



City of Delta
Delta Urban Renewal Authority
360 Main Street
Delta, CO 81416



REQUEST FOR PROPOSAL HOTEL DEVELOPMENT SERVICES

AGENT/CONTACT
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Re-ISSUE DATE:
December 11, 2023

SUBMISSION DEADLINE:
Open Rolling Deadline

The City of Delta is soliciting proposals from professional development teams capable of developing a new Hotel on city-owned property. The selected development team will work closely with the City of Delta, Delta County and Delta Urban Renewal Authority (DURA) to create a public private partnership that results in at least one Upper Midscale Hotel on the property. The Delta community has long expressed a desire to bring a new hotel to the City, and recent market and feasibility studies reveal growing demand for this type of development. The City, the County, and DURA are prepared to offer a substantial incentive package for this Hotel Project, provided that the right Private Sector partner is identified.

The Development Team selected must demonstrate:

- Robust Development Portfolio with Completed Projects and Values
- Proven Track Record Developing Upper-Midscale Hotels in the Mountain West and Colorado
- Development Experience with Public Private Partnerships (URAs, DDAs, BIDs)
- Development Experience with Tax Increment Financing Incentives, Fee Waivers and Land Equity

SUBMISSION REQUIREMENTS:

The City of Delta, Delta County, and the Delta Urban Renewal Authority are seeking a Development Team to join them in a public private partnership to develop a Hotel on City owned Property. This Public Private Partnership will involve a layered incentive package, one that could include land equity, tax increment financing, and fee waivers. The size of this incentive package will ultimately be determined by the private sector partner's experience, track record, and vision for the development.

The goal for this Project is to design and construct an Upper Midscale Hotel on the subject property. This could include either a Flag or Independent Hotel. Subsidies and incentives will be leveraged to make this hotel development feasible and will be commensurate with the vision and quality of the development.

The Delta partnership will select the proposal that clearly provides a detailed vision for the Hotel Development, outlines a feasible strategy for its success, and leverages the Development Team's experience with the public-private partnership being advanced by the City, County, and the Delta Urban Renewal Authority.

ADMINISTRATIVE INSTRUCTIONS

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Open and rolling deadline - proposals shall be submitted either in hard copy or electronically to:

Hard Copy:

ATTN: Meganne Robinson, Assistant to the City Manager
360 Main Street
Delta, CO 81416

Electronically:

meganne@cityofdelta.net

Proposals will be opened upon receipt because there is a rolling deadline. Copies of the proposal received will be made available upon request through the City's records request process details of which can be found here <https://cityofdelta.net/administration/page/records-request-form>.

RFP Package - Available December 11, 2023, online at the City of Delta RFP web <https://cityofdelta.net/rfps> This is a reissue of the original RFP.

Site Visit – The City of Delta, Delta County, and the Delta Urban Renewal Authority can be reached to schedule a site visit by contacting meganne@cityofdelta.net.

Questions - All questions regarding the meaning or intent of this RFP are to be emailed to Elyse Ackermann-Cassleberry (elyse@cityofdelta.net). Written responses to questions will be posted on the City webpage via addendum.

Proposal Submission Cut-Off - This is an open rolling deadline. All proposals shall be submitted and stamped at Delta City Hall located at 360 Main Street Delta, CO 81416, or electronically via email to meganne@cityofdelta.net

Public Proposal Opening – Proposals will be opened as they are received.

The City Council reserves the right to reject any or all proposals, waive any informalities in proposals, and accept the proposal that is in the best interest of the City of Delta, Colorado.

Proposal Format and Content: Respondents should follow the format set forth herein and provide all of the requested information.

- Introduction: Proposals must include a cover letter stating the complete legal name and type of legal entity (e.g., corporation) of Respondent submitting the Proposal, the mailing address, the telephone number, the facsimile number, and the name of the person the City should contact regarding that Proposal. The cover letter must bear the signature of the person having actual authority to make the Proposal on behalf of that entity.
- Development Team Description: Proposals must provide a narrative description of the organization of the project team. Proposals must provide a personnel roster that identifies each person who will work on the project and provide the following information about each listed person. Please identify the Development Team Member that will be the point of contact with the Delta Partnership, and any/all sub-consultants the Development Team intends to contract with:

Title
Resume or Curriculum Vitae
Location, where they work.

- Role of the Development Team: Describe the role the Development Team will take with this Hotel Project. Explain whether the team intends to be the Owner, develop the project for a fee, or both.
- Experience of Development Team: Proposals should include the Development Team's experience and success with similar types of hotel projects and how those projects relate to the development concept being proposed. Include location of projects and date completed, as well as the financing structure for the projects, the size and type of public involvement, total development costs and current financial status.
- Financial Capability: Proposals should provide evidence of the Development Team's financial capability to complete the project. This information should include a description of the Development Team's financial capability and capital resources. This description may include any sources of information the Development Team may choose to supply, i.e., audited financial statements. [Prior to selecting a finalist, Delta will require more detailed financial information]

- References: Each proposal must include a list of references from creditors and public entities that have partnered with the Development Team on similar projects within the last seven years.

