

**Action Requested/Required:**

- ☐ Vote/Action Requested
☒ Discussion or Presentation Only
☐ Public Hearing
Report Date: _____
Hearing Date: _____
Voting Date: _____

Department: Administration **Presenter(s) & Title:** Billy Peppers
City Manager

Agenda Item Title:

Discussion of Next Steps to Attracting Hotel Development in Canton Based on Horwath HTL Feasibility Studies

Summary:

The City of Canton partnered with Horwath HTL on a Hotel/Conference Feasibility Study for the Lake Canton Development along Bluffs Parkway earlier this Spring. Following a market analysis and completion of the feasibility study, Horwath found that the market could support a potential hotel with conference/meetings space, or resort-style, product at the site. Additionally, this summer, the Downtown Development Authority commissioned a similar study for the downtown area to learn about the possibility of a hotel site in the historic district. Both studies were favorable. Staff requested that Horwath HTL prepare a presentation on next steps for consideration by the Council. A summary report for Lake Canton is attached. In short, the next phase would be to market the potential site to lodging brands to gain support for the site and then prepare a formal proposal process for development. The cost per site would be between \$15,000 to \$20,000 with an approximate 14 week time frame. Both sites could be marketed simultaneously or Council could direct staff to prioritize one of the two sites as moving forward first.

Budget Implications:

Budgeted? ☐ Yes ☒ No ☐ N/A

Total Cost of Project: \$ 20,000.00 Check if Estimated ☒

Fund Source: General Fund ☐ Water & Sewer ☐ Sales Tax ☐ Other: Hotel Taxes

Staff Recommendations:

Staff recommends moving forward with at least one of the sites at this time.

Reviews:

Has this been reviewed by Management and Legal Counsel, if required? ☒ Yes ☐ No

Attachments:

