



Request for Proposals (RFP)

Market Analysis and Financial Feasibility Study for a Convention Center in Hendersonville, NC

(Proposals due 3:00 p.m. EDT on Tuesday, July 28, 2009)

The City of Hendersonville, North Carolina is seeking the services of a qualified consulting firm (or team of firms) to prepare a Market Analysis and Financial Feasibility Study for a convention and special events center. While no decisions have been made, it is a presumption of the City Council that a successful facility would need to be located downtown near Hendersonville's historic Main Street. This Request-for-Proposals (RFP) describes the study background, proposed scope of services, schedule, and submission requirements. **As detailed later in this RFP, all proposals must be submitted to the City of Hendersonville's City Manager's Office no later than 3:00 p.m., Tuesday, July 28, 2009.**

1. Introduction and Study Background

Study Location

The City of Hendersonville is located in the center of Henderson County in the mountainous western region of the state of North Carolina. While Hendersonville is a relatively small city at a population of 12,700, it serves as the cultural and economic hub of a fairly affluent county with over 100,000 residents. The City encompasses over six square miles of the County's approximately 374 square miles. Much of the County's population lives in private developments in unincorporated areas, and conduct their business and enjoy cultural offerings in Hendersonville. The city has excellent access to the many amenities for which western North Carolina are famous, including the Blue Ridge Parkway, state and national parks, golf, fishing, adventure sports and cultural tourism. While the local economy is diverse, it is known as a major tourism and retirement destination, and frequently is mentioned in national publications as a top destination for touring and relocation.

The City enjoys an enviable position in terms of nearby population centers, positioned 22 miles south of Asheville, NC and about 45 miles north of Greenville and Spartanburg, SC. Hendersonville is an easy drive from both locations and is centrally located in a four county region with over 1,025,000 people. All three population centers are accessed by major roads which pass through Hendersonville, including I-26 and US 25. Henderson County is served by the Asheville Regional Airport and is a 50-minute drive from the Greenville Spartanburg International Airport.

Convention Facilities Overview

The Hendersonville community's convention and special events facilities needs are currently served by a number of venues. The City of Hendersonville itself does not own or operate any such facilities. There are no hotels of regional or national affiliation in the downtown core. Special events facilities include several historic homes and inns which provide venues for weddings, banquets and other events. Similar events are accommodated at country clubs and historic estates around the county. Hotels located at Hendersonville's two interstate interchanges offer larger more flexible spaces for meetings and events, but their location does not afford much interaction between their patrons and the downtown core. A number of large retreat centers are located in Henderson County. These centers are affiliated with church denominations and cater mostly to those groups, though they occasionally host other events and organizations.

Nearby, Blue Ridge Community College recently opened the Blue Ridge Conference Hall. This 11,000 square foot facility is offered for rental for meetings, performances and conferences. The main hall seats 1000 people theater style or can be subdivided into three sections that seat more than 250 people each. The hall can support seated banquets of up to 500 visitors. The City is pleased to have this new facility on its outskirts, but believes this facility by its design and location is destined to serve a different market than what is intended by the City Council in this RFP. The Blue Ridge campus is in a rural setting and is a 10-minute drive from the Hendersonville core. It is located within the campus of the community college and is used on a regular basis for the college's programs. There is little opportunity for nearby economic development due to the other campus buildings and rural setting.

The University of North Carolina at Asheville owns and operates the Kellogg Center, which they offer for meetings, small conferences or corporate training in a retreat setting on fifty wooded acres near Hendersonville. Again the City views this facility as an asset, but with a capacity of only 60 participants and a rural setting outside of the core, there is little opportunity to enjoy an economic benefit from the center. The center prohibits food in the main meeting room.

In the northern portion of Henderson County, a facility known as the Lelia Patterson Center was built in 2003. Owned and operated by the Fletcher Academy, the center serves as a multi-purpose fitness and special events facility. The center contains an auditorium that advertised a seating capacity of up to 1500. The facility has hosted concerts and large banquets, but is most often used as a large indoor gymnasium as part of the fitness center. The center is located about 10 miles from Hendersonville.

The final major facility on the border of Henderson County is the Western North Carolina Agricultural Center. This facility is similar to a fairgrounds and contains arenas and events space geared toward agricultural and livestock related shows and programs. New facilities are currently being added to the campus to accommodate arts and crafts shows, banquets and similar events.