Creditor – Please provide at least one reference/letter of recommendation from a creditor that has worked with the development team on past projects.

Public Entity – Please provide at least one reference from a public entity that the Development Team has partnered with on a development project/public private partnership in the past.

- Development Concept: Proposals should combine the Development Team’s experience with the information provided in this RFP (specifically, the Project Background) to produce a visionary and ambitious development concept. This development concept should be articulated using a narrative that is informative, detailed and illustrative. This narrative should highlight the Development Team’s vision for the project – the hotel’s class, number of keys, amenities, and target market. This concept plan narrative may also include the desired partnership with Delta, the expected incentives needed to complete the vision, and the long-term goals for the development. Creativity is encouraged, and if additional developments or concepts are envisioned on the site, they can be included in this narrative. Additional materials that should be included with this narrative may include:

Conceptual Drawings/Renderings
Development Pro Forma

- Proposed Schedule: Each proposal should include a proposed schedule for the Hotel Development. This schedule should consider the following factors:

The Delta Urban Renewal Authority will immediately begin the process of forming a new Urban Renewal Plan around the subject property after the finalist is selected. This URA Plan and its Tax Increment Financing Agreements will be adopted no later than 6 months after the selection of a proposal.

The City of Delta, Delta County, and the Delta Urban Renewal Authority (The Delta Partnership) have partnered with the express purpose of attracting a Hotel Development to serve Delta's community. This community vision for attracting a new hotel dates back to 2016, when the Delta Urban Renewal Authority was established, and the Downtown Delta Urban Renewal Plan formed. That original plan included a range of tax increment incentives targeting a specific property for the hotel development. The property was never secured however, and the public private partnership failed to materialize.

DURA, the City, and the County are now positioning a City-Owned property for this Hotel Project. DURA is prepared to form a new Urban Renewal Plan area around the subject parcel. This new plan will help to organize the incentive package, effectively resetting the Tax Increment Financing clock to a new 25-year horizon and maximizing the incremental revenue the project can generate. Property and Sales Tax Increment will be leveraged for gap funding depending on the development envisioned. The tax-exempt status of the property will also boost tax increment financing potential, as the current taxable value of the property is zero. The City and County are also prepared to leverage fee waivers and financial instruments depending on Hotel Development being proposed and the funding needed to make the project feasible.

The Delta Urban Renewal Authority has completed market studies and a hotel feasibility analysis to better inform interested parties on the site's development opportunities. A summary of this information is outlined in the following sections.

SITE DESCRIPTION

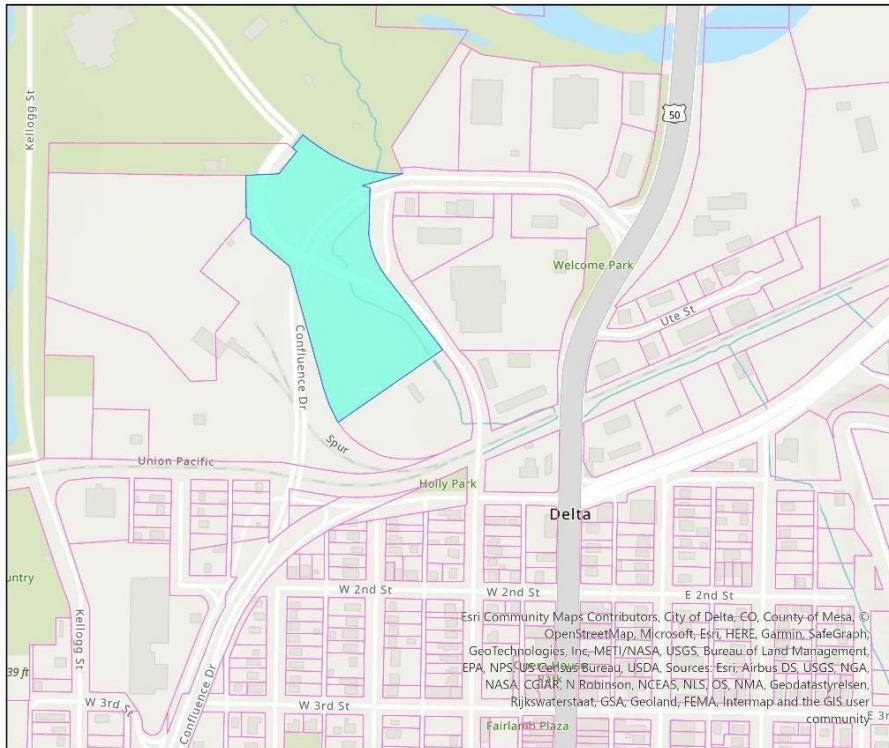
The Subject Property being positioned for redevelopment is owned by the City of Delta. It is centrally located within the municipality and within walking distance from the Historic Downtown, Confluence Park, and the Gunnison River. The site is accessible via the City’s commercial bypass Confluence Drive, but can also be reached from US Highway 50, US Highway 92, and Main Street. It is less than 1000 feet from the City’s busiest intersection, with an estimated 19,953 AADT. Although the parcel is bisected by Confluence Drive, a pedestrian tunnel has been installed that connects the entire parcel with active transportation networks around Confluence Park and the Gunnison River.

