

CITY OF SPRUCE GROVE

REQUEST FOR PROPOSALS (RFP) TO PREPARE A HOTEL MARKET STUDY AND BUSINESS CASE ANALYSIS

The City of Spruce Grove is inviting proposals from qualified consultants to undertake a market assessment and business case analysis for attracting and developing a new hotel project in Spruce Grove, Alberta. The City's objective is to attract a new first class brand hotel development which incorporates conference and banquet facilities.

This information and analysis will be used to attract potential developers, hotel companies and investors who are interested in hotel development, and by the City to market the opportunity. The successful consultant will have a demonstrated track record in doing this type of assessment.

Spruce Grove Profile

The City of Spruce Grove is one of the municipalities making up the Greater Edmonton Capital Region. The Capital Region is a vibrant and growing area characterized by a robust, diverse economy and a youthful, affluent population of around 1.25 million people. The median age of Capital Region residents is 36 years and personal per capita incomes are approximately 20% higher than the Canadian average. The Region's annual GDP of over \$42 billion demonstrates the vigor of the economy.

Located just 11 kilometers west of Edmonton, Spruce Grove has a prominent location in the Capital Region. As the western gateway, it is the first major city for travelers approaching Edmonton from the west. It is well connected to major transportation routes including the Yellowhead Trans Canada Highway, Highway 16A and Highway 43 which connects to the Mackenzie and Alaska Highways. Average traffic counts are 38,000 vehicles a day on the Yellowhead and 27,000 vehicles a day on Highway 16A. Also nearby are rail connections and a major CN Rail intermodal terminal.

Spruce Grove is one of Alberta's fastest growing communities. With a 22% population increase from 2001 to 2006, its growth rate is well above that of most Alberta Municipalities. Spruce Grove's population in 2009 is estimated at 22,500 people. The city is also part of a tri-municipal area that consists of the City of Spruce Grove and the adjoining municipalities of Stony Plain and Parkland County. The combined population is over 62,000. Spruce Grove serves as the commercial centre for the tri-municipal area and beyond.

Spruce Grove is often described as a bedroom community to Edmonton. This has changed significantly in recent years. The City features a large commercial and industrial base in addition to other large employers in the area. These provide many local jobs. Many residents do commute to Edmonton and other centres in the Capital Region, but today non-residents also commute to Spruce Grove for work.

The City has a diverse industrial base that includes agriculture and food processing, oilfield services and manufacturing, heavy construction, transportation, secondary wood products, modular housing, etc. There are currently 5 existing industrial parks with 257 businesses employing an estimated 2,059 people,

and one industrial park under construction. This provides the City with 559.27 hectares (1,382 acres) of available industrial land from which 182.10 hectares (450 acres) are currently developed and fully serviced.

As well, the Acheson Industrial Area is just 3 kilometers east of Spruce Grove. It hosts around 225 businesses and has an employment base approaching 5,000 jobs. The Acheson area has approximately 4,046.85 hectares (10,000 acres) of developable land, of which approximately 809.37 hectares (2,000 acres) are currently developed with another 809.37 hectares (2,000 acres) of land actively being developed.

Moreover, Spruce Grove has adopted a Sports Tourism Strategy that builds on the premier sport and recreation facilities that the City has to offer. These include the TransAlta Tri Leisure Centre (aquatic centre, 2 NHL size ice surfaces, 2 indoor soccer pitches, etc.), West District Sports Park (twin artificial turf playing fields for football, soccer and other field sports), the Agrena (two ice surfaces, curling rink) and other facilities. This has allowed us to attract tournaments and other major events to the City at the regional and provincial level. The City's location on the Yellowhead TransCanada Highway also offers tourism and hospitality opportunities if the service capacity was in place.

Hotel Development

The City of Spruce Grove has identified the need to attract a business class hotel with conference and banquet facilities as a top economic development priority. This reflects the input received from our businesses, industrial sector, sports organizations and community service groups. The message has been that our market is under-serviced with respect to accommodation and banquet capacity and this business is being lost to Edmonton and other municipalities. It is also adversely affecting our ability to host major events and tournaments, and our ability to service the needs of residents and our business community.

The proposal should be structured sequentially in the following components:

1. A market assessment of the hotel opportunity in Spruce Grove covering a 3-5 year timeframe going forward, and assuming a positive result,
2. A business case and financial analysis for a hotel development.
3. Recommendations relating to the business case and potential interested parties.

