

Urban Renewal Agency (URA) Board of Directors
Preliminary Agenda
City of North Plains
Jessie Mays Community Hall
30975 NW Hillcrest Street
Tuesday, February 18, 2014 – 6:00 P.M.
Special Session

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **CONSENT AGENDA:** *(The items on the Consent Agenda are normally considered in a single motion. Any item may be removed for separate consideration upon request by any member of the Council.)*
 - A. Approval of Special Session agenda
 - B. Approval of minutes of 12/02/13 Special Session URA Board of Directors
4. **PUBLIC COMMENT:** *(Persons wishing to speak on matters not on the agenda may be recognized at this time. Speakers must complete a "Public Comment Registration form" on the information table and return it to the City Recorder. You are not required to give your address when speaking to the City Council, only your name. Presentations are limited to five minutes.)*
5. **PUBLIC HEARING:**
None Scheduled
6. **NEW BUSINESS:**
 - A. Consider adoption of Resolution No. 14-0001
7. **ADJOURNMENT**

North Plains Urban Renewal Agency meetings are accessible for disabled individuals. The Agency will also endeavor to provide services for persons with impaired hearing or vision and other services, if requested, at least 48 hours prior to the meeting. To obtain services, please call City Hall at (503) 647-5555.

**City of North Plains
Urban Renewal Agency (URA) Board of Directors
December 2, 2013 Special Session
MINUTES**

1. **CALL TO ORDER:** Vice Chair Demagalski called the meeting to order at 10:10 p.m.

2. **ROLL CALL:**

Directors present: Michael Demagalski, David Hatcher, Robert Kindel, Jr., Charlynn Newton, Glen Warren and Michael Broome

Absent excused: Chair Teri Lenahan,

Staff present: City Manager Martha DeBry, Finance Director Rachael Lembo, Deputy City Recorder Margaret Reh

3. **CONSENT AGENDA**

A. Regular Session Agenda Approval

B. July 1, 2013 – Special Session Minutes Approval

Motion by Broome. Seconded by Warren to approve the Consent Agenda. The motion was approved unanimously.

4. **PUBLIC COMMENT**

There was no public comment forthcoming.

5. **PUBLIC HEARING:**

None Scheduled

6. **NEW BUSINESS:**

A. Discussion of YTD Finance Budget Report

Finance Director Rachael Lembo presented the Finance Budget Report to the Council. She stated that we have paid some debt this year. Lembo had thought Director Lenahan had requested this report to assist in discussing signage. Nothing further was discussed regarding the report.

B. Consider adoption of Resolution No. 13-0004 Intergovernmental loan from the City of North Plains' General Fund to the Urban Renewal Agency of the City of North Plains.

Lembo stated the reason for calling this URA Board meeting was to decide if the URA wanted to pursue entering into an agreement with the City requesting a loan from the General Fund of the City of North Plains. This option was discussed at length by the City Council (12/2/13) just prior to this URA meeting. This loan would allow the URA to

pay off both loans currently held with Columbia Community Bank. This includes the loan on the Kaybern property that comes due in February 2014.

Motion made by Warren. Seconded by Kindel to adopt Resolution No.13-0004 approving an Intergovernmental loan from the City of North Plains' General Fund to the Urban Renewal Agency of the City of North Plains. The motion was approved unanimously.

C. Discuss property sale option for Kaybern property with current renter

DeBry explained to the URA Board that she had been approached by Jesse Sanders, the current renter of the property on Kaybern. Sanders was expressing an interest in purchasing a portion of the Kaybern property for his landscape business. Discussion ensued. The Board was in agreement to not split the property at this point in time and let Sanders just continue to rent the space. The Board would like to see it be used and developed as a whole lot with a business that would be good for the economic development of the downtown area.

7. **ADJOURNMENT** – Vice Chair Demagalski adjourned the meeting at 10:17 p.m.

Michael Demagalski, Vice Chairperson

Margaret L. Reh, Deputy City Recorder

Date approved: _____

NORTH PLAINS URBAN RENEWAL AGENCY

31360 NW Commercial Street, North Plains, Oregon 97133

Date: February 11, 2014
To: Urban Renewal Agency Board of Directors
From: Executive Director Martha DeBry
Subject: Resolution No. 14-0001 approving an agreement for a hospitality market feasibility study to be performed by Kennedy and Mohn

Request: Board consider adopting Resolution No. 14-0001 approving an agreement for a hospitality market feasibility study to be performed by consultants Kennedy and Mohn.