The property’s information and location are listed in the table and illustrated in the map below:

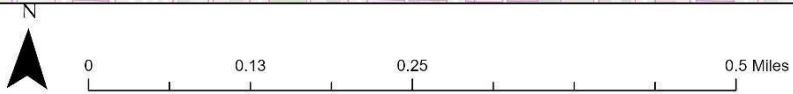
Parcel Number	345713330001	Account Number	R017792
Acreage	9.7	Assessed Value (Actual 2023)	\$327,223
Owner	City of Delta		



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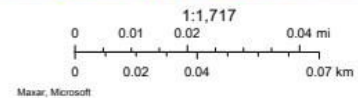
■ Hotel Development Parcel
■ Delta County Parcels



City Assets - Field Collection Map



7/14/2023



Utilities at the project site are as follows:

- Water - 6” PVC pipe installed in 1970 owned and maintained by the City of Delta in Blue
- Sewer - 4” Line owned and maintained by the City of Delta in Green
- Stormwater - open ditch with pipe/culvert under roadways in Purple
- Electric - owned and maintained by the City of Delta to the project site in Pink

The following off-site improvements may be required dependent upon development plans

- Relocation of the stormwater ditch.
- Possible traffic study.

City Incentive Policy

The City of Delta offers robust Business Incentives and Support Tools independently from DURA. Specifically, business development projects are eligible for:

- Rebating building permit fees (excluding hard costs)
- Rebating up to 50% of sales and use tax received by the City on construction materials
- Donation of materials or labor to expand the required improvements that benefit or have the potential to benefit the public infrastructure surrounding the site.

The incentive application can be found here [Request for Financial Incentive \(google.com\)](#).

The City of Delta and the Delta Urban Renewal Authority have completed two hotel feasibility studies over the past eight years, in 2016 and 2023. Both studies found evidence of unsatisfied and latent demand for a hotel in the City of Delta. There is also evidence that a newer, upper midscale hotel offering could quickly capture this demand, penetrate the market, and command higher Revenue per Available Room (REVPAR). Regional market analysis indicates that ADR, Occupancy Rates, and REVPAR are at 10-year highs for Delta, and neighboring communities such as Montrose and Grand Junction.

The City of Delta’s primary hospitality market includes only four hotel properties and an inventory of 132 rooms. Only one property is classified as a midscale hotel, while the remaining three are classified as economy hotels. Community surveys and interviews with elected officials indicate that these hotels are not meeting local demand, especially among the primary employers such as the Regional Hospital. These interviews and survey indicate a desire for an upper midscale hotel in the City. Feasibility Studies estimate that this classification of hotel could command REVPAR within 5% to 15% of similar hotels within the Montrose and Grand Junction markets. Both feasibility studies conducted in 2016 and 2023 concluded that public incentives would be necessary to make the hotel financially feasible.

The following tables list estimated feasibility metrics for an Upper- Midscale Hotel in Delta, as well as Regional Hotel Market Statistics. When compared to neighboring markets in Montrose and Grand Junction, Delta’s hotel inventory is significantly older, smaller, and generating lower REVPAR. There is an opportunity in the Delta Market for a newer, larger, and higher-class hotel.

Hospitality Market Statistics			
<u>All Hotel Classes</u>	<u>Delta</u>	<u>Montrose</u>	<u>Grand Junction</u>
Inventory	132	626	3,546
ADR	\$ 107	\$ 118	\$ 137
Occupancy Rate	54.2%	57.30%	64.80%
REVPAR	\$ 58	\$ 68	\$ 89
<u>Economy Hotels</u>	<u>Delta</u>	<u>Montrose</u>	<u>Grand Junction</u>
Inventory	85	344	1,231
ADR	\$ 100	\$ 100	\$ 94
Occupancy Rate	54.3%	54.3%	59.3%
REVPAR	\$ 54	\$ 54	\$ 55
<u>Midscale Hotels</u>	<u>Delta</u>	<u>Montrose</u>	<u>Grand Junction</u>
Inventory	47	96	551
ADR	\$ 118	\$ 118	\$ 118
Occupancy Rate	54.2%	54.2%	64.6%
REVPAR	\$ 64	\$ 64	\$ 76
<u>Upper Midscale Hotels</u>	<u>Delta</u>	<u>Montrose</u>	<u>Grand Junction</u>
Inventory	N/A	186	886
ADR	N/A	\$ 147	\$ 140
Occupancy Rate	N/A	65%	71%
REVPAR	N/A	\$ 95	\$ 100

