



The City of Liberty
Liberty Community Development Corporation

1829 Sam Houston Street
Liberty, TX 77575
www.cityofliberty.org

Meeting
~ Agenda ~

Dianne Tidwell
City Secretary
(936) 336-3684

Tuesday, May 17, 2016

12:00 PM

City Council Chambers

The Liberty Community Development Corporation of Liberty, Texas reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code.

I. CALL TO ORDER

Attendee Name	Present	Absent	Late	Arrived
President Dennis Beasley	☐	☐	☐	
Vice-President Mike McCarty	☐	☐	☐	
Board Member Louie Potetz	☐	☐	☐	
Board Member Barbara Norwood	☐	☐	☐	
Board Member Leslie Herndon	☐	☐	☐	
Board Member David Arnold	☐	☐	☐	
Board Member Mark Campbell	☐	☐	☐	
General Manager Gary Broz	☐	☐	☐	

II. ACKNOWLEDGEMENT OF GUESTS AND VISITORS / CITIZENS FORUM

III. REGULAR AGENDA

A. Regular Session

1. LCDC Corporation Action (ID # 3521)

Presentation by the Canfield Park Committee regarding proposed Park improvements, and take any action deemed necessary.

2. LCDC Corporation Action (ID # 3522)

Consider a proposal from DP Consulting for a hotel study, and take any action deemed necessary.

- DP Consulting Hotel Study (PDF)

IV. ADJOURNMENT

A. Motion To: Adjourn

CERTIFICATION

I certify that the attached Notice of Meeting was posted on the bulletin board and in the Message Centers located on the east and west sides of the City Hall Administration Building, located at 1829 Sam Houston on the 13th day of May, 2016 at 3:00 p.m. This notice will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.

Dianne Tidwell, Corp. Secretary

NOTICE

In compliance with the Americans with Disabilities Act, the City of Liberty will provide reasonable accommodation for persons attending and/or participating in this Council Meeting. To better serve you, requests must be made at least 24 hours prior to the meeting. Contact the City at (936) 336-3684 or by Fax at (936) 336-9846. The building is wheelchair accessible, with parking available, on the west side of the building.

I certify that the attached Notice and Agenda of items to be considered by the City Council was removed by me from the bulletin board at the City Hall on the _____ day of _____, 2016.



The City of Liberty
Liberty Community Development Corporation
1829 Sam Houston Street
Liberty, TX 77575

3.A.1

Meeting: 05/17/16 12:00 PM

Department: Administration
Category: Project

LCDC CORPORATION ACTION (ID # 3521)

DOC ID: 3521



The City of Liberty
Liberty Community Development Corporation
1829 Sam Houston Street
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3.A.2

Meeting: 05/17/16 12:00 PM

Department: Administration
Category: LCDC Misc.

LCDC CORPORATION ACTION (ID # 3522)

DOC ID: 3522



DP Consulting

Professionals in Hotel Development

10700 Richmond Ave. Suite 321

Houston, Texas 77042

713.900.2101

dpconsultingusa.com

May 3, 2016

Mr. Gary Broz
City Manager
City of Liberty
1829 Sam Houston
Liberty, TX 77575

Re: Proposed Limited-Service Hotel in Liberty, Texas

Mr. Broz:

At your request, we are pleased to present this engagement letter to evaluate the market justification of developing a limited-service hotel in Liberty, Texas. At this point in your deliberations, you require an independent study to analyze the future hotel supply and demand situation in the competitive market, and to project future trends. Based on the market information we gather, you need us to estimate the likely operating performance of the hotel market and the performance of the proposed hotel. The objectives of our study will be to:

- Evaluate the proposed site and the surrounding area to determine its impact on the market performance of the proposed hotel.
- Determine anticipated market conditions for the proposed hotel within the context of supply, demand, site, and facility factors.
- Estimate the future competitive position of the proposed hotel and prepare projections of occupancy, average room rate and cash flow from operations available for debt service and equity distribution.
- Provide a written letter report summarizing our findings and conclusions.

