

APPALACHIAN COMMUNITY CAPITAL

IN PARTNERSHIP WITH PROGRAM SPONSORS



REQUEST FOR PROPOSAL (“RFP”) FOR OPPORTUNITY APPALACHIA PROJECT TECHNICAL ASSISTANCE

Project Sponsor: Town of Franklin, Franklin, NC

Project Name: Scott-Griffin Hotel and Rooftop Restaurant (Project Summary provided in Attachment B.)

Release Date: June 30, 2022
Proposal Due Date: August 1, 2022
Selection Date: August 8, 2022
Contract Period: August 10, 2022 – February 28, 2023 (or later)

REQUEST FOR PROPOSALS

Technical Assistance for Opportunity Appalachia Projects

I. Overview of Request for Proposals

Appalachian Community Capital (ACC) seeks contractual support for specified Technical Assistance for real estate project development.

The Technical Assistance contractor will report to the Program Manager of Opportunity Appalachia. The requested Scope of Services is noted in Attachment A, and may involve:

- Identification of project developers and/or hotel operators,
- Architectural and engineering
- Feasibility assessment
- Business plan development including market research/demand assessment
- Development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing including expertise with New Markets Tax Credits and Opportunity Zones
- Investor outreach for project finance/investment,
- And other types of support.

Entities interested in providing Technical Assistance must complete the Request for Qualifications RFQ, as noted on the [Opportunity Appalachia](#) webpage and found [here](#). Proposals will be evaluated on contractors' qualifications (per the RFQ), expertise, track record, Scope of Work, budget/timeline, and other project requests.

II. About Opportunity Appalachia

[Opportunity Appalachia](#) will provide technical assistance to develop and structure investable transactions, and it will create investment prospectuses and pitch decks that will be used to bring investment to rural and downtown communities. Investment priorities include projects focusing on downtown development, manufacturing, IT, healthcare, education, food systems, clean energy, heritage tourism, and recreation.

The program recently announced selection of 34 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 1,600 permanent and 190 construction jobs and attract over \$177M in financing to develop textile manufacturing facilities; downtown development; community centers; health, wellness, and childcare centers; food and agricultural facilities; hotels; and retail enterprises in downtown and rural areas across Central Appalachia.

These proposed projects are signals of the growing investment potential in our rural and downtown communities in Central Appalachia. Opportunity Appalachia will work closely with private investors, banks, Community Development Financial Institutions, New Markets Tax Credits investors, Historic Tax Credit Investors, and Federal agencies to highlight participating communities and access financing for transactions.

Once project technical assistance is completed, a highly visible Investor Convening event will be held in early 2023 that will target both local and pre-vetted national investors, as well as federal and state funders. A curated web-based platform hosting prospectus / pitch decks will also be made available to facilitate investor due diligence.

The program is supported by the Appalachian Regional Commission, the US Department of Treasury CDFI Fund, Truist, Goldman Sachs, and the Dogwood Health Trust.

III. About the Appalachian Region

The Appalachian Region, as defined in ARC's authorizing legislation, is a 205,000 square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. Forty-two percent of the Region's population is rural, compared with 20 percent of the national population.

The Appalachian Region's economy, which was once highly dependent on extractive industries, has become more diversified in recent times and now includes larger shares of manufacturing and professional services, among other industries. Appalachia has made significant progress over the past five decades: its poverty rate, which was 31 percent in 1960, had fallen to 16.3 percent over the 2013– 2017 period. The number of high-poverty counties in the Region (those with poverty rates more than 1.5 times the U.S. average) declined from 295 in 1960 to 98 over the 2013–2017 period.

These gains have transformed the Region from one of widespread poverty to one of economic contrasts: some communities have successfully diversified their economies, while others still require basic infrastructure such as roads, clinics, and water and wastewater systems. The contrasts are not surprising considering the Region's size and diversity—the Region extends more than 1,000 miles from southern New York to northeastern Mississippi, and it is home to more than 25 million people.

Target geography

Central Appalachia – North Carolina, Ohio, Tennessee, Virginia, West Virginia



IV. Project Timeline

It is anticipated that the contractor will be selected by August 8, 2022 for an estimated contract start date of August 8, 2022 through February 28, 2023.

V. Instructions to Submit a Proposal

Contractors seeking to provide the full suite of TA services should submit the items listed below. It is expected that one proposal should include all requested services, which may mean that multiple entities are providing services, with one identified lead contractor.