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Delta Hospitality Market Primary Competitors

<u>Hotel Name</u>	Parent Company	Class	Year Built	Acreage	Number of Rooms	Gross Building Area
<i>Averages</i>			<i>1973</i>	<i>0.90</i>	<i>33</i>	<i>12,836</i>
Quality Inn	Choice Hotels Int., Inc.	Midscale	1994	1.5	47	18,928
Westways Court Motel	Independent	Economy	1954	0.29	10	3,100
Value Lodge Inn	Independent	Economy	1977	0.72	34	10,720
Days Inn	Wyndham	Economy	1968	1.08	41	18,596

Secondary Market Competitors (Area Averages)

Hotel Area	Average Year Built	Average Acreage	Average Number of Rooms	Average GBA
Montrose	2013	2.37	92	48,623
Grand Junction	2009	1.27	82	52,200

The Delta Urban Renewal Authority, the City, and the County are prepared to offer an incentive package to this Hotel Development. The Incentive Package may include the following:

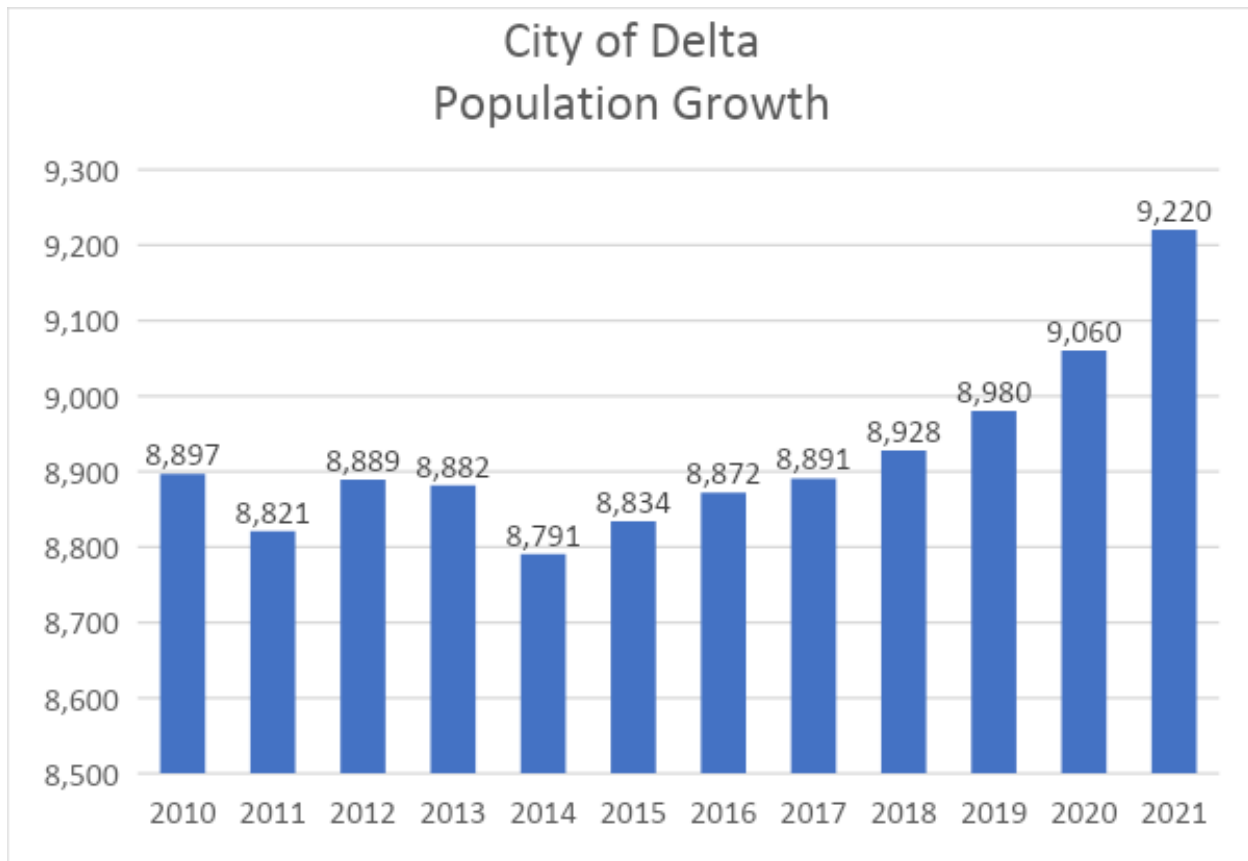
- A New, Parcel Specific Urban Renewal Plan Area with favorable Revenue Sharing Agreements
- Property Tax Increment Financing
- Sales Tax Increment Financing
- Sales and Use Tax Reimbursements
- Land Equity
- Building Permit Fee Waivers
- Tap Fee Waivers
- Construction of Offsite Improvements
- Grants

DURA's Tax Increment Financing forecasts indicate that a combination of Property and Sales Tax increment based on an Upper Midscale Hotel and Delta's present TIF agreements with taxing entities could generate between \$2 million and \$2.5 million (present value based on current market discount rates). This funding could be used to help offset funding gaps or construct public improvements. The Delta Partnership is prepared to include TIF, Land Equity, Fee Waivers, and construction of Off-Site improvements towards the project that best aligns with community needs and expectations.

