

Town of Hugo
Hotel & Extended Stay
Request for Proposal

Introduction

The Town of Hugo, Colorado, is a rural, agricultural town on the eastern high plains and is the county seat of Lincoln County. Home to some 720 residents, Hugo also serves as a regional center of health and local government services. The Lincoln Hospital and Care Center is located here, along with Denver Air Life air ambulance support. The Lincoln County courthouse calls Hugo home, and brings with it a host of commuting workers in and out of this small rural community. Other regional centers in Hugo include Eastern Slope Technologies, the local communications cooperative, as well as K.C. Electric Association Cooperative, the local electric provider. Hugo is also home to county fairgrounds, which are frequently utilized by equestrian events on a regional level.

Located on the busy Ports to Plains freight corridor of US Highway 40/287, Hugo is a traffic-intensive regional business hub. As of 2016, the AADT (Average Annual Daily Trip) traffic count was 5,800. Of that total, 1,620 were truck counts, leaving in excess of 4,000 daily count of cars and pickups. As can be found in the hotel feasibility study, the projections for the Highway 40/287 as provided by Colorado Department of Transportation for the 20-year mark is a factor of 1.53, where nearby Interstate 70 (9 miles north) has a 20-year growth factor of only 1.27.

For all of this activity making its way through Hugo, the set of travel services offered is rather limited. For this reason, the Town of Hugo, working with Hugo Improvement Partnership, launched a recent feasibility study through Colorado Center for Community Development to investigate the economic possibility of locating a new hotel in town. The outcome of the study, which can be found here:

(Link to Hotel Feasibility Study – pdf)

Additional local information can be found here: <http://townhugo.com>

The study pointed towards the high number of commuting workforce, over 500 daily, making their way to work in town, and the result that Hugo would be well-served with a new set of accommodations. Possible outcomes ranged from a small, boutique hotel to a mix of hotel rooms along with extended-stay solutions. This Request for Proposal seeks to engage interested parties to submit plans for the development of a hotel/extended stay solution for the town.

Background

During the timeline that transpired during the preparation of the hotel feasibility study by the Colorado Center for Community Development, there were three identified sample parcels for the study of a hotel placement. By the completion of the study, two

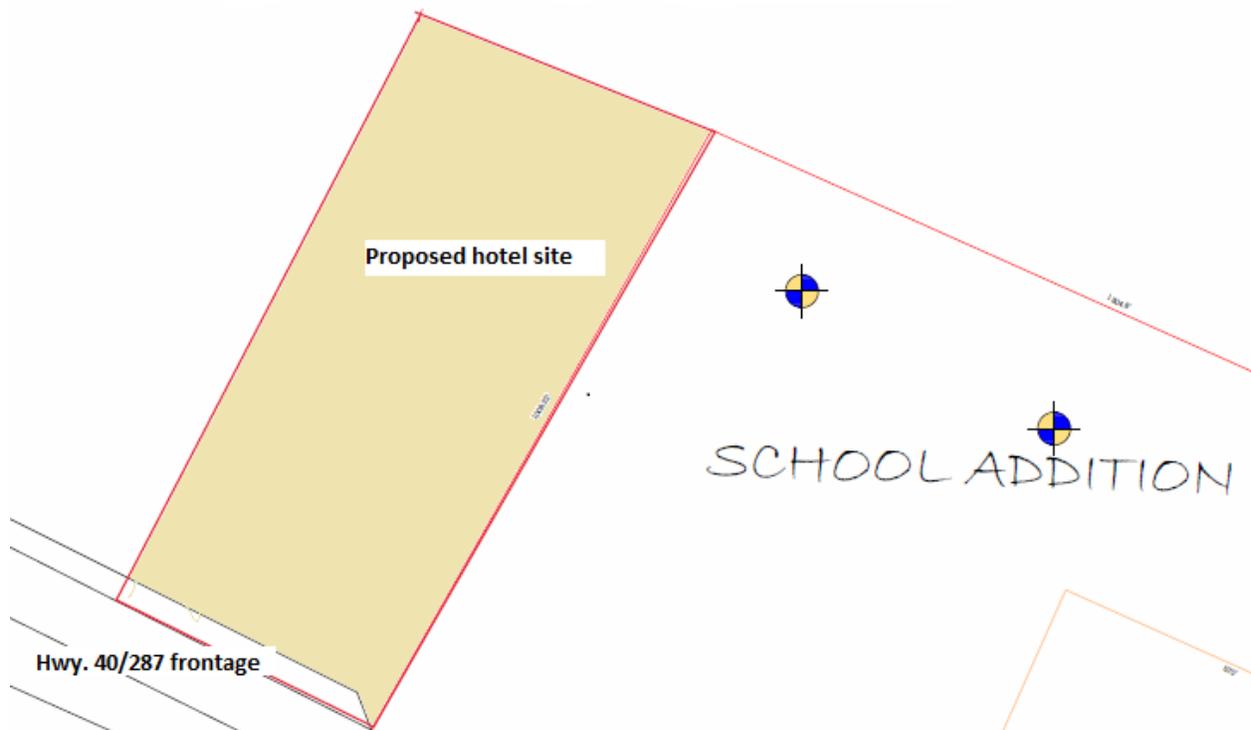
of the three sample sites, the central (downtown) site and the east site both saw either a partial or complete ownership transfer, possibly changing their eligibility as hotel sites. The western site, on town property west of the Genoa-Hugo school, remained as the chosen site for this Request for Proposal. It represents the greatest amount of unimpeded lot space and subsequent flexibility for a final design.