- Scope of Work (max 3 pages) describing proposed activities to be undertaken as requested in Attachment A, with identified staffing (lead and support) for each work element.
- Budget that defines deliverables, rates and proposed payment schedule including indirect costs. A Not to Exceed cost for the full engagement must be provided; costs not to exceed \$75,000. Payment Schedule to be based on deliverables / outcome milestones.
- Timeline for Scope of Work, with deliverable milestones.
- Biography/resume for all staff noted in proposal (or provided in RFQ response).
- References from current or prior clients, including name, title, organization, contact information, and a brief description of the relevant work performed (or provided in RFQ response).

Please submit responses via email in one pdf attachment by Proposal Due Date to Kathryn Coulter Rhodes oa@acc1.org.

VI. Proposal Evaluation

ACC will select contractors through a competitive process based on the following criteria.

- Qualifications (per those provided in the RFQ), expertise, track record, and staff bios.
- Scope of Work and Timeline
- Budget
- Requests from project sponsors

Attachment A

Requested Scope of Services

Project Sponsor: Town of Franklin

Project Name: Scott-Griffin Hotel and Rooftop Restaurant

Project Summary provided in Attachment B.

TA Requested

- Market Study, Feasibility analysis and Financial pro forma preparation.
- Architectural design and Engineering analysis.
- Real Estate appraisal.
- Financial structuring, expertise with New Markets Tax Credits and Opportunity Fund investments preferred.
- Developer solicitation and assistance with selection, including identification of hotel Operator.
- If a fee developer is engaged: Support for capital raise, including loan packaging.

Attachment B

Summary Information

Lead Contact: Justin Setser

Applicant Organization: Town of Franklin

Address: PO Box 1479, Franklin, NC 28744-1479

Phone: (828) 524-2516

Email: jsetser@franklinnc.com

Community Information

1. Communities targeted by this application (municipality(ies), county(ies), and census tract(s):
Note: See Appendix I for a list of eligible counties.

Town of Franklin, NC. Macon County, NC. Census tract 9703.04

2. Service area of applicant (note if different than above, or note same): same
3. Community Development Strategy(ies): With historical features such as the ancient Cherokee Nikwasi Mound and existing buildings dating to the mid-19th century, Franklin has long been a vibrant community. Locals remember the days when Main Street was full. It was a time of family-owned businesses that kept local dollars circulating in the local economy. That vibrancy dimmed with the closing of several manufacturing plants and the arrival of big-box stores in the late 80s and early 90s. Local leaders, businesspeople, and residents have realized the need for investment in the historic core of Franklin's downtown. The proposed project to revitalize the Scott-Griffin Hotel is broadly supported by the Town of Franklin, the business community, and town residents. It aligns with the Town of Franklin's 2020 Comprehensive Land Use Plan. The Comprehensive Plan engaged the public through stakeholder interviews, a four-day charrette, event booths, and an online survey that garnered over 400 responses. Strategies 4.1 and 4.2 prioritize reuse of historic buildings and maintaining and enhancing a distinct sense of place downtown. Policy 9 identifies the reuse and renovation of downtown buildings as key to the town's economic health and vitality. Physical constraints are a challenge for sidewalk dining. Rooftop dining, as proposed with this project, is an answer to that challenge. The plan also includes action items about façade grants, private public partnerships in and around downtown, better outdoor dining, expanding business hours, and encouraging greater variety among downtown businesses. A downtown hotel and rooftop restaurant will address all of those items. Stakeholders and participants in the comprehensive planning process identified utilization and activation of 2nd and upper floors in downtown buildings as their top priority. Participants believe that this strategy is key to economic development and job creation in Franklin. The redevelopment of the second, third, and fourth floors of a downtown building in Franklin, the Scott-Griffin Hotel, will support the goals and objectives of the regional economic development strategy. Goal Objective 1, Strategy 1 is to "Increase Revitalization and historic preservation efforts in the downtown areas of communities in the region." Geographic constraints and a growing market that demands walkability and downtown living are driving the need for projects such as this. Access to investment capital is the biggest barrier.

Project Information

4. Proposed Projects (list up to 3):

I. **Name of Project, address:** Scott-Griffin Hotel and Rooftop Restaurant, 45 E Main St Franklin, NC 28734

- **Size in Sq Ft.:** 16,500
- **Total anticipated financing need \$:** 5-7,000,000
- **Financing identified/anticipated, list source and dollar amount or note 'None':** none
- **Project description (include url link if available):**

This project will redevelop a four-story building in downtown