Horwath HTL Presentation for Lake Canton Site

Proposed Lake Canton Resort

Strategic Planning Proposal

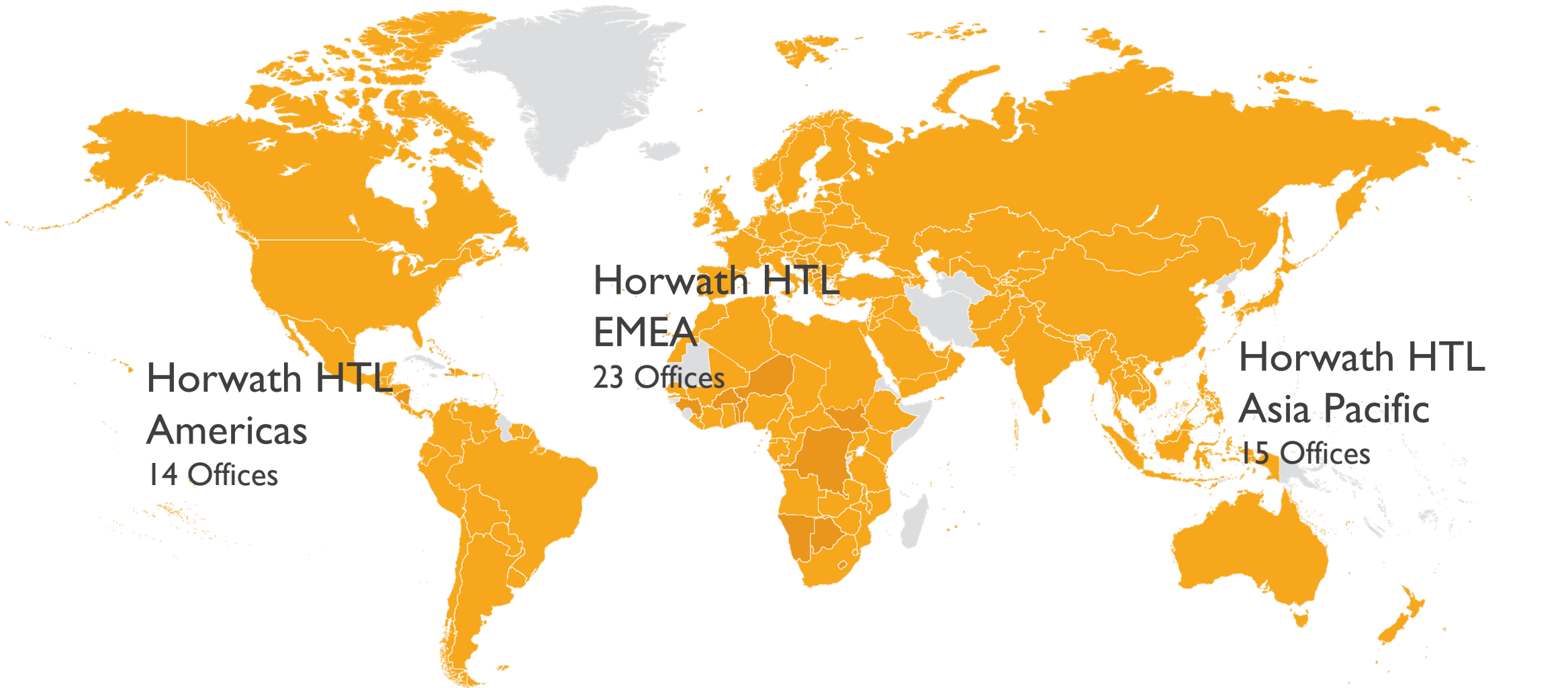
August 28, 2023



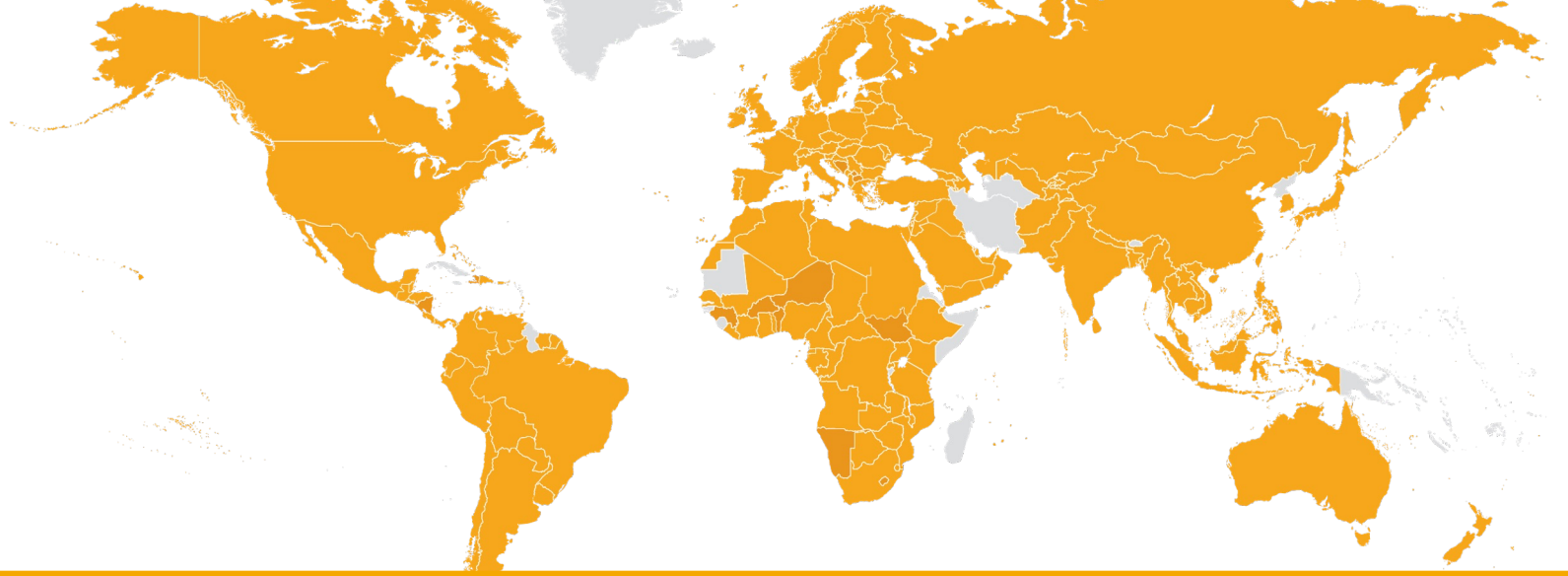
Horwath HTL

Hotel, Tourism and Leisure

Global Network, Local Knowledge



Crowe Global Network



794
Offices

145+
Countries

38,154
Total People

3,788
Partners

29,262
Professionals

5,104
Support Staff

US\$4.2b
Global Revenues

Our Core Services



Hotel Planning & Development

- Development & expansion strategy
- Concept development
- Market research and feasibility analysis



Hotel Asset Management

- Owner representation pre-opening and in operation
- Contract dispute mediation
- Crisis management



Hotel Valuation

- Single & portfolio
- Management and franchise companies
- Real estate tax assessment



Transaction Advisory

- Due diligence
- Acquisition and disposal support
- Indicative valuation



Tourism and Leisure

- Destination and project strategy
- Concept development and master plan programming
- Market research, feasibility analysis and business planning



Expert Witness & Litigation

- Expert witness for litigation
- Expert opinion to resolve owner/operator disputes, pre-litigation

Key Capabilities

Our industry focus and holistic approach, backed up with our research and analytics, enable us to create and deliver new value to our Clients.



