



## **Request for Proposal**

### ***Professional Services to Conduct a Hotel Market Feasibility Study***

The City of Hiawatha, Iowa, is soliciting proposals from experienced individuals or firms to conduct a ***Hotel Market Feasibility Study*** to provide a professional assessment as to whether the City of Hiawatha possesses the current consumer demand to interest a developer in building a lodging property which is financially sustainable for the community. A Hotel Market Feasibility Study would involve determining Hotel Occupancy Percentage and Average Daily Rate (ADR) projections (*and sometimes financial projections*) for a particular site(s). Should the Hotel Market Feasibility Study result in relative high occupancy levels and show that the Average Daily Rate (ADR) is likely achievable, this data can be used to interest lodging developers who would then conduct their own feasibility analysis to determine the initial feasibility and to perform an economic feasibility analysis and proforma for a potential lodging facility.

The proposal should include consultant recommendations that detail the implementation for the development of lodging in Hiawatha. Although a specific site has not yet been selected for lodging, several potential sites have been identified within city limits which may provide an opportunity for such development. This list of potential sites will be provided to the consultant once a contract has been signed. The goal for the City of Hiawatha is to determine if the market is conducive for a sustainable lodging property and to identify what type of lodging would be most feasible for private sector investment along with hospitality amenities that could be developed to support the lodging property.

#### **Introduction and Study Background:**

The City of Hiawatha is located in the southwesterly portion of Linn County and is part of the greater Cedar Rapids Metropolitan Area. Interstate 380 acts as a major thoroughfare cutting through the westerly portion of the city. The majority of Hiawatha is bordered by the City of Cedar Rapids. Additionally, Hiawatha shares borders with the City of Robins. The total area of Hiawatha as it currently exists is approximately 3,024.3 acres.

The City of Hiawatha was incorporated in 1950 making it one of the youngest communities in the State of Iowa. The population of the community has grown from approximately 1300 in 1960 to approximately 7,262 in 2017. The population of Hiawatha increased 45.7% between 1990 and 2017 and we transformed from a "bedroom community" to a city with a substantial commercial base. As the population grew the number of housing units grew as well as evidenced by the census data which indicated that there were 3,242 housing units in 2017 compared to 2,987 in 2010. According to the 2017 census the City had approximately 3,071 housing units of which 4% are

single person householders without children; 30.7% are 2 person householders married without children; and 43% are 2 person householders married without children.

Hiawatha is an economically sound community. Income levels are higher than the regional average, and poverty levels are lower. The business sector of the community employs in excess of 11,000 people during business hours.

In an eight (8) month study conducted by Camiros in 1995 it was determined that Hiawatha's rapid growth in population would continue. In addition, the rapid commercial and industrial growth has caused commercial and industrial land within the city to be in great demand. This was evidenced by the fact that in the early 1990's, the city had annexed a full square mile of land, most of which was set aside for office and industrial uses and by late 1995, a large portion of the land had already been absorbed by new development. The driving force behind much of this growth was ready access to Interstate 380 from interchanges at Blairs Ferry Road and Boyson Road. A third interchange is planned at Tower Terrace Road and to be constructed fall of 2020. Though a great asset, Interstate 380 presents continuing challenges with regard to growth and traffic control.

Currently, the City of Hiawatha has three parks; Tucker Park, Guthridge Park and Fay M. Clark Memorial Park. Tucker Park is an 8.1-acre park located along B Avenue in the southeast side of town. It has parking facilities, a picnic shelter with restrooms, play equipment and ball fields. Guthridge Park is a 19.5-acre park located on Emmons St. across from Hiawatha Elementary School. It has parking, baseball fields, picnic shelter with restrooms, play equipment and an amphitheater. It is also the current site for Fun Fest, an annual event held in August. Fay M. Clark Memorial Park is a 31.5-acre site located at the north end of 18th Avenue in the northwest side of town. It has parking, a picnic shelter with restrooms, play equipment, a disc golf course, and a trail.

Existing public facilities in Hiawatha include a City Hall and Community Center, two elementary schools, fire station, public works facilities, various well house facilities and two (2) water towers, and a library. The City Hall is located on Emmons Street east of Center Point Road and houses the city's administrative offices and council chambers/meeting room, the Community Center, and the Police Department.