The primary target audience will be potential investors, developers and hotel companies from within or outside Spruce Grove. A secondary audience will be real estate, financial and other business services that use this type of information to advise their clients on investment and location decisions. The final product should be a report that can be used to assess the opportunity and have an understanding of the business case. While the study is not specific to any site, the consultant is expected to make site recommendations with respect to the several potential sites available in Spruce Grove.

RFP Terms of Reference

Proposals are invited from consultants for undertaking a market assessment and business case analysis for developing a new hotel project with conference and banquet facilities in Spruce Grove. This project

will be undertaken in three components, and terms of reference and budget should be prepared for each component.

1. Prepare a market assessment for a hotel development in Spruce Grove. This should consider the category of hotel, price point, number of rooms, conference and banquet capacity, demand forecasts, requirements for branding, options for attracting developers/owners, risk factors, etc. The workplan should include 4-5 interviews with parties in Spruce Grove who can speak to the need for new hotel development and potential demand.
2. Assuming a positive market assessment, the next phase is to prepare a business case and financial analysis for the hotel configuration recommended. This should include estimates of construction and development costs, and a financial model that assesses the viability of the business operation.
3. The consultant will make specific site recommendations with regard to potential sites in Spruce Grove; provide recommendations on a strategy for attracting a hotel development; provide recommendations on steps the City could take, if necessary, to improve the business case for a hotel development; and provide a list of contacts of parties in the hotel industry that may be interested in a Spruce Grove opportunity. This component is confidential and will have limited distribution within City Council and Administration.

Deliverables, Timelines and Proposal Requirements

The project deliverables will consist of a written report (6 hard copies and Word version on disk) and a final presentation to City Council and Administration. Provision should also be made for an initial start-up meeting and a progress meeting following completion of the market assessment component (#1 above). Item #3 above should be submitted as a separate document.

The closing date for proposals is March 31st, 2009. It is expected that the contract will be awarded by April 15th. A draft report is required by May 29th, 2009 and a final report on or before June 15th, 2009. Interested consultants are asked to submit their proposal either in hard copy or electronically by 4:00 pm on Tuesday, March 31st, 2009 to:

Dave Walker
Manager, Economic & Business Development
City of Spruce Grove
315 Jespersen Avenue
Spruce Grove, AB T7X 3E8
Email: dwalker@sprucegrove.org

The proposal should include:

1. Experience of the consultant in doing this type of project;
2. Names and qualifications of the people who would be assigned to carry out the study;
3. Workplan and timelines; and
4. Proposed budget.

More information can be obtained by contacting Dave Walker at dwalker@sprucegrove.org or at (780) 962-7608.

Miscellaneous

1. **Proposal Expenses.** Any risk, costs and expenses incurred by each Proponent in, or arising from, the preparation of Proposals or any associated presentations, discussions or negotiations, shall be the sole cost and expense of the Proponent. The City shall not under any circumstances be responsible for the payment or reimbursement of the same.
2. **Conflicts of Interest.** Any material familial, social, financial, commercial or other interest that the Proponent (or any director, shareholder, employee or representative of the Proponent) has with the City or with any employee or representative of the City (or any contractor of the City) should be disclosed in your Proposal. Such disclosure will generally not of itself disqualify a Proponent but must be frankly and honestly disclosed so that proper safeguards can be employed to avoid any actual or perceived unfairness or bias.
3. **Confidentiality.** Any information provided by, or obtained from, the City in connection with this RFP, and the terms of any contract ultimately entered into, is confidential information held for the benefit of the City and shall not be disclosed or released by the Proponent (or used by the Proponent for purposes other than responding to this RFP) without the City's express written consent.
4. **Freedom to Contract.** The City is not obliged to accept any of the Proposals submitted in response to this RFP and may terminate this RFP process at any time without notice.
5. **FOIPP.** The City is a public body subject to the privacy and disclosure provisions of the Freedom of Information and Protection of Privacy Act (FOIPP) and any information provided by the City to the Proponents or provided by the Proponents to the City may become subject to disclosure upon application of a third party.
6. **No Legal Rights Created.** Without any limitation to or by the foregoing, nothing in this RFP or in any communications, discussions or negotiations made or entered into pursuant to this RFP or in any further statements or information made or provided by the City or its representatives gives to any Proponent any legal rights whatsoever and in particular, no contractual obligation, duty of care, duty to inform or any other obligation is imposed upon the City. Any liability of the City to a Proponent arising out of this RFP or any Proposal hereunder, including any contract negotiations, whether in tort, contract or otherwise, shall be limited to the sum of \$1,000 in the aggregate for any and all causes and claims. In no event, shall the City be liable or otherwise responsible for claims for lost profits or any indirect or consequential losses of any kind.