Scope of Work

To accomplish these objectives, we have prepared a multi-phased methodology. The scope of our work will include, but not necessarily be limited to, the following:

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Hotel Market Study – Liberty, Texas

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Phase I – Field Work and Discussion Memo

- Meet with you and/or your associates in order to obtain input from you that confirms or amends our understanding of the details of the project and provides additional pertinent information such as master plans, appraisals, detailed construction budgets, and other material you may have on the project.
- Inspect the subject site and the surrounding area in order to determine their impact on the proposed hotel. Such determinations will not include any engineering or environmental considerations, but will encompass an evaluation of the property's accessibility, visibility, proximity to lodging demand generators, and physical characteristics that might affect the marketability of the proposed hotel.
- Evaluate existing and proposed transportation patterns in the area to determine their impact on the marketability of the proposed hotel.
- Assemble, review and analyze economic, demographic and real estate data pertaining to the local market. In particular, evaluate the present economic climate and estimate future growth potential, particularly as it relates to lodging demand.
- Interview key representatives of area commerce and industry to identify and quantify specific sources of lodging demand.
- Develop a census of competitive lodging facilities for the proposed hotel. This census will include the following factors:
 - Name
 - Location
 - Occupancy and Rate (in the aggregate to protect confidentiality)
 - Distance of competitors
 - Type and size of food, beverage, and meeting facilities and amenities
- To the extent the information is available; identify other proposed lodging developments to assess their probability of completion and the degree to which they will compete with your project.
- Determine the current overall market demand for rooms in the market area and the share of market demand that is generated by commercial travelers, leisure travelers, group meetings, and any other identifiable sources of demand.
- Study the timing and amount of lodging supply, as well as, actual occupancy and room rate patterns to determine the number of additional transient lodging rooms supportable in the market.

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- Estimate the average annual occupancies and attainable room rates that could be achieved by the proposed hotel on the subject site over a five-year period.
- Prepare estimates of annual revenue and expenses to the point of cash flow from operations available for debt service and equity distribution for the first ten full years of operation for the proposed hotel. Our prospective financial analysis will be presented in inflated dollars and will have sufficient detail to reflect the major revenue and expense categories. Bases for the prospective financial analysis and key assumptions underlying inflation estimates will be made explicit in the report.
- Prepare analysis of return on investments by comparing the project development budget and current market debt terms to our estimate of net operating income. We will further analyze the leverage of the debt and any potential City Incentives to estimate the internal rate of return on the equity investment.
- Prepare a table-oriented memo that summarizes our findings and conclusions to be reviewed by you with the following standard exhibits:
 - A five-year historical analysis of hotel supply and demand.
 - A five-year projection of anticipated market occupancies and rates.
 - Estimates of occupancies and average daily rate for the proposed hotel over its first three to five years of operation.
 - A ten-year projection of anticipated net operating incomes
 - An analysis of internal rate of return after an assumed sale (reversion).
- Meet with you and/or your associates to present our findings, conclusions and recommendations of Phase I.

Phase II – Narrative Report

Prepare a narrative report that can be submitted to franchisors and lenders, which contains a description of the project and covers all the analysis of the discussion memorandum in sufficient detail so that the reader will have confidence in the analysis.

While Phase I may have certain recommendations and estimated performance levels for a range of room counts and meeting space configurations, Phase II will be based on a specific scenario that achieves the right mix of land use and hotel performance.

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Qualifications

DP Consulting is a hospitality, tourism, and real estate oriented consulting and brokerage firm. We have developed a particular expertise that includes limited-service hotels, extended-stay hotels, full-service hotels, and resorts.

The principal of DP Consulting, David Parker, has 30 years of experience in the hotel industry, to include operations, consulting and development. Prior to forming DP Consulting, Mr. Parker was employed by PKF Consulting for nearly a decade, where he developed numerous methodologies for collecting market information on hotels and meeting facilities, and developed multiple modeling techniques for projecting utilization, income and expense.

