



City of  
Raleigh

N O R T H C A R O L I N A

Wake  
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# CONVENTION CENTER **HEADQUARTERS** **HOTEL**

STRATEGIC ADVISORY GROUP

## Today's Discussion Topics

- Who is S.A.G.?
- How do HQ Hotels get Built?
- Why is Public Participation Needed?
- Raleigh's RFP & Selection Processes
- The Next Steps

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# Who is S.A.G.?

- **Jeff Sachs**
- **Tony Peterman**
- **Jerry McClendon**
- **Clay Dickinson**
- **Tom Reifert**

## *SAG professionals experience:*

- 2,500-room Westin New Orleans LA Convention Center Hotel (NPC)
- 1,500-room Marriott Marquis Washington DC Convention Hotel
- 1,200-room Boston MA Convention and Exhibition Center Hotel (NPC)
- 1,200-room Detroit TX Cobo Convention Center Hotel
- 1,200-room Houston TX GRB Convention Center Hotel (NPC)
- 1,200-room San Antonio TX Sheraton Convention Center Hotel
- 900-room Tampa FL Marriott Convention Center Hotel
- 700-room Charlotte NC Westin Convention Center Hotel
- 500-room Schaumburg IL Convention Center Hotel (NPC)
- 450-room Irving TX Convention Center and Hotel (NPC)
- 400-room Myrtle Beach SC Radisson Convention Center Hotel (NPC)
- 400-room Richardson TX Renaissance Conference Center Hotel
- 400-room Virginia Beach VA Convention Hotel
- 300-room Columbia SC Convention Hotel
- 300-room Gary IN Convention Convention Center Hotel
- 300-room Gulf Shores AL Convention Center Hotel
- 300-room Sarasota FL Convention Hotel
- 250-room Wausau WI Convention Hotel
- 200-room Trenton NJ Marriott Conference Center (NPC)
- 150-room Dalton GA Convention Center Hotel

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# How do HQ Hotels get Built?

## DID IT

- Austin
- Baltimore
- Charlotte
- Chicago
- Denver
- Houston
- Irving
- Jacksonville
- Miami
- Myrtle Beach
- Norfolk
- North Charleston
- Omaha
- Overland Park
- Philadelphia
- Richardson
- Sacramento
- San Jose
- Seattle
- St. Louis
- Tampa
- Trenton

## DOING IT

- Albany
- Boston
- Cobb Galleria
- Columbia
- Columbus
- Dallas
- Denver
- Fort Lauderdale
- Fort Worth
- Gulf Shores
- Lancaster PA
- Lansing
- New Orleans
- Orlando
- Osceola (Kissimmee)
- Phoenix
- Portland
- San Antonio
- San Diego
- San Juan
- Schaumburg
- Virginia Beach
- Washington DC

Source: Strategic Advisory Group

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# How do HQ Hotels get Built?

City	Richardson TX	Charlotte NC	St. Louis MO	Indianapolis IN	Wichita KS	Norfolk VA
Property	Renaissance	Westin	Marriott	Marriott	Hyatt	Marriott
Opening Date	2005E	2003	2002	2001	1997	1992
No. of Rooms	336	700	1081	615	303	405
Cost per Room (\$000)	\$141	\$204	\$246	\$146	\$141	\$150
Private Investment	\$36.5	\$102.0	\$38.2	\$67.0	\$20.9	\$37.6
<b>% Private</b>	<b>77%</b>	<b>71%</b>	<b>14%</b>	<b>74%</b>	<b>49%</b>	<b>62%</b>
Public Investment	11.0	41.0	227.4	23.0	21.8	23.0
<b>% Public</b>	<b>23%</b>	<b>29%</b>	<b>86%</b>	<b>26%</b>	<b>51%</b>	<b>38%</b>
Total Cost	\$47.5	\$143.0	\$265.6	\$90.0	\$42.7	\$60.6

Source: Strategic Advisory Group

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# Why Public Participation Needed?

- Early 1990s recession and RTC workouts lowered hotel values below replacement cost
- Construction costs continue to outpace full-service hotel economic value
  - \$145k to \$160k per room Development Costs
  - \$115k to \$140k per room Economic Value
- Developer solutions
  - Develop suburban limited-service hotels on inexpensive land, no meeting space, no F&B
  - Develop suburban full-service hotels on inexpensive land, small amount of meeting space, targeting corporate travelers
  - Develop urban full-service hotels with public participation
- There has not been an urban full-service hotel (other than in Orlando and Las Vegas) built without public participation since the Chicago Sheraton in 1992.

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## RFP Process To Date

- Issued RFQ in August, 2003
- Received 8 submittals in October
- Interviewed 5 teams, Short-listed to 3 in November
- Received 3 RFP's in December

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## Short-listed Firms

	<b>Convention Center Hotel Group</b>	<b>Stormont-Noble Development</b>	<b>Trammell-Crow</b>
Owner	Summit Hospitality / Davidson & Jones	Stormont-Noble Development	Trammell-Crow & Garfield Traub
Developer	White Lodging	Stormont-Noble Development	Trammell-Crow & Garfield Traub
Architect	PFVS, HOK	Cooper Cary	TVSA
Contractor	Skanska or Bovis or Shelco	Holder	Turner
Franchise	Marriott	Marriott	Westin
Operator	Marriott Int'l or White Lodging	Noble Mgmt Group	Starwood

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## How to Choose?

- Team's Comparable Hotel & PPP Development Experience
- Hotel's Vision
  - Size and Quality of Property
  - Public Spaces & Amenities
  - Integration with Convention Center
  - Integration with "Livable Streets Plan" & Urban Design Issues
- Ability of the Developer to Arrange Private Financing
  - Raise & Guarantee Debt
  - Commit Equity
- Amount and Form of Public Participation
- Room Block Commitment

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## Raleigh's Next Steps

- December /January 2003-2004
  - Review and Analyze Proposals
  - Prepare Staff Recommendation
- January 20 Council Authorizes City Staff to Enter into Development Agreement Negotiations with Preferred Team
- Draft Development Agreement February
- Secure Hotel Financing in Nov/Dec 2004
- Simultaneous Convention Center and Hotel Opening in January 2007

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