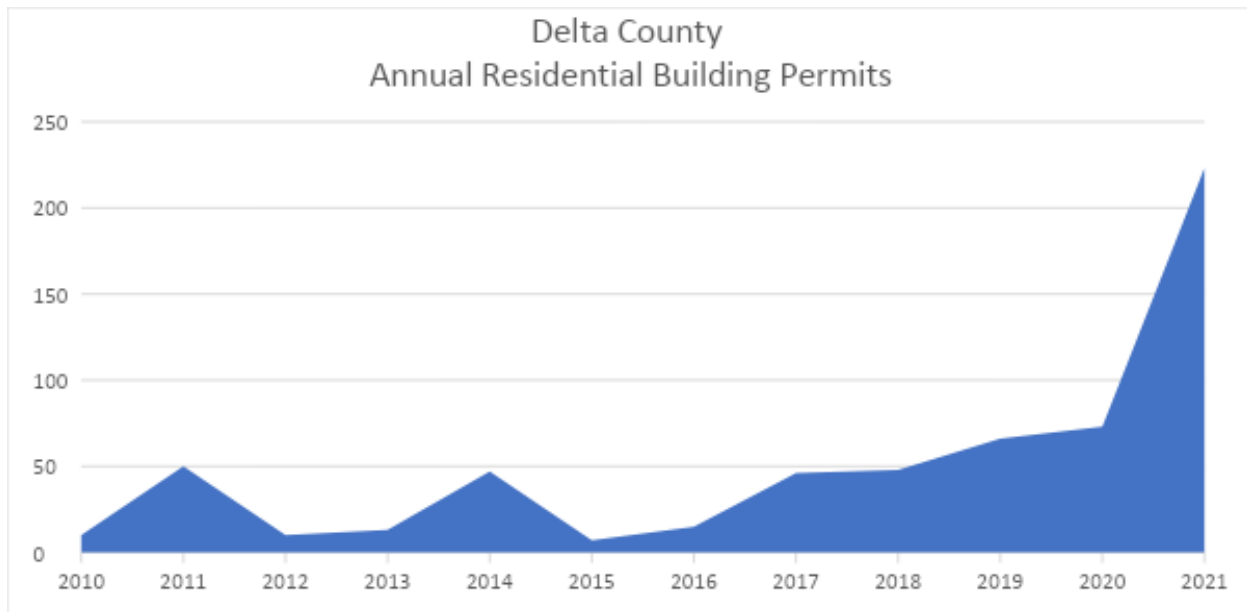
The City of Delta and Delta County are part of Colorado's Western Slope. This area is characterized by natural beauty and is situated between alpine and high desert biomes. Historically, Delta had been a small rural town focused on agriculture and extraction industries. While these industries remain, demographic shifts across the state have led to a recent surge in population and housing starts throughout the region.

Delta is the largest municipality within Delta County with a population of 9,220. According to the Colorado State Demographer's Office, the County's population was 31,673 in 2022, with the City of Delta representing ~29% of that total.