Most people want all of the convenience of a large city, but also want the advantages of living in a small town. Hiawatha combines the best of both types of community. Hiawatha offers a great quality of life. Hiawathan's are friendly and helpful and the crime rate is low -advantages often found in a small town. But, because of the metro community nature of Hiawatha, cultural and recreational activities are abundant, providing many of the advantages of the big city!

### **Events/Attractions-Community Needs:**

The following activities listed below are occurring at the present time in the Hiawatha area most of which require lodging giving the City of Hiawatha justification to have a Hotel Market Feasibility Study conducted. Currently there are no hotels located in the growing community of Hiawatha and there are no lodging properties to the north, the first hotel is 25 miles and to the south along Collins Road are a number of hotels, mostly older stock. The

Marriott has been remodeled to accommodate visitors.

- a. Weddings, reunions, and other special events attracting families and relatives to the city.
- b. Sports tournaments – Little League Baseball, Iowa Sports Center – Basketball Club; as a metro community – FC United Soccer Club, Sandlot Sports – Volleyball Club and Twister’s Gymnastics.
- c. Fun Fest – Community Event
- d. International and national companies – Go Daddy, UPS and Crystal Group
- e. Mercy Care Surgical Center and Wolfe Eye Clinic
- f. Cedar Valley Nature Trail
- g. Cedar Rapids School District activities
- h. Commercial and Residential construction

Based on the study results, the consultant’s recommendation will enable City of Hiawatha staff to direct efforts and resources to address lodging development now or in the future.

### **Hiawatha 2036 Comprehensive Plan:**

In 2016, the City adopted a Comprehensive Plan for the City of Hiawatha to guide decision-making, growth and development over the next 20 years. That plan does not specifically call for the establishment of a hotel, but it does define several goals that would be supported by the establishment of a successful hotel. Chapter Three outlines objectives calling for ongoing support of downtown businesses and investments in infrastructure that support the downtown core. Chapter Four discusses land use and development. It identifies major land areas around the downtown core as priority infill areas. This chapter calls for developing a twenty-four hour environment around the downtown core, which enhances opportunities for retail and cultural development. A number of other objectives stated in the comprehensive plan are consistent with an effort to establish an events space.

### **Proposal:**

**Proposals must be received at City Hall, 101 Emmons Street, Hiawatha, IA 52233, no later than 5:00 p.m. on Monday, September 30, 2019.** Proposals will be evaluated based on the following criteria: 1) Respondents must have at least five years of experience conducting Hotel Market Demand and / or Hotel Feasibility Studies; 2) Prompt responsiveness to the solicitation; 2) Proposed scope of services; 4) Availability to start and complete the project, and 5) Proposed cost of services. The City of Hiawatha will not be liable for any costs associated with the preparation and presentation of a proposal submitted in response to this request for proposal. Proposal Evaluations will be completed by **Monday, October 7, 2019** with the top two firms to be interviewed during the week of October 7. Staff will make a recommendation to the City Council for approval at their **Wednesday, October 16, 2019** meeting.

### ***Scope of Work***

The following is a list of the services to be performed along with the desired outcomes. The City of Hiawatha will consider input from the RFP respondents as to other suggested services

to be included in the study should it help provide us with the objectives that we are trying to accomplish. Those services should be listed as *optional* and *additional* in the submission of the RFP.

### **1. Review Reports**

- Review the Hiawatha Economic Development Corporation/City of Hiawatha Reports and Community Development Permitting Reports.
- Review the City's 2036 Comprehensive Plan:
  - The comprehensive plan notes economic development strategies focused on the development of a village center to create central gathering spaces and clustered commercial/residential uses.
  - ESRI Business Analyst Online Tool- shows the leakage of specific retail segments by Industry Group within a 5-minute drive of the City of Hiawatha.

### **2. Tour City of Hiawatha**

- Tour Hiawatha to better understand the commercial development activity that currently exists, the available commercial real estate for sale, parks, outdoor recreation amenities, events, shopping areas, and other features that bring people to the community.