Regionally, one might expect the logical western North Carolina convention destination to be located in the heart of Asheville. However, the City of Asheville does not operate a traditional

convention facility. The Asheville Civic Center includes a large performance hall adjacent to an arena. Both facilities were built in the 1970s and are widely considered to be in need of significant modernization and renovation. Repeated efforts to gain consensus on a future for the existing or a replacement facility have failed. There is no clear path on the future offerings of the City.

A number of private entities such as the Grove Park Inn, the Crown Plaza Resort and other smaller hotels have meeting and ballroom space that serve the Asheville convention and meetings market.

Recent Efforts

The City has never engaged in a study of the potential feasibility or benefits of a convention facility or civic center, but other recent community efforts may prove enlightening. Most notably, a private group put a great deal of effort into launching a performing arts facility. A national design competition was funded by the National Endowment for the Arts. The winning design came with a price tag in the neighborhood of \$30,000,000, was highly controversial and widely criticized as being out of character with the community. Repeated efforts to secure seed funding for construction were unsuccessful. The current City Council recently terminated its relationship with the group.

While the proposed arts facility has little in common with the current focus on convention space, the community took away some important lessons from that experience. The first is that a major undertaking like a convention center must garner the support of the community, and architectural compatibility may play an important role in that effort. Second, the public is skeptical of grand claims when it comes to project financing. If a convention center effort is to move forward, it must be based on a sound, practical analysis of market conditions and a realistic projection of what such a facility could contribute to the local economy and at what cost. Finally, it was established that a major project like the arts center (and presumably a convention center) has the greatest benefit to the community only if it is located in close proximity to the downtown core.

Hendersonville 2030 Comprehensive Plan

In April 2009, the City Council adopted a Comprehensive Plan for the City of Hendersonville to guide decision-making, growth and development over the next 20 years. That plan does not specifically call for the establishment of a convention center, but it does define several goals that would be supported by the establishment of a successful convention center. Chapter Four outlines objectives calling for ongoing support of downtown businesses and investments in infrastructure that support the downtown core. Chapter Eight discusses land use and development. It identifies major land areas around the downtown core as priority infill areas. This chapter calls for developing a 24-hour environment around the downtown core, which enhances opportunities for retail and cultural development. A number of other objectives stated in the comprehensive plan are consistent with an effort to establish a convention space.

2. Scope of Work

Phase I Study Tasks

- 1) **Convention Center Market Validation-** Evaluate the market viability of a new convention center in downtown Hendersonville to serve Henderson County, and consider the possibility of positioning the center as a regional convention option for Western North Carolina. As part of this objective, provide a thorough overview of competing facilities, their viability and the impact of a facility in Hendersonville entering the market.
 - A. Provide a summary of **other facilities in the market**, including their capacity, their utilization rate, and general information about their operating budget.
 - B. Estimate the approximate **number of events** per year for a Hendersonville convention center by event type (e.g., conventions, trade shows or exhibitions, business meetings, banquets/social events, etc.)
 - C. Project the probable annual **attendance figures** for the convention center by event type, and indicate marketing and operational approaches for maximizing attendance and facility usage.
 - D. Based upon the market validation analysis, recommend the approximate **initial size by type of space** of a new convention center and the **estimated attendance figures** for each of the different event profiles that may be hosted by the facility.
 - E. Assuming a facility is constructed that follows the recommendations put forth in items B through D, provide a summary of the potential impact a convention center in Hendersonville might have on other local facilities. It will be vital to understand if success for a new convention center would come at the expense of nearby facilities, or whether the facility could be designed in such a way as to complement other local facilities and grow the overall events market.
- 2) **Support Facilities**
 - A. Assuming a facility is constructed that follows the recommendations put forth in section 1, provide comments as to the adequacy or shortage of nearby **complementary facilities**, such as parking and hotel space.
 - B. If existing facilities are deemed inadequate, present recommendations for **attracting, incentivizing or constructing necessary support facilities** to adequately support the effective operation of the convention center.

Phase II Study Tasks

The successful respondent will be asked to complete the following tasks only if the results of the Phase I study tasks indicate that market demand exists for a convention center in Hendersonville. The City will have sole discretion as to whether or not to proceed with Phase II of the study after the City Council has reviewed the Phase I results.