Final options offered in the feasibility study include hotel and parking area buffered on the eastern boundary by landscaping and greenery to provide separation from the Genoa-Hugo School facility. Additionally, the open site, up to 13-acres, provides adequate space for longer-term or extended stay options. Discussion by those attending the final feasibility presentations offered extended-stay options and its advantages to address the workforce needs of the area.

Site Description

Situated in the West Addition to Hugo, the site, up to 13-acres, is bound along the eastern edge with the Genoa-Hugo School property line, and can be situated anywhere north and south from the 40-287 highway frontage to the north boundary of the city limits of the Town of Hugo. The site must agree with any future planned streets or needed right-of-ways required by the town. The following is a schematic of the described site:

WEST ADDITION TO HUGO



Site features:

- A significant (4 to 5%) rising slope northwesterly
- Expansive clay soils that will necessitate an over-dig or appropriate engineering (caisson foundation)
- Close proximity to utilities and highway access
- Excellent highway visibility, adjacent to newly-constructed school facility
- Premier community gateway location
- Close to Loaf N Jug fueling and convenience store, including Subway eatery
- Future rooms to enjoy excellent overlooking view of historic Union Pacific Roundhouse heritage site, and county services campus
- Crossed by Our Journey trail featuring historic 1930's CCC Encampment View of Hugo, set in exact placement of modern-day Hugo
- Free of any designated 100-year or 500-year floodplain

Project Site Control:

The site is under the control of the Town of Hugo. The Town intends to sell and transfer the ownership and control of the subject site to the successful developer upon predetermined performance measures by the developer specified in a development agreement, executed following the awarding of an accepted development plan.

Project Site Conditions:

The site has not had a recent environmental assessment conducted. The selected developer, as a condition of the future development agreement, will be allowed to conduct an environmental assessment at the developer's expense, with adequate cancellation of development agreement in the event of negative findings in the environmental assessment.

Town of Hugo Commitment

The Town of Hugo commits to providing in-kind support in the form of machine trenching and tap establishment of water. Wastewater trenching will be done by the developer. The Developer will be expected to bear the entire material cost of piping, meters, meter pit(s) and all other approved material as will be set forth in the Development Agreement.

The subject site will be conveyed at an established price as set forth by a third-party market appraisal. Both the Developer and Town will be permitted to offer an alternate certified appraisal as part of the negotiation process. However, the final value will be based upon vote of the Town of Hugo Board of Trustees at a special or regular board of trustees meeting.