### **3. Perform a Market Demand Analysis**

- Interview the individuals listed below in order to identify specific lodging-related economic and demographic trends that may have an impact on future lodging demand.
  - HEDCO Board Members
  - Local Business Owners
  - Local Commercial Real Estate Property Owners
  - Local and Regional Hotel Developers and Investors
  - Local Residents
  - Local Developers
  - Residents living outside Hiawatha
  - Visitors Bureau – GO Cedar Rapids
  - Hospitality Professionals (*other metro community hotels, restaurants, transportation companies, select tourist attractions*)
  - Lodging User Groups (*i.e. event organizers, sports clubs, businesses, meeting planners, wedding planners, sports facility managers, meeting facility managers, equestrian-related businesses, outdoor recreation groups and any other potential user of a lodging facility*)
  - Event venues without sleeping units
  - Any other individuals relevant to collecting data for this study.
- Analyze existing lodging properties (*within a 20-mile radius of Hiawatha*) to include the cities of ***Cedar Rapids, Marion, and Center Point*** in order to determine current lodging demand, market penetration, and the degree of competitiveness.

- Inspect and recommend potential lodging development sites in Hiawatha regarding access, visibility, surrounding neighborhood, proximity to primary sources of demand, and advantages and disadvantages of each site compared to that of other hotels in the area. *(A list of potential lodging sites that have already been identified will be provided when the contract has been awarded).*
  - *An analysis and ranking of potential hotel sites with advantages and disadvantages listed for each site. Site identification analysis shall include a review of necessary city infrastructure to include, but not be limited to, road and site improvements that will be required as part of the total development package.*
  - *A competitive analysis on what a new full service hotel impact will have on the convention and general market as well as projections to be financially viable.*

#### **4. Develop a Demand Analysis Report**

Draft a report to include the following:

- a. Recommendation on the type of lodging facility most suitable for Hiawatha (*e.g. hotel, motel, cabins, limited service, full-service, independent hotel, or hotel chain*).
- b. Recommendation on the most suitable site for placing a lodging facility within the City.
- c. A competitive analysis on what a new lodging facility must provide as a unique alternative to the current lodging inventory in nearby communities in order to be successful in Hiawatha. This would include specific recommendations for features and amenities.
- d. The lodging facility's potential utilization, revenue, and occupancy to include, however, not limited to: a) **Hotel Occupancy Percentage**; b) **Average Daily Rate (ADR)** and c) other financial projections (*if necessary*) based on the current Linn County lodging market.
- e. A summary of the **Key Economic Indicators**
- f. **Historical Performance Figures** (*demand trends*) for the last five years for at least five hotels located closest to Hiawatha.
- g. **Estimated Mix of Rooms Demand** (*Commercial & Government, Group Travel, and Leisure Travel*)
- h. Seasonality of Market Occupancy Rates
- i. **Seasonality in Market Average Daily Rate (ADR)**
- j. Projected **Changes in Market Supply & Demand**
- k. Identification and analysis of potential incentives that could be offered in a total development package for a full service hotel to be located in close proximity to the convention facilities.
- l. The analysis provided by the successful bidder will be provided to potential hotel developers, management companies and brands who express interest in participating in a hotel project.
- m. The RFP may be broken down in the following phases, or other divisions based on the firm's recommended approach for similar projects.

- *Phase 1 – Market Demand Analysis*
  1. *Determine current and potential future lodging and hospitality demand in the market area.*
  2. *Review competitive facilities in the immediate region and surrounding metropolitan areas.*
  3. *Conduct room inventory and meeting space/ballroom analysis.*
  4. *Analyze present marketing position strategies and provide recommendations for underserved markets and/or opportunities that can be targeted with a new full service hotel.*
  5. *Identify and determine current community needs and possible quality of life opportunities that would benefit from additional hotel space, and evaluate the economic opportunity for the City.*
  6. *Conduct demand analysis a. Primary and secondary market research b. Identify potential users of a full service downtown hotel facility, including interview with potential users including meeting planners, event promoters, and/or other customers.*

*Project Feasibility Study*

1. *Determine the viability of a hospitality product adjacent to the Multi-Purpose Event Center based on the potential demand.*
2. *Identify financing constraints in the current market.*
3. *Estimate capital investment required and the expected revenues returns needed to attract able investors.*
4. *Project economic impacts:*
  - a. *Project impact on hotel room nights, including impact to other hospitality venues within the market area.*
  - b. *The hospitality venues within the market area.*
  - c. *The hospital.*
  - d. *Project economic impact on city restaurants and retailers.*
5. *Address potential public incentives that could improve the viability and/or investment attraction for the project.*