Background: City staff solicited a proposal from Kennedy and Mohn to perform a market feasibility study to determine if sites in North Plains would meet the criteria of major hotel brands. The study would evaluate sites in North Plains, and the general market in our area. Staff believes focusing on the hotel industry is worthwhile because:

- Hotels provide a variety of jobs including management, customer service, facility maintenance, housekeeping, and food service.
- Local hotel occupancy taxes typically range 3%-9% and would be a new revenue source for the community. For example, if 100 rooms were added at a rate of \$100 per night and an average daily occupancy of 50%, such taxes would generate between \$50,000-\$164,000 per year.
- A hotel can be situated on a site as small as two acres, and several locations off Glencoe would be suitable locations for such facilities.
- North Plains can be made more attractive to vacationing tourists as the location is the westernmost City in the Portland Metropolitan area; closest to the coast while remaining a short distance to the downtown Portland, and local attractions include Pumpkin Ridge and Horning's Hideout.
- North Plains is situated within 10 minutes of most of Hillsboro's northern industrial area, which is experiencing a substantial growth in jobs. The need for additional hotel capacity locally is highlighted by projects recently approved by the City of Hillsboro. Two new Hilton brand hotel projects (Embassy Suites and Hampton Inn and Suites) will add 271 hotel rooms on a 4.9 acre site. According to the Smith Travel Report, Hillsboro's current 1,125 hotel rooms (12 hotels) have an extraordinarily high occupancy rate of 82.5%, and the average room cost

\$116/night. (Smith also reports monthly on the average U.S. occupancy rate which ranged between 50% (December) -71% (July) in 2013.) Both of the new hotels will be in Hillsboro's industrial area near Highway 26. It should be noted Kennedy and Mohn assisted with site location for these projects.

Kennedy and Mohn was suggested as a consultant by the Director of Development for western states at Starwood Hotels and Resorts.

Once the City has received the work product from this study, it will be reviewed with Council, to determine if an additional consulting services should be retained to actively recruit a hotel investment in North Plains.

Fiscal Impact: The proposed contract would be for \$6,500 plus expenses. This can be funded through the URA contingency fund. Staff is recommending funding be allocated from the contingency at present, and represented as a line item in the supplemental budget.

Environmental Issues: No environmental issues are associated with this item.

Recommendation: URA Board to adopt Resolution No. 14-0001 approving an agreement for a hospitality market feasibility study to be performed by consultants Kennedy and Mohn.

Sample Motion: I move to adopt URA Resolution No. 14-0001.

Attachments: Proposal from Kennedy and Mohn, Resolution No.14-0001



Kennedy & Mohn, P.S.
Hotel Brokerage, Consulting, & Appraisals
www.HotelRealtyNW.com

October 21, 2013

Ms. Jennifer Knowles
Management Analyst
City of North Plains, Oregon
31360 NW Commercial Street
North Plains, OR 97133

Transmitted by email: Jennifer@northplains.org

Dear Ms. Knowles:

It was a pleasure speaking with you recently regarding the City of North Plain's, Oregon interest in attracting a hotel for your community. As we understand, you would like to complete a market feasibility of one or more possible sites that might be suitable for the development of a hotel. The purpose of this market feasibility study would be to assist you in the evaluation of the market and determination of whether there is sufficient demand to support new lodging development and, if so, to identify the type and quality level of property (properties) best suited for the market at this time, the number and mix of guestrooms, size of banquet and meeting space, and other amenities that would enhance the competitive position of the proposed hotel. Our report would then be used to help seek a developer that might be interested in developing a hotel at this location. This proposal includes an overview of our qualifications, the scope of work we propose to complete, our professional fees, and a timetable for completing the assignment.

QUALIFICATIONS OF KENNEDY & MOHN, P.S.

Kennedy & Mohn is one of the leading professional services firms in the Northwest and Upper Rocky Mountain states that is devoted solely to the hospitality industry. The firm, which has been in existence since 1988, has two professionals with a combined total of more than 50 years of experience in the hospitality industry.

Kennedy & Mohn, P.S. provides services in three primary areas:

- ◆ *Management consulting services*, including market and economic feasibility analyses, strategic planning services, acquisitions due diligence, litigation support, and other general consulting services.

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- ◆ *Appraisal services.* Our firm has completed appraisals of hospitality properties located throughout the West Coast and Alaska, ranging from small limited-service hotels to \$100+ million resorts. These appraisals have been completed for a wide variety of major lending institutions, and private developers for planning or acquisition purposes, property tax appeals, or estate tax planning. Michael J. Mohn holds the MAI designation from the Appraisal Institute and appraisal licenses in multiple states.
- ◆ *Brokerage services.* Thomas P. Kennedy and Michael J. Mohn are licensed real estate brokers. Our vast experience in the industry and wide range of contacts provides invaluable assistance to buyers and sellers of hospitality properties. We have successfully represented the interests of our clients as buyers and sellers in numerous transactions throughout the Pacific Northwest, representing more than \$175 million in asset value.

