL REQUIREMENTS

3.1 Submission Requirements

Submittals for both Phases shall be bound as single-sided pages and include the information set forth below. Failure to include any part listed below may disqualify a submission.

3.2 Phase 1 Submission Requirements

Respondent shall provide the following information to the greatest extent possible, in their Phase 1 submittal in the order listed below.

A. Team Qualifications

- Respondents should propose a Development Partner team that includes an owner/developer, general contractor (optional), design team, and equity investors. The Development Partner may recommend other team members (such as hotel brands and operators) that may be required for completion of the Project.
- Describe your organization and management approach, including identifying the role of key personnel who will be involved in the implementation of the Project. Using an organizational chart, list proposed team's key personnel who will be directly involved with the Project. Personnel should include architects, general contractors, equity owners, and other team members.
- For each key person, please provide a summary of qualifications, which should include the following:
 - A resume with past relevant development experience, specifically addressing projects related to the hotel and conference center projects,
 - Location of key personnel (e.g. local office location, main headquarters, etc).
 - Describe each individual's respective role, responsibilities and amount of involvement in this project.
- Submit information on three (3) projects of similar scope and complexity that have been completed or substantially completed by members of the development team within the last ten (10) years. The information for each project shall include specific details on the extent to which services were provided.
- Provide the name, title, address, and phone number of three (3) references having first-hand experience of the Development Partner's performance on the projects listed above. Each reference should relate to a different project.

- Provide information on the Developer Partner’s legal status and financial capabilities along with copies of financial statements for the previous two (2) years.

B. Development Site

- Identify the proposed site or sites. See Section 2.2 of this RFP for information on site.

C. Preliminary Project Concept

- A conceptual diagram of the Hotel Conference Center, parking, and related development and amenities. Please summarize the proposed building program including:
 - proposed site(s) location and dimensions,
 - the number of hotel guest rooms,
 - floor areas of function spaces,
 - description of food and beverage facilities,
 - on-site parking facilities, and
 - other amenities or collateral development that may be included in your plan.
- Please indicate your prior experience in branding or franchising hotels. Discuss hotel brands that may be appropriate for the proposed Hotel Conference Center.
- Discuss the visual and physical relationship with the surrounding neighborhood including commercial, residential, and recreational developments,
- Demonstrate transportation access to and within the site area, and
- Present other information related which may be helpful in explaining your project.

D. Approach to Financing and Ownership

- Please discuss your proposed approach to the ownership and operations of the project.
- Describe your approach to financing including identification of potential equity investors.

E. Approach to Staffing Operation of Both Conference Center and Hotel

- Please include number of full-time and part-time employees that are projected to staff both the conference center and hotel.

- Describe how these employees will be recruited to staff these positions.
- Indicate any inducements or incentives that would be offered to these employees include housing assistance and travel stipends.

Upon review of the Phase 1 submittals by the Selection Committee, the City will select a short list of no more than three potential Development Partners.

3.3 Phase 2 Submission Requirements

The Development Partners initially selected will be asked to provide a detailed business plan for the Hotel Conference Center development. Phase 2 submittal requirements will include the following items as well as additional information that the City may deem necessary for selecting the best development team.

1. A detailed concept plan that includes a site plan, building floor plans, and sections as may be necessary to fully describe the project.
2. Development Schedule
 - A project schedule beginning with authorization to negotiate through opening of the project.
3. Project Cost Estimates
 - A comprehensive project budget including all land costs, construction costs broken down by building component, FF&E costs, pre-opening costs, permit and approval fees, legal costs, development fees and other soft costs. Escalation of costs for inflation should be included and identified in the projections.
4. Proforma Statement of Operations
 - A five-year pro forma operating statement for the proposed Hotel Conference Center.
5. Financing and Ownership Plan
 - The amounts of proposed debt financing and estimated cost of debt.
 - The amounts of proposed equity investment and anticipated return on equity.
 - Other third-party sources of funding, if any (e.g. EB5 funding, tax credits, hotel operator equity, etc.)
 - The anticipated amount of public participation in the project and proposed forms of public participation.