Industry focus

- At Horwath HTL, we focus one hundred percent on the Tourism sector
- Within the sector we offer whole range of advisory services



Holistic approach

- | Top - down | Bottom - up |
|--|---|
| • Strategic projects shaping Tourism ecosystem and hotel companies | • From planning and development to operations improvement |



Research and analytics

- Unique strength coming from our primary research
- Horwath Hotel Yearbook
- Hotel Market Sentiment Survey
- USALI



Value driven

- Determined to create new value for our Clients
- Successful and long-term collaboration with our Clients

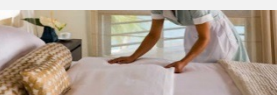
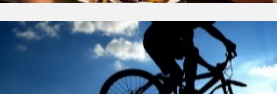
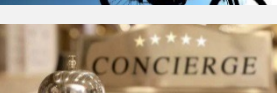
Note: USALI= Uniform System of Accounts for the Lodging Industry
Source: Horwath HTL

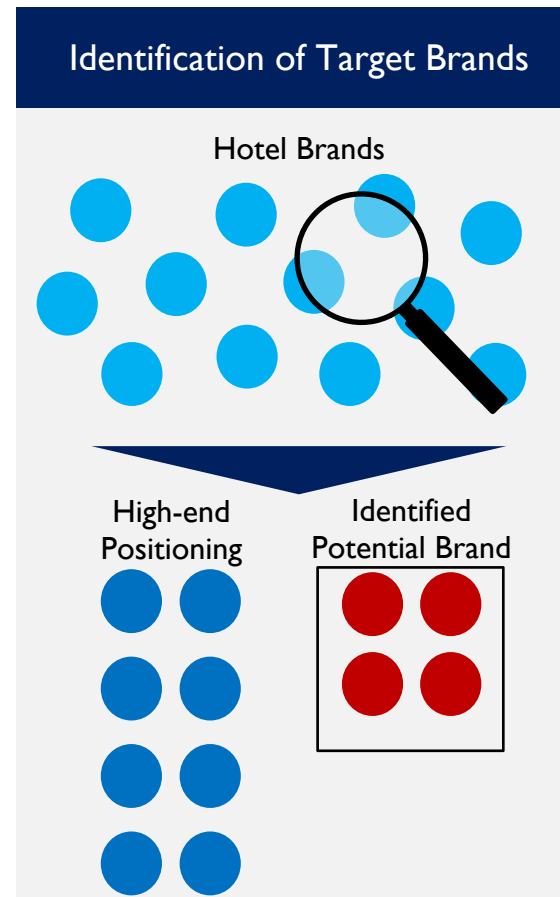
Key Capabilities- Project Experience

Strategy projects	Operations projects
• Strategic projects shaping the Tourism ecosystem: ranging from city's master plan and strategy, strategic marketing plan for a city, to a destination strategy • Strategic projects for Hotel companies: ranging from growth and expansion strategies for leading global Hotel companies to a comprehensive corporate strategy for major Hotel companies in particular markets	• Best use concept development projects • Feasibility studies for new hotel & resorts projects • Pre-development consulting services • Stakeholders search • Comprehensive asset management support • Hotel company operations improvement (in partnership with niche consultants)
Top-down advantage: High profile projects for major players	Bottom-up advantage: Thousands of projects across the globe
Combination of Strategy and Operations project experiences with global network of local offices providing deepest insight into Hotel, Tourism and Leisure industries	

Brand Search

Illustrative

Evaluation of Market Condition and Trend	
Competitive Market	
Location	
Market Segmentation	
Facilities	
Brand Presence and Penetration	
Future Trends	
Developer's Preference	



Brand Selection
• Brand standards (including min facility requirements) • Brand network and records (existing and pipeline) • Positioning • Indicative terms, fees and charges ○ Contract terms ○ Franchisee fees ○ Centralized services / system charges ○ FF&E reserve ○ Area of Protection ○ Key Money • Pro-forma and key assumptions • Standard marketing kit for Franchisor and the proposed brand(s) – summarizing brand infrastructure and unique selling points