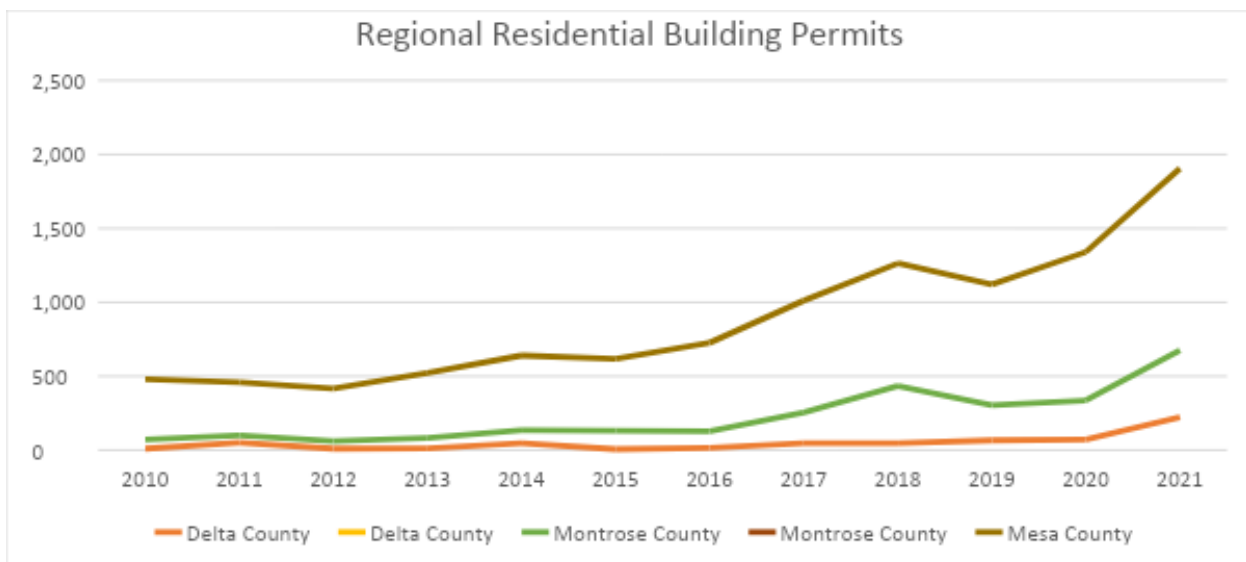
Delta is currently experiencing a surge in population growth and housing starts. Between 2010-2020, Delta averaged an annual population growth of 0.2%. However, from 2020 to 2021, this annual average increased to 1.8%. US Census data also shows a significant increase in residential building permits throughout Delta County during this period. In fact, Delta has been experiencing growth consistently since 2015. Both population changes and building permits are charted below:



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Delta County is bordered by Mesa County and Montrose County. The largest municipalities in these Counties, Grand Junction and Montrose, are situated within the regional market that impacts Delta. These municipalities and Counties are experiencing a similar surge in population growth and residential housing starts. Building permit data shows a large increase in activity starting in 2018, tapering off during the COVID-19 Pandemic, and then resurging through the most recent surveys.

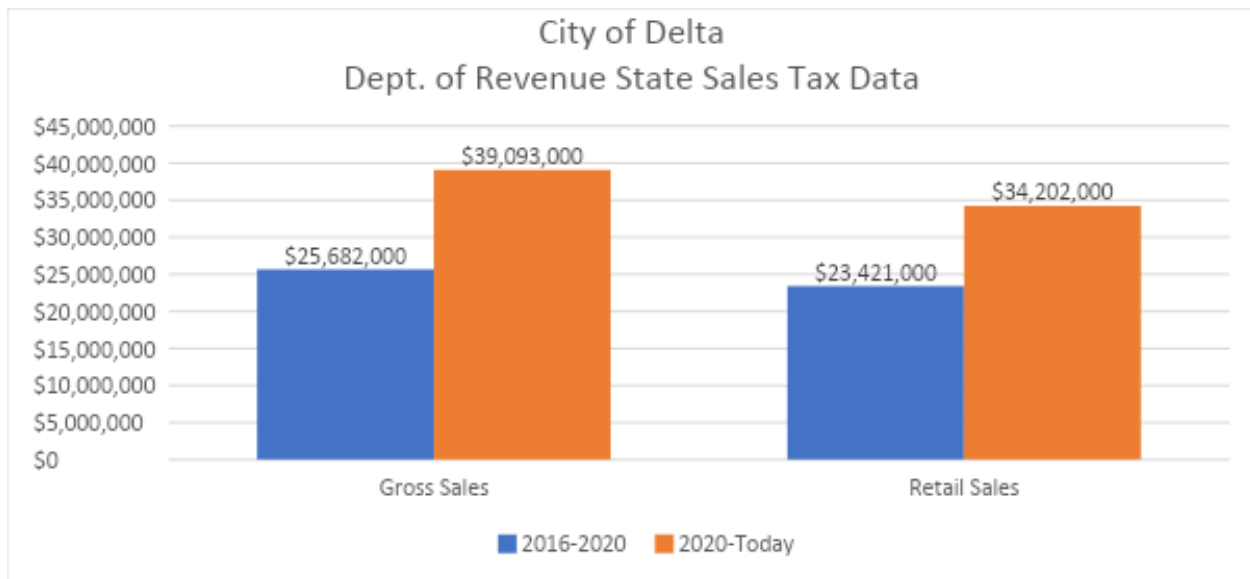


Demographic data for the region illustrates a trend across the Western Slope, where once sleepy agricultural and extraction towns are now seeing increased interest and development. Remote working, spurred by the COVID-19 pandemic, is a driver behind this demographic shift. Quality of life, a desire to be closer to outdoor recreation opportunities, are also factors. For Delta, this demographic shift indicates increased demand to live, shop, and visit the area.

Delta County’s economy has historically been focused on agricultural and extraction industries. According to the Bureau of Labor Statistics, these industries still represent the base economy throughout the County. Subsector industries with the highest employment location quotients (an indicator for regional competitiveness) included Animal Production and Aquaculture, Wood Product Manufacturing, Crop Production, and Support Activities for Mining. Notably, the Accommodation Industry in Delta exhibited a Location Quotient of 0.6, indicating that accommodation services are leaking out of Delta County and into neighboring accommodation industries (Montrose and Mesa County).