The following characteristics distinguish our firm from other hospitality consulting firms:

- ◆ Kennedy & Mohn not only provides the benefit of many years of experience in observing and analyzing what does and doesn't work in the hospitality industry, but we also know what needs to be done to implement "consulting theory and recommendations." We are not in the business of delivering reports that look good but simply gather dust on the shelf.
- ◆ Kennedy & Mohn has developed an excellent reputation for delivering insightful, well-researched, high quality work and for "telling it like it is" rather than simply telling the client what they want to hear. We have purposely kept the firm small so the principals can be directly involved with each client – thus ensuring high quality services. You may learn more about our company, our philosophy, and our experience by visiting our web site at www.HotelRealtyNW.com

SCOPE OF THE STUDY

Our market analysis will include the following scope of work.

Market Feasibility Study

- ◆ At the outset of the study we will meet with you to inspect the potential site(s) and discuss your plans or vision for the project. We will also gather any additional information that would be useful to our research and analysis.

- ◆ We will evaluate the competitive advantages and disadvantages of the site(s) with respect to the better quality existing and proposed hotels located in the nearby Forest Grove and Hillsboro competitive market area considering:
 - Proximity to demand generators
 - Access and visibility
 - Surrounding neighborhood characteristics
 - Physical limitations
 - Zoning restrictions

- ◆ We will interview state agencies and local officials regarding economic conditions, tourism and development trends, institutional growth, and the need for additional lodging in the competitive market. As considered appropriate, we will interview representatives of:
 - Local Chamber of Commerce
 - Attractions in North Plains
 - Economic development organizations
 - Local Planning and Zoning Departments
 - Local real estate brokers, familiar with the area
 - State departments of commerce, transportation, employment, and tourism.
 - Other pertinent organizations or individuals as determined in the course of our study.

- ◆ We will order one or more lodging market Trends Reports from Smith Travel Research for the better quality, hotels located within the market to establish a baseline of historical performance within the market and within the key sub-sets under consideration. In addition, we will interview owners, managers, or corporate representatives of the directly competitive hotels to gather additional information concerning the local lodging market. Based on information gathered through these sources we will complete a profile of existing and proposed hotels in the area that would be most directly competitive with a hotel if built on your site. We will inspect the competitive hotels and gather information to ascertain the following:
 - Physical characteristics of the property.
 - Management and franchise affiliations.
 - Published room rates.
 - Estimated occupancy, average room rate, and RevPAR.
 - Market segmentation.
 - Competitive advantages and disadvantages of each hotel.
 - Status of proposed hotel projects.
 - Outlook for the local hotel market.

- ◆ We will project market occupancy rates for the competitive market through the proposed hotel's fifth year of operation, based on anticipated changes in market supply and demand. We will then conclude whether market conditions warrant development of additional hotel rooms, and when the rooms might be added to the competitive market.
- ◆ If the results of our market analysis are favorable, we will make recommendations regarding the type of property that is best suited for the market, the number and mix of guestrooms, the number and size meeting/banquet rooms (if applicable), and any additional guest amenities that may potentially enhance the performance of the hotel. We will comment on the recommended market positioning of the proposed hotel relative to its direct and indirect competition in the local market and, as appropriate, provide commentary regarding potential affiliations.

COMMUNICATION OF THE STUDY RESULTS

At the completion of our study, we will prepare a letter report outlining our findings and conclusions in an abbreviated format. Our analysis and report(s) will be subject to a number of assumptions and limiting conditions which are attached to this letter.

PROFESSIONAL FEES AND TIME TABLE

Our professional fee for completion of our market feasibility study will be \$6,500. In addition to our professional fees, we will be reimbursed for out-of-pocket costs incurred for third-party data (STR), lodging, travel, and subsistence during our research time in the local market.

We will require receipt of a \$5,000 retainer prior to beginning the study. The balance of our professional fees and out-of-pocket expenses for the engagement will be due upon delivery of our letter report.

Given our present scheduling, we can begin the study within approximately two weeks of receipt of the signed engagement letter and the requested retainer. Barring unforeseen circumstances, we will complete the study and deliver the letter report within approximately four weeks.