- *Phase 2 – Site Selection-Optimal Site Selection*
  1. *Determine site location(s) and provide a preferred ranking of the determined locations for a full service hotel adjacent to the Multi-Purpose Event Center based on:*
    - a. *Property acquisition cost(s)*
    - b. *Relationship to downtown commercial core and other amenities*
    - c. *Vehicular and pedestrian access*
    - d. *Parking*
    - e. *Current land uses in the vicinity*
    - f. *Advantages/disadvantages of the site versus alternative sites*

- *Phase 3 – Facility Recommendation*

*As part of the analysis, and based on the nature and kind of requirements associated with the identified potential users of the facility, and available sites,*

*make recommendations for:*

- *Number and mix of guest rooms*
- *Room configuration*
- *Food and beverage concept*
- *Banquet and meeting space requirements*
- *Hotel flag affiliation*
- *Other facilities and amenities*

□ *Phase 4 – Financial Projections*

*Identification of financial incentives and projected operating proformas. Detailed financial proformas for development, and incentive packages that can be provided to potential hotel developers, lending institutions, management companies and franchises that may be interested in participating in the hotel project.*

□ *Conclusion*

### ***Assumptions***

The primary factors contributing to the consideration of a new lodging facility in Hiawatha are as follows:

- Location, location, location – Interstate-380 access is only a 3-5 minute drive anywhere in Hiawatha.
- Fifteen minute or less drive to any venue in the Metro Community.
- The perceived need for quality lodging that will allow the City of Hiawatha to market itself as an overnight destination for business travelers, tourists, outdoor enthusiasts, and visiting friends and relatives (VFR) of our residents.
- The perception that Hiawatha is losing overnight visitors to communities with lodging available located 15 to 20 miles away (visitor leakage).
- Ease of parking – there is plenty of parking around Hiawatha.
- There is a business need for overnight accommodations.
- Added attribute to the Village Center concept and redevelopment plan for Fiscal Year 2020-Fiscal Year 2023.
- The perception that there is demand for destination events like weddings, sporting events, tourism and music festivals that may not be accounted for in a Standard Market Analysis.
- The perception that there is a demand for lodging for weddings, small conferences, and sports events that would be attracted to a lodging facility in Hiawatha.
- The perception that Hiawatha’s tourism product currently relies on lodging accommodations outside of the community, therefore, a quality lodging property in Hiawatha may capture visitors throughout the year.
- An increased ability to attract new businesses and events to Hiawatha.

### ***Schedule***

The City of Hiawatha would like to have the Hotel Market Feasibility Study completed no later than **Friday, December 20, 2019** or date negotiated.

### ***Description of the Consultant Proposal***

The following information should be provided by the respondents wishing to be considered:

1. Location of office
2. Length of time individual or firm has been providing these types of services
3. List of staff who would be assigned to this project, including summary resumes and description of professional capabilities specifically required to perform this work
4. List of recent projects similar to this project
5. List of references, including phone numbers
6. Proposed scope of services, based on the description of tasks outlined above
7. Description of graphic presentation, mapping, and related technical capabilities of the individual or firm
8. Provide a description on the presentation of findings, analysis and recommendations that will enable the City to make an informed decision to proceed with this project.
9. Provide a detailed schedule and time frame for completion of the study.
10. Proposed cost for provision of services

Proposals should be concise and explicit and should not exceed 15 pages in total length (*not including summary resumes*).

### ***How to Submit a Proposal***

Your bid materials must be delivered to City Hall c/o Kim Downs, City Administrator, no later than 5:00 PM **Monday, September 30, 2019** via the following methods:

#### **Via U.S. Mail:**

Kim Downs  
City Administrator  
City of Hiawatha  
101 Emmons Street  
Hiawatha, IA 52233

#### **Via Electronic Mail:**

[kdowns@hiawatha-iowa.com](mailto:kdowns@hiawatha-iowa.com)

#### **Via Hand Delivery:**

Kim Downs  
101 Emmons Street  
Hiawatha, IA 52233