In conjunction with hotel research, Mr. Parker developed the system through which occupancy data was collected from individual hotels and reported in aggregate on a monthly basis, known as *Trends in the Hotel Industry*. In addition, Mr. Parker developed a database based of Hotel Occupancy Tax receipts collected by the State of Texas in order to develop a census of hotel performance for various market areas. Mr. Parker directed numerous and varied projects, a summary of which are listed in the Addendum.

Limiting Conditions

Our reports will not ascertain the legal and regulatory requirements applicable to this project, including state and local government regulations, permits and licenses. Further, no effort will be made to determine the possible effect on this project of present or future federal, state, or local legislation including environmental or ecological matters or interpretations thereof.

The prospective financial analyses included in our reports will be based on estimates, assumptions and other information developed from our research of the market, knowledge of the industry and meetings with you and your representatives during which we will be provided with certain information. The sources of information and bases of the estimates and assumptions will be stated in the reports.

Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore actual results achieved during the period under study will vary from our estimates and the variations may be material. Our reports will contain a statement to that effect. The reports will be dated to coincide with our last day of fieldwork. The terms of this engagement are such that we have no obligation to update our estimates to reflect events or conditions that occur subsequent to the last day of our fieldwork. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the project.

Our reports and the estimates included therein will be intended for your internal use, for submission to a financial institution for the purpose of financing the venture,

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Hotel Market Study – Liberty, Texas

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and for submission to a hotel franchise or management company. Otherwise, neither the reports nor their contents may be referred to or quoted in any registration statement, prospectus, loan or other agreement or document without our prior written consent. Consent will be given only upon meeting certain conditions.

Fees and Timing

Real estate advisory services are invoiced based on the actual amount of time spent in the performance of the study. We have capped our fee for this engagement at \$9,500 inclusive of travel expenses. A retainer is due at the commencement of our study in the amount of \$7,500, and will cover all the tasks discussed under Fieldwork and Analysis. The balance of the fee covers the narrative report. All invoices are payable upon presentation. We reserve the right to withhold delivery of any report, oral or written, if payments are in arrears.

This fee assumes one trip to the market, which includes the kick-off meeting, our fieldwork and conducting interviews. If you need us to present our findings and conclusions in a workshop or to City Council, additional trips can be scheduled at your discretion at our government billing rates of \$300 per hour.

Our current work schedule allows us to commence our fieldwork upon receiving the retainer and your notice to proceed. We plan on spending one day in the field conducting interviews and collecting data on the market. The discussion memo should be ready within two to three weeks of completing our fieldwork. The narrative report should be ready within six weeks of completing the fieldwork.

Acceptance

As your confirmation that the terms set forth in this proposal are acceptable to you, please sign the enclosed copy of this letter and return it to us together with your retainer as your authorization to us to undertake this assignment. If you have any questions regarding this proposal, please contact us.

ACCEPTED BY:

Signature

Name Printed

Title

Company or Venture

Date

Very truly yours,



David Parker
DP Consulting



10700 Richmond Ave. Suite 321

Houston, Texas 77042

713.900.2101

dpconsultingusa.com

Projects Completed by David Parker

Market Studies of Limited-Service Hotels:

Dallas Area:

Market Study of Proposed Best Western Atrea – Denton, Texas (Open 2009)
 Market Study of Proposed Candlewood Suites – McKinney, Texas
 Market Study of Proposed Hampton Inn & Suites – Canton, Texas
 Market Study of Proposed Fairfield Inn & Suites – Decatur, Texas
 Market Study of Proposed Microtel Inn & Suites – Red Oak, Texas
 Market Study of Proposed Hampton Inn & Suites – Vernon, Texas
 Market Study and Valuation of Proposed Comfort Suites – Grapevine, Texas (Open 2005)
 Market Study of Renovating the Historic Blackstone Hotel into a Courtyard by Marriott
 – Fort Worth, Texas (Open 1999)
 Market Study of a Hampton Inn and Suites – Alliance Airport, Fort Worth Texas (Open 1999)
 Due Diligence Analysis of five hotels (Holiday Inn Expresses and Quality Suites) – Dallas, Texas
 Market Study of Proposed Hampton Inn and Suites – Hurst, Texas
 Due Diligence analysis of proposed Hilton Garden Inn – Glen Rose, Texas
 Due Diligence Analysis Wyndham Garden Hotel Los Colinas – Irving, Texas
 Due Diligence Analysis Wyndham Garden Hotel Market Center – Dallas, Texas
 Impact Assessment of Converting Ramada Plaza into Holiday Inn Select – Fort Worth, Texas

Houston Area:

Market Study of Proposed Hilton Garden Inn – Conroe, Texas
 Market Study of Proposed Sleep Inn – Clute/Lake Jackson, Texas
 Market Study of Proposed Courtyard by Marriott – Galveston, Texas
 Market Study of Proposed Aloft – Houston, Texas (Midtown)
 Market Study of Proposed Travelodge – Splendora, Texas
 Market Study of Proposed Microtel Inn & Suites – Port Arthur, Texas
 Market Study of Proposed Four Points by Sheraton – Port Arthur, Texas
 Market Study of Proposed Springhill Suites – Seabrook, Texas (Open 2010)
 Market Study of Proposed Holiday Inn Express – Crosby, Texas
 Market Study of Proposed Restoration of the Jean Lafitte Building into a Select Service Hotel – Galveston, Texas
 Market Study of Proposed LaQuinta – West Chase - Houston, TX (Open 2007)
 Market Study of Proposed Hilton Garden Inn Galleria – Houston, Texas (Open 2005)
 Market Study of Proposed Best Western Mini Suites – Texas City, Texas (Open 2005)
 Market Study of Proposed Bed & Breakfast – Kemah, Texas (Open 2004)
 Market Study of Proposed TownePlace Suites – College Station, Texas (Open 1999)
 Market Study of Proposed TownePlace Suites – Clear Lake, Texas (Open 1999)
 Market Evaluation of Beaumont, Texas
 Market Evaluations of four Baymont Inns – Houston, Texas
 Market Study of Proposed Hawthorn, LTD – College Station, Texas
 Market Study of Proposed Hilton Garden Inn – Lake Jackson, Texas
 Market Study of Proposed Hampton Inn & Suites – League City, Texas



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Market Study of Proposed Sleep Inn & Suites – Manor, Texas (Open 2010)
 Market Study of Proposed Homewood Suites – Round Rock, Texas
 Market Study of Proposed Boutique Hotel – Fredericksburg, Texas
 Market Study of Proposed Fairfield Inn & Suites – Kyle, Texas
 Market Study of Proposed Four Points by Sheraton – Loop 1604 – San Antonio, Texas (Open 2009)
 Market Study of Proposed Microtel Inn & Suites – San Angelo, Texas
 Market Study of Proposed Fairfield Inn & Suites – Marble Falls, Texas
 Market Study of Proposed TownePlace Suites – Toepperwein – San Antonio, Texas
 Market Study of Proposed Cambria Suites – Cibolo – San Antonio, Texas
 Market Study of Proposed Four Points by Sheraton – Hwy 281 – San Antonio, Texas
 Market Study of Proposed Cambria Suites Medical Center – San Antonio, Texas
 Market Study of Proposed Microtel Inn & Suites – Austin, Texas (Airport)
 Market Study of Proposed Staybridge Suites – San Antonio, Texas (Open 2008)
 Market Study of Proposed La Quinta - Medical Center - San Antonio, Texas (Open 2007)
 Due Diligence Analysis of Proposed Hawthorn, LTD – Victoria, Texas