Although Delta County’s major exporting industries have remained relatively static, median household income has sharply increased over the past decade. In 2010, household area median income (AMI) was \$40,288 in Delta. By 2020, Delta’s AMI had increased to \$53,553, a 33% increase. Mesa County (Grand Junction) and Montrose County (Montrose) experienced similar increases in Household AMI during this time. This indicates that Delta County and the Western Slope region, is not only growing in population, but also wealth.

This increase in Area Median Income is translating to more sales activity in Delta. According to the Colorado Department of Revenue, Sales Tax Collection from 2020 until today have already eclipsed the previous four-year period, as illustrated below:



This increase in sales activity within the City of Delta is derived in part from population growth and new housing development. However, this is also a proxy for tourism and travel expenditures in the area. Delta’s dramatic increase in retail sales points again to an increase in hospitality demand throughout the area.

Hospitality demand is also being driven by Delta’s major employers. These include (among others) the Delta County Memorial Hospital, West Elk/Arch Coal, the Delta Correctional Facility, and the US Forest Service. All these entities indicated a need for additional hotel space, be it for existing employees, prospective employees, and visitors. The Delta County Memorial Hospital, in particular, has voiced concern that the City’s current hotel offerings were insufficient for the needs of visiting patients and their families, as well as medical specialists. According to the Hospital, the lack of a Flag hotel in the City is harming the Hospital’s competitiveness for attracting doctors and nurses during the interview process. A 2016 Hotel Feasibility study interviewed the City’s Major Employers and found that a new hotel would likely command a significant portion of the local business lodging market, which would demand approximately 1,590 Annual Room Nights.

Lodging Tax Growth

Over the past ten years, lodging tax collections have increased 109%, with accelerated growth in the past two years. This coincides with population growth, and increasing demand for tourism related services.

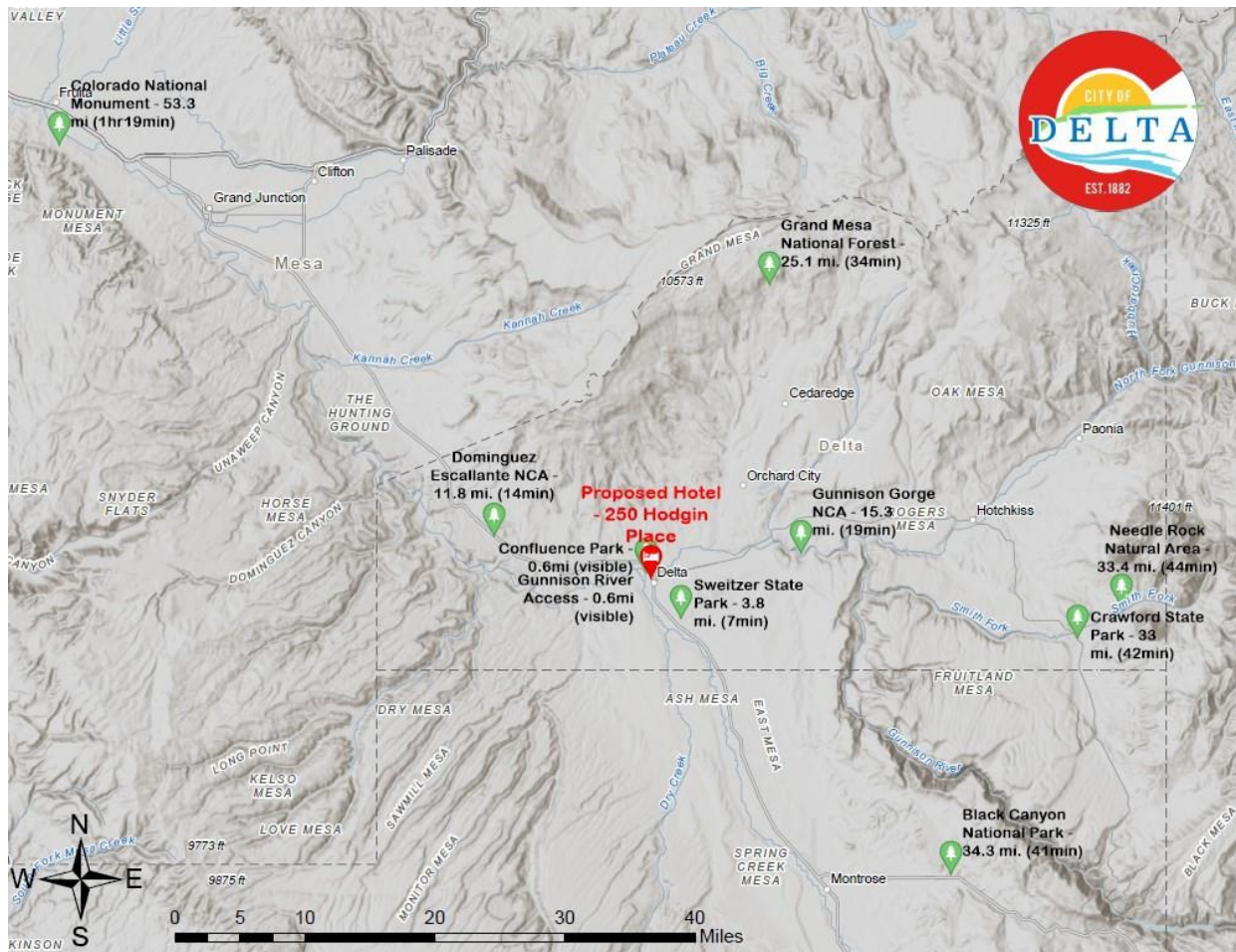
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$75,530	\$69,174	\$72,029	\$84,464	\$86,888	\$104,888	\$113,113	\$97,021	\$142,379	\$157,758
	-8%	4%	17%	3%	21%	8%	-14%	47%	11%