Request for Proposal

This Request for Proposal represents the first step in development of the subject property. Submitted proposals must demonstrate the Developer's understanding of the Town of Hugo's goals for hotel and/or extended stay development on the subject site, as well as adequate financial resources and expertise to complete the proposed project. A thorough narrative addressing these items are required.

Respondents must agree that the subject site, upon negotiated price and closing, will be conveyed in as-is condition at grade. The developer will be responsible for all necessary permitting to complete project from groundbreaking to completion.

All legal rights of the Town of Hugo and the Developer, if any, will only come into existence by the execution and approval of a Development Agreement.

Hotel Project Focus

Certain apparent outcomes of the hotel feasibility study and the accompanying public input includes:

1. The subject hotel and extended stay solutions should be typical of a smaller-market solution. Similar locations with small to medium-sized hotel/motels include Eads, Holyoke, and Wray, Colorado.
2. The needs of the Town of Hugo were defined with a strong recommendation for the addition of an eatery as part of the hotel project. The eating choices in Hugo presently are very limited, and patronage of a new hotel project would be greatly enhanced by the offering of an onsite eatery.
3. The extended stay focus of a new hotel project was offered as a partial solution to the workforce needs that commute into Hugo. Workforce housing needs are numerous, and include wind and solar farm construction trade, oil and gas development, local healthcare personnel and visiting families, and the county court center. Project focus that extends up to weeks or months at a time, as well as frequent travel restrictions due to inclement weather lend to strong anticipated volumes of year-round usage of accommodations made available in an extended-stay platform.
4. The present amenities and accompanying year-round usage of the fairgrounds and Ellis Allen Events Center at Hugo present great overnight demand for visitors.

Request for Proposal Timeline & Needed Steps

The following is the suggested order of events for the RFP process:

1. Those interested parties that would like to engage in the process shall first submit a Letter of Intent (LOI) to the Town Clerk of the Town of Hugo. Upon this submission, the clerk can then give an updated status and any new information that comes to light following the adoption of this RFP.

2. Within 90 days of the submission of the LOI, interested parties and/or developers will submit a proposal to the Town Clerk of the Town of Hugo, which will then be reviewed by the Board of Trustees at the first available board meeting. The proposals shall include:
 - a. Size and scope of proposed hotel/extended stay solution
 - b. Required water, wastewater, gas, electrical, and broadband needs of the project
 - c. Anticipated number of full time and part time employees.
 - d. How the project will address the Hotel Focus section of this RFP, including size of the hotel, what eating services or amenities will be offered at the new facilities, and if there are any extended stay options offered in the new project.
 - e. The anticipated timeline of groundbreaking, construction, and completion of the project.
 - f. Drafted site plans with engineered utility specifics, distances, and locations of services, both underground and above-ground.
 - g. History and qualifications of the developer, in addition to financial resources that will assure performance as specified in the proposal. The Town of Hugo will keep those items pertaining to financial resource confidential, and only will regard this information in the context of ability to complete proposed project.
3. Within 60 days of the submission of a proposal, the Town of Hugo will issue a decision as to acceptance or rejection of the proposal. Also during this time, the Developer agrees to provide additionally-requested information and attend requested meetings with the board or a committee of its appointment to satisfy due diligence on the part of the Town.
4. Within 60 days of an acceptance of a proposal, both the Town and Developer will enter into a formal Development Agreement, which will be drafted and offered from the Town. The Development Agreement will specify performance measures and timelines for the life of the project.

Contacts and further information:

For further information, or to submit a Letter of Intent and subsequent proposal, please contact

Maria Nestor

Hugo Town Clerk

P.O. Box 376

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Hugo, CO 80821

719-743-2485

hugotownclerk@esrta.com

For county and regional economic information, including transportation volumes, local hotel occupancy, and workforce needs, contact:

Lincoln County Economic Development Corporation

Troy McCue, Executive Director

tmccue@lincolncountyed.org

719-775-9070