South Texas:

Market Study of Proposed Holiday Inn Express – South Padre Island, Texas (Open 2005)
 Market Study of Proposed Studio Six – Port Isabel, Texas (South Padre Island)
 Market Study of Repositioning the Ramada Airport into a Hampton Inn – Corpus Christi, Texas

West Texas:

Due Diligence Analysis of Proposed Hawthorn Suites – El Paso, Texas
 Market Study of Proposed La Quinta Inn & Suites – Colorado City, Texas
 Market Study of Proposed Hawthorn Suites – Lubbock, Texas (Open 2008)
 Market Study of Proposed Best Western – Hamilton, Texas (Open 2007)
 Market Study of Proposed LaQuinta – Lubbock, Texas (Open 2006)
 Market Study of Proposed Holiday Inn Express – Vernon, Texas (Open 2006)
 Market Study of Proposed Suburban Lodge – Odessa, Texas

East Texas:

Market Study of Proposed Microtel Inn & Suites – Texarkana, Texas
 Market Study of Proposed Hampton Inn & Suites – Sulphur Springs, Texas

Other:

Loan Modification Analysis of Hampton Inn & Suites – Pendleton, Oregon
 Loan Modification Analysis of Comfort Inn & Suites – Florence, Oregon
 Loan Modification Analysis of Holiday Inn – Florence, Oregon
 Loan Modification Analysis of Hilton Garden Inn – Phoenix, Arizona
 Loan Modification Analysis of Holiday Inn Express & Suites – Bloomington, Indiana
 Market Study of Proposed Fairfield Inn & Suites – Glendale, Arizona
 Market Study of Proposed Springhill Suites – Jenks, Oklahoma
 Market Study of Proposed Hampton Inn & Suites – Downtown – Tulsa, Oklahoma
 Market Study of Proposed Limited Service Hotel – New Bergen, New Jersey
 Market Study of Proposed Springhill Suites – Oklahoma City, Oklahoma
 Market Study of Proposed Fairfield Inn & Suites – Maize, Kansas
 Market Study of Proposed Restoration of the Jean Lafitte Building into a Select Service Hotel – Galveston, Texas
 Market Study of Proposed Office Building Conversion into Hilton Garden Inn –



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Airport - Phoenix, Arizona (Open 2009)
 Market Study of Proposed La Quinta Inn & Suites – Olathe, Kansas (Open 2008)
 Market Study of Proposed Holiday Inn Express & Suites – Bloomington, Indiana (Open 2006)
 Market Study of Converting historic buildings into Residence Inn and Courtyard by Marriott
 – Omaha, NE (Open 1999)
 Market Study of Proposed Sleep Inn limited-service hotel – Thornton, Colorado (Open 1998)
 Market Study and Valuation of Proposed All-Suite Hotel at Isle of Capri Casino –
 Lake Charles, Louisiana (Open 1998)
 Market Study and Valuation of Proposed Limited-Service Hotel at Isle of Capri Casino –
 Lake Charles, Louisiana (Open 1997)
 Market Study of Three Proposed Limited Service Hotels – West Bank, New Orleans, Louisiana

Market Studies Full-Service Hotels:

Dallas Area:

Market Study of Proposed Holiday Inn – McKinney, Texas (Open 2008)
 Market Study of Proposed Full Service Hotel – Hurst, Texas
 Market Study of Proposed Embassy Suites Galleria – Dallas, Texas (Open 1998)
 Evaluation of Converting the Employers Life Insurance Building into a Headquarters Hotel – Dallas, Texas
 Market Study of Proposed Resort Hotel and Water Park – Frisco, Texas

Houston Area:

Investor / Bank Package – Embassy Suites – Downtown Houston, Texas – (Open 2011)
 Market Study and Economic Impact Assessment of 1,200-Room Hilton Americas
 – Downtown Houston, Texas (Open 2004)
 Market Study of Converting the Medical Towers into the Marriott Medical Center Expansion – Houston, Texas
 Market Study of Converting Historic Texas State Hotel into Sheraton Suites – Downtown Houston, Texas
 Market Study and Valuation of Omni Galleria – Houston, Texas
 Market Study and Valuation of Red Lion Hotel Galleria – Houston, Texas

Central Texas:

Market Study of Proposed Embassy Suites – Loop 1604 - San Antonio, TX
 Market Study of Proposed All Suites Hotel – Medical Center – San Antonio, Texas
 Market Study of Proposed Westin Riverwalk – San Antonio, Texas (Open 1999)
 Market Study of Proposed Full-Service Hotel – New Braunfels, Texas
 Market Study and Valuation of St. Anthony Hotel – San Antonio, Texas

South Texas:

Market Study of Proposed Full Service Hotel Adjacent to McAllen Convention Center – McAllen, Texas
 Market Study of Proposed All-Suite Hotel and Resort on North Padre Island – Corpus Christi, Texas
 Market Study, Economic Impact Study, and Financing Recommendations of Proposed Full-Service Hotel
 – South Padre Island, Texas
 Market Study of Proposed Executive Conference Center – North Padre Island, Corpus Christi, Texas

Other:

Performance Review of Operating Standards – Radisson Fort McDowell Resort & Casino – Scottsdale, Arizona



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Market Study of Proposed Holiday Inn – Colorado Springs, Colorado
 Market Study and Valuation of Cypress Bend Golf Resort and Conference Center – Sabine Parish, Louisiana
 Market Study of Proposed Full-Service Hotel – Sandy City, Utah
 Market Study of Proposed Full-Service Hotel adjacent to Jazz Land Theme Park – New Orleans, LA
 Market Study and Valuation of 780-room Regal Riverfront – St. Louis, Missouri

Public Assembly Facility Studies:

Dallas Area:

Management Contract Negotiation of Hurst Center – Hurst, Texas
 Market Study of Proposed 500,000-Square foot Exhibition Center – Grapevine, Texas
 Market Study of Proposed Conference Center – Hurst, Texas

Houston Area:

Market Study of Proposed Convention Center – Lufkin, Texas
 Market Study of Proposed Convention Center – Stafford, Texas (Open 2003)
 Market Study of Proposed Performing Arts Theater – Stafford, Texas (Open 2003)
 Market Study and Economic Impact of Proposed Waterway Convention Center –
 The Woodlands, Texas (Open 2002)
 Citywide occupancy tax collection forecast for City of Houston, used in securing \$700 million in bonds for the
 purpose of expanding the George R. Brown Convention Center, constructing the 1,200-room Hilton
 Hotel, parking garage, and NBA basketball arena – Houston, Texas
 Market Study and Economic Impact Study of Expanding the George R. Brown Convention Center
 – Downtown Houston, Texas
 Market Study of Proposed Convention Center, Mall Conversion – Baytown, Texas
 Market Study of Proposed Natatorium – Stafford, Texas
 Market Study of Repositioning a portion of Greenspoint Mall into a Convention Center – Houston, Texas
 Market Study of Proposed Civic Center – Kemah, Texas
 Market Study of Proposed Civic Center – Freeport, Texas

Central Texas:

Market Study of Proposed Convention Center – New Braunfels, Texas

South Texas:

Market Study of Expanding the Bayfront Convention Center – Corpus Christi, Texas (Completed 1999)

Other:

Market Study and Economic Impact Study of Proposed 453,000-square foot Exhibition Center
 – Sandy City, Utah
 Market Study of Proposed Ballroom Addition to the Welk Resort – Branson, Missouri
 Market Study of Proposed Convention Center, Mall Conversion – Tupelo, Mississippi

Market Studies of Recreational Facilities

Market Study of Proposed Church Camp Adult Conference Center – Palestine, Texas
 Market Study of Proposed Baseball Facility (The Zone) – Kingwood, Texas