Should at any time following our research and analysis we conclude that the market will not support development of the proposed hotel(s), we will stop our work at that point and discuss our findings with you. You will then have the option of terminating the assignment and paying us a professional fee based on our percentage of completion of the assignment at that point and any out-of-pocket expenses incurred, or have us complete the engagement.

Additional meetings or analysis outside the scope of work outlined in this proposal will be billed at hourly rates of \$300, plus out-of-pocket expenses incurred.

Ms. Jennifer Knowles
October 21, 2013
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Additional meetings or analysis outside the scope of work outlined in this proposal will be billed at hourly rates of \$300, plus out-of-pocket expenses incurred.

If any suit or action is filed by any party based on the subject matter of this proposal, the prevailing party shall be entitled to recover reasonable attorney fees incurred in preparation or in prosecution or defense of any suit or action as fixed by the trial court and, if any appeal is taken from the decision of the trial court, reasonable attorney fees as fixed by the appellate court.

ACCEPTANCE

If this letter correctly states the nature of the work you wish performed and the other arrangements are satisfactory, please sign below and return this letter with the required retainer as our authorization to schedule the assignment. This proposal letter is valid for fifteen days from its issue date. Our estimates of timing for this project assume prompt execution of this proposal and submission of the required retainer. Our schedules are determined on a first-in, first-out basis and any delays in execution of this proposal could result in delays to the timing estimates set forth previously.

If you have any questions regarding this proposal, please feel free to call me directly.

Sincerely,



Thomas P. Kennedy, CHA

TPK/mjm

ACCEPTED BY:

Signature

Date

GENERAL ASSUMPTIONS

This preliminary market feasibility study report has been prepared under the following general assumptions:

- ◆ No responsibility is assumed for matters of a legal nature.
- ◆ Responsible ownership and competent property management are assumed.
- ◆ The information provided by others is believed to be reliable. However, no warranty is given for its accuracy.
- ◆ All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- ◆ It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less useful. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- ◆ Full compliance with all applicable federal, state, and local environmental regulations and laws is assumed.
- ◆ Full compliance with all applicable zoning and use regulations and restrictions is assumed.
- ◆ It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained.
- ◆ It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass.

LIMITING CONDITIONS

This preliminary market feasibility study report has been prepared under the following general limiting conditions:

- ◆ Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of Kennedy & Mohn, P.S., and in any event only with proper written qualification and only in its entirety.
- ◆ Kennedy & Mohn, P.S., is not required to give further consultation, testimony, or be in attendance in court with reference to this report unless arrangements have been previously made.
- ◆ Projections of future revenue, expenses, net operating income, mortgage debt service, capital outlays, cash flow, or inflation represent our judgment of the assumptions likely to be used by informed persons in the marketplace. These estimates are intended solely for analytical purposes and are not intended to accurately predict future results or events. Actual performance will differ from these projections, and these differences may be significant.
- ◆ In accordance with our contract with the client, the accompanying analysis is not intended to be a complete market analysis or appraisal. The purpose of this market overview feasibility study is to assist in the initial development planning of the client. The results of this market overview analysis are subject to change based on completion of a full market study or appraisal.
- ◆ Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the consultant become aware of such during the consultant's inspection. The consultant has no knowledge of the existence of such materials on or in the property unless otherwise stated. The consultant, however, is not qualified to test such substances or conditions. The presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the feasibility of the project. Our analysis is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

RESOLUTION NO. 14-0001

A RESOLUTION OF NORTH PLAINS URBAN RENEWAL AGENCY BOARD OF DIRECTORS, APPROVING AN AGREEMENT FOR A HOSPITALITY MARKET FEASIBILITY STUDY TO BE PERFORMED BY CONSULTANTS KENNEDY AND MOHN

WHEREAS, the Board of Directors wishes to improve its knowledge of the economic development opportunities associated with the hospitality industry; and

WHEREAS, the Board of Directors solicited a proposal from hotel site consultants Kennedy and Mohn to evaluate the North Plains market; and

WHEREAS, a comprehensive study of the opportunities in North Plains would assist with economic development locally; and

WHEREAS, funding for the study will be allocated from Urban Renewal Agency revenues.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the North Plains Urban Renewal Agency of the city of North Plains, Oregon approves the agreement with Kennedy and Mohn in an amount not to exceed \$6,500 plus expenses, and authorizes staff to execute documents related to the same.

INTRODUCED AND ADOPTED this 18th day of February, 2014.

NORTH PLAINS URBAN RENEWAL AGENCY

BY: _____
Teri Lenahan, Chairperson

ATTEST:

BY: _____
Margaret L. Reh, Deputy City Recorder