- A narrative description of the proposed approach to funding the proposed Project, clearly detailing any proposed financial responsibilities of the proposed Development Partner and/or operator.
- Plans for ownership and operation of the proposed Hotel Conference Center including identification of potential brands, franchise arrangement, and a Hotel Conference Center operator.
- Verifiable assurances that the proposed Development Partner has, or can obtain within time certain, the required financing to construct the project as proposed.

Upon review of the Phase 2 submittals and recommendation from the Selection Committee, the City will begin negotiations with the first ranked Development Partner of a development agreement and other related agreements. The selected Development Partner will be expected to provide the information and perform due diligence necessary to reach a development agreement with the City. If negotiations are not successfully concluded within a predetermined schedule, the City may terminate discussions and begin negotiations with the next ranked Development Partner.

**3.4
Confidential
Information**

Any information submitted by the respondents that is deemed proprietary and confidential should be submitted in a separate envelope and marked as such. The City will make efforts to protect the confidentiality of this information to the extent allowable by law.

**3.5
Insurance
Requirements**

Respondent agrees to always maintain during the life of the project applicable insurance. Upon selection, respondents will be required to provide a Certificate of Insurance coverage evidencing all coverage, limits and endorsements. If Respondent receives a non-renewal or cancellation notice from an insurance carrier affording coverage, Respondent agrees to notify the City within five (5) business days with a copy of the non-renewal or cancellation notice.

4. SELECTION PROCESS

4.1 Selection Process

The selection process will begin with a review of the Proposals submitted, a ranking of the Proposals by the Selection Committee, followed by interviews of the respondents that are initially deemed to be qualified. The Selection Committee will then recommend a short list of Development Partners to the City. With City approval, the short-listed teams will be asked to submit additional information.

After review of the Phase 2 submittals, the Selection Committee will rank the Development Teams. Upon approval of the Selection Committee's recommendations by the City Council, the City will begin to negotiate a Development Agreement and other related agreements with the first ranked Development Partner. The Development Partner and the City will agree on a schedule for conclusion of such negotiations. If an agreement is not reached within the agreed upon time-frame, the City may terminate discussions and begin negotiations with the second ranked team.

Throughout the selection and negotiation process, the City may reasonably request additional information from the Developer Partners as may be necessary to select a team and negotiate the necessary agreements.

4.2 Selection Criteria

The evaluation criteria shown below will give favorable consideration to Development Partners with significant experience in developments similar in scope and quality to the proposed Project. Preferred Development Partners should demonstrate they have sufficient financial resources and experience to finance and complete the Project in accordance with a fixed schedule.

The Development Partner's qualifications will be evaluated using the following criteria:

- Ability to secure project financing and make the necessary investments,
- Depth of experience on directly comparable projects,
- Demonstrated experience and availability to meet the stated schedule for project completion,
- The quality of the proposed building program, ownership structure, and operating plans,
- The quality of the plan to provide the workforce necessary to staff the project once completed.
- Extent to which the proposed Hotel Conference Center building program meets the objectives of the City as described in the RFP,
- Simultaneous development of complimentary land uses in a mixed-use development,
- Benefit to the City, financial and otherwise, of the proposed ownership and operating arrangements, and
- Overall responsiveness to the RFP.

5. OTHER CONDITIONS

- Any response to this RFP should remain in effect for 120 days after the date of submission.
- The respondent shall not collude in any manner or engage in any practices with any respondent(s) which may restrict or eliminate competition or otherwise restrain trade. Violation of this instruction will cause the City to reject the respondent's submittal. This prohibition is not intended to preclude joint ventures or subcontracts
- All responses submitted must be the original work product of the respondent. The copying, pasting, paraphrasing or other uses of substantial portions of the work product of another respondent is not permitted. Failure to adhere to this instruction will cause the city to reject the proposal.
- This RFP does not commit the City to procure or award a contract for the scope of work described herein.
- The City reserves the right to waive any irregularities or non-conformance with the terms of the RFP.