3) *Capital Construction Analysis*

- A. Based upon a project scope as called for in the market validation analysis, provide a general estimate of **capital construction, site related property acquisition, and land preparation costs** associated with construction costs for a facility of this nature. The City understands any such estimate is very preliminary in nature and likely based on general data such as total square footage. A basic estimate will suffice for the purposes of this analysis.
- B. Project annual (each year over 20 years) ongoing revenue sources that may be available to pay for the initial capital cost of the convention center.
- C. Based upon the market validation analysis, separately project **initial, one time revenue sources** that may be available for the initial capital cost of a new convention center.
- D. Prepare a **sources and uses statement** that incorporates the revenue and bond proceeds and a detailed uses of funds.

4) *Operating Analysis*

- A. Based upon the market validation analysis, separately project annual (each year over 20 years) facility-related **operating revenues** for a new convention center.
- B. Based upon the market validation analysis, separately project annual (each year over 20 years) **on-going operating expenditures** for a new convention center.
- C. Prepare a net operating income statement (by year over 20 years) that incorporates the operating revenues and expenditures to arrive at a projected surplus or loss that will require a subsidy.

3. Study Schedule

Initiation of the study is anticipated to occur by approximately mid-August 2009. Preliminary findings should be submitted to the City by November 1, 2009. A final study product is to be provided to the City by no later than December 31, 2009.

4. Submittal Procedures

Budget and Cost Submittals

Proposed fees for services outlined on the RFP must be submitted in a **separate sealed envelope** within the submittal package. The total project budget should be broken down into Phase I costs and Phase II costs. The envelope must be clearly marked with the firm's name and project title. The proposals will be initially reviewed without consideration to the fee.

Submittal Date and Time

Each submittal must include five (5) copies of your proposal and must be received in the offices of the City Manager no later than 3:00 p.m. EDT on Tuesday, July 28, 2009. Proposals should be addressed as follows:

DELIVERED BY US POSTAL SERVICE	DELIVERED BY ANY OTHER MEANS
City of Hendersonville PO Box 1670 Hendersonville, NC 28793 ATTN: W. Bowman Ferguson, City Manager	City of Hendersonville 145 Fifth Avenue East Hendersonville, NC 28792 ATTN: W. Bowman Ferguson, City Manager

Mark the outside of the submittals with the titles, "Hendersonville Convention Center Study Scope of Work Proposal" and "Hendersonville Convention Center Study Fee Proposal."

Proposal Content

All proposals at a minimum must provide the following:

- Firm(s) name, address(s) and telephone number(s)
- Type of services firm(s) particularly qualified to perform
- Names of key personnel, experience of each, and length of service with the firm(s)
- List of completed or ongoing projects of a similar nature for which the key personnel were the principal professional or served on the project team
- Willingness and capability to meet the time requirements
- List of similar projects or experience
- Statement of Understanding of the Study's Intent and Related Issues
- Total proposed consultant budget (i.e., fee) by major task and firm with costs broken down by staff, materials, and others study expenses.

Questions or other inquiries regarding this Request-for-Proposals (RFP) should be directed to Bo Ferguson, City Manager (bferguson@cityofhendersonville.org, 828-697-3000).

5. Consultant Selection Criteria and Awarding of Contract

1) Selection Criteria

Consultant proposals will be evaluated using the following criteria as a measure of the respondents' ability to successfully complete the project scope of work. Though important, cost will not be the sole basis for selection, since it is in the City's best interest to retain a team that has significant professional credentials. **The City reserves the right to accept, reject, or negotiate any or all proposals, including the right to award the contract in whole**

or in part if it is deemed in the City's best interest. The merit of each submittal will be assessed by a committee using the following evaluation criteria:

- A. Experience and Qualifications as evidenced by:
 - 1. Company background and history
 - 2. Relevant experience with other projects by individuals
 - 3. Client references (recent and long-term)
- B. Strength of the proposed Project Team as evidenced by:
 - 1. Appropriateness of management personnel and technical staff proposed.
 - 2. Organizational approach to project management including work flow, reporting and quality assurance procedures
- C. Quality of the proposed approach to the scope of work as evidenced by:
 - 1. Understanding and discussion of technical issues
 - 2. Methodology and technical plan of operations
 - 3. Project management plan and quality assurance procedures
 - 4. Innovation and thoughtfulness in work approach
- D. Ability to successfully complete the project as evidenced by:
 - 1. Understanding of task sequencing and major milestone events
 - 2. Adequacy of resources
 - 3. Ability to complete work on a timely basis and meet deadlines
 - 4. Efficiency in use of available study resources
- E. Response Characteristics
 - 1. Adherence to the required format
 - 2. Completeness of submittal
 - 3. Proposal cost
 - 4. Cost Breakdown by Phase

2) Contract negotiation

Upon completion of the evaluation process, the City of Hendersonville will enter into negotiations with the responder(s) whose proposal offers the best solution and best value possible, as determined in the evaluation process. The City of Hendersonville reserves the right to simultaneously negotiate with more than one responder or to ask for best and final proposals from one or more responders. The City reserves the right to reject any or all proposals submitted in response to this RFP. The award will be made to a qualified Consultant whose proposal is deemed to be in the best interest of the City of Hendersonville.

6. Insurance Requirements

Consultant shall indemnify and hold harmless the City of Hendersonville, North Carolina, or its representatives from all claims, demands, suits, actions, payments, liability, and judgments, arising from the activities of the Consultant or of Consultant's agents, contractors or employees. The Consultant shall carry insurance in the following kinds and minimum limits as indicated:

1) Worker's Compensation Insurance

Consultant shall take out and maintain during the life of the contract the applicable statutory Worker's Compensation Insurance with an insurance company authorized to write such insurance in this State covering all employees, and in the case of any work sublet, the Consultant shall require the Subconsultant similarly to provide statutory Worker's Compensation Insurance for the latter's employees.

2) Professional Liability Insurance

The Consultant shall maintain during the life of this contract, Professional Liability Insurance, naming and protecting Consultant against claims for damages resulting from the Consultant's errors, omissions, or negligent acts. Such policy shall contain a limit of liability not less than one million dollars.

3) Certificates of Insurance

The insurance specified above shall be written by a company or companies duly authorized and licensed to do business in the State of North Carolina and shall be maintained until Consultant's work has been completed and accepted by the City. A certificate of insurance evidencing policies required shall be furnished to the City of Hendersonville; such certificate shall specifically indicate that insurance policies shall give the City at least 30 days written notice in the event of cancellation of or material change in any of the policies.

7. Additional Terms and Conditions

- 1) The City of Hendersonville reserves the right to amend the request for proposals at anytime.
- 2) The City of Hendersonville reserves the right to determine the successful respondent.
- 3) The City of Hendersonville reserves the right to reject any or all proposals.
- 4) If for any reason the selected firm is not able to commence services within 30 days after the award of the proposal, the City of Hendersonville reserves the right to award the contract to another qualified consulting firm.
- 5) Expenses incurred in the preparation of submittals, presentations and other incidental activities related to this solicitation are solely the responsibility of the respondent.
- 6) All data, documents and other information provided to the City of Hendersonville by the Consultant because of this RFP shall become property of the City of Hendersonville.
- 7) The City of Hendersonville expects the Consultant to respond to routine questions which do not require considerable research on a complementary basis.
- 8) The City of Hendersonville will not reimburse the Consultant for expenses beyond the cost figures agreed to by the Consultant and the City of Hendersonville. The only exception would be an amendment to the contract as a result of a substantial and approved change in the scope of work, as directed by the City of Hendersonville, or for extra copies of plans or extra meetings.

- 9) The Consultant shall at no time pursue additional compensation for work not previously agreed to in writing by the City of Hendersonville through a contract amendment. It is the obligation of the Consultant to identify items of additional work and to submit a written request with a cost proposal prior to the performance of any additional work.
- 10) The Consultant shall not engage any subcontractor not identified in the original proposal without prior approval of the City of Hendersonville.
- 11) The consulting firm shall not assign any interest in this proposal and shall not transfer any interest in the same without the prior written consent of the City of Hendersonville.
- 12) For the purposes of this agreement, the Consultant shall be deemed to be an independent contractor and not an employee of the City of Hendersonville.
- 13) No official or employee of the City of Hendersonville who exercises any responsibilities in the review, approval or carrying out the proposal shall participate in any decision which affects his or her direct or indirect personal or financial interest.
- 14) A schedule of payments to the Consultant will be negotiated with the successful respondent, and will be tied to completion of various stages in the scope of work. Ten percent (10%) of the total contract price will be withheld until the Hendersonville City Council receives a final report from the Consultant.
- 15) The administrative contact for contractual matters will be the City Manager.