Systematic and Structured Approach

Phase	Tasks	Deliverables	Week 0	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Onwards	Ownership Involvement
1	Kick-off call	Create contact List and schedule weekly meeting																	20%
	Stakeholder Research	Developer and Management Companies research and come up with comparison matrix																	20%
		Preliminary brand comparison matrix																	20%
	List of Stakeholder	Collect information and create the data room																	40%
		Request term sheet and brand deck from hotel brands																	20%
		Receive term sheet from brands																	20%
		Incorporating internal estimation to select 2-3 brands to meet with																	60%
		Refine the developer selection with hotel brands' preferred partners																	60%
		Prepare RFP and send to selected developers																	20%
2	Exchange information with stakeholders	Review received proposals and meet with the developers and management companies																	80%
		Meet with selected hotel brands identified in phase I																	80%
3	Compare terms provided by stakeholders	Create a term sheet matrix to compare different developers and management companies																	40%
		Create a term sheet matrix to compare different brand franchisors																	40%
4	Stakeholder Selection	Shortlist preferred developer																	80%
		Shortlist preferred hotel brand																	80%
	Meet/Call with stakeholders	Schedule and call between shortlisted developer and owners																	100%
		Schedule and call between shortlisted franchisor and owners																	100%
5	Term sheet negotiation	Provide support in the negotiation process																	100%
		Provide support in the negotiation process																	100%

Color Code	
	Development & Management Companies
	Franchisors/Brands
	Due Date
	Contingent

Strong Connections with All Major Lifestyle Soft Brands

AUTOGRAPH
COLLECTION®
HOTELS

CURIO
COLLECTION
by Hilton™



KIMPTON
HOTELS & RESTAURANTS

TRIBUTE
PORTFOLIO

TAPESTRY
COLLECTION
by Hilton™

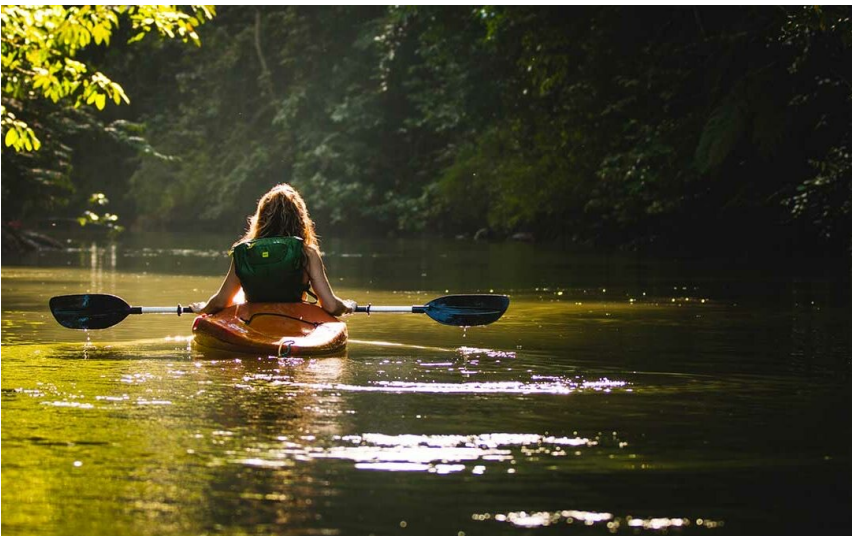


VIGNETTE™
COLLECTION

Relevant Project Experience in Georgia



Fee Estimate



An initial retainer fee of \$3,000 will be due upon execution of the agreement. Our fee for this engagement will be billed as per the below structure. In addition, Horwath HTL shall be reimbursed for actual costs of all travel expenses incurred in performing the site analysis services described herein including lodging, meals, transportation, as well as expenses incurred in obtaining the necessary market information such as STR reports (\$660 each), and other customary out-of-pocket expenses, which can be estimated and agreed with you before they are incurred, if required. (“Expenses”). You will be furnished with reasonable documentation supporting all reimbursement requests. All reasonable efforts will be made to control the amount of Expenses.

The fees will be invoiced according to the following payment schedule:



Consulting Services Fees	Hourly Rate
Managing Director	\$475
Director	\$350-400
Consultant/Sr. Consultant	\$200-375
Analyst /Sr. Analyst	\$95-125
Administrative Support	\$55

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About Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting.

Our services cover every aspect of hotel real estate, tourism and leisure development. Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global brand with 52 offices in 40 countries, who have successfully carried out over 30,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

We are Horwath HTL, the global leader in hotel, tourism and leisure consulting.

About Crowe

Crowe Global is one of the top 10 accounting networks in the world. With exceptional knowledge of the business environment, our professionals share one commitment, to deliver excellence.

We are trusted by thousands of clients for our specialist advice, our ability to make smart decisions and our readiness to provide lasting value. Our broad technical expertise and deep market knowledge means we are well placed to offer insight and pragmatic advice to businesses of all sizes, professional practices, non profit organisations, pension funds and private clients.

We work with our clients to build something valuable, substantial and enduring. Our aim is to become trusted advisors to all the organisations and individuals with whom we work. Close working relationships are at the heart of our effective service delivery.