The subject site is proximal to the busiest transportation corridors in Delta County. Confluence Drive is the main access road to the project, a recently constructed Commercial Bypass that was designed to allow north and southbound traffic a quicker route though Delta than driving down Main Street. The City’s major intersection between US HWY 50 and US HWY 92 is less than 1,000 away from the subject site. Average Annual Daily Traffic (AADT) volumes are roughly 20,000.

This traffic volume is similar to that of comparable properties in the secondary market area. The table below lists the property, distance from arterial, and estimated AADT:

Traffic Comparisons				
Area	Hotel Name	Nearest Arterial	Miles From Arterial	AADT
Delta	Subject Site	US HWY 50	0.16	19,953
Montrose	Homewood Suites	North Townsend Avenue	0.10	19,905
Montrose	Quality Inn and Suites	US HWY 50	0.09	23,056
Montrose	Days Inn	East Main Street	0.24	11,000
Montrose	Super 8	East Main Street	0.04	11,000
Montrose	Fairfield Inn	US HWY 550B	0.37	18,000
Montrose	Hampton Inn	North Townsend Avenue	0.06	19,905
Montrose	Holiday Inn Express	South Townsend Avenue	0.07	25,000

The project site is well poised as a home base for anyone seeking outdoor adventures. The map below indicates the location of the subject area in red in relation to the locations of outdoor recreation activities which are indicated in black.



Outdoor Recreation Opportunities



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Sweitzer Lake State Park



3.8 miles (7min)

Dominguez-Escalante National Conservation Area



11.8 miles (14min)

Gunnison Gorge National Conservation Area



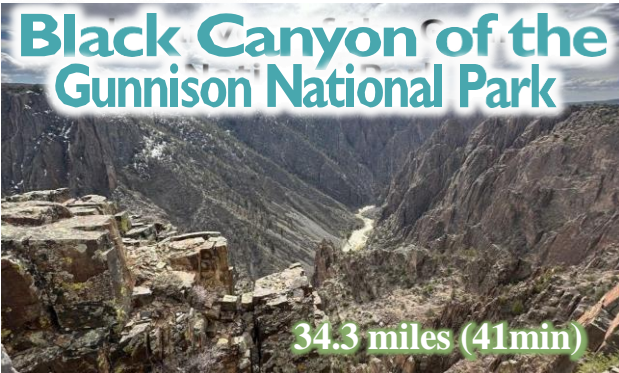
15.3 miles (19min)

Grand Mesa National Forest



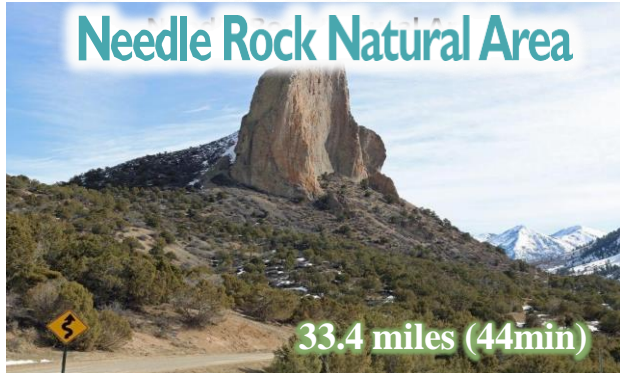
25.1 miles (34min)

Black Canyon of the Gunnison National Park



34.3 miles (41min)

Needle Rock Natural Area



33.4 miles (44min)

Crawford State Park



33 miles (42min)

Colorado National Monument



53.3 miles (1hr 9min)





Hunting



Farm, Ranches, & Ag Tourism



Fort Uncompahgre



River Rafting

Key Informational Links

- [One Delta County An Economic Alliance](#)
- [Visit Delta County](#)
- [City of Delta](#)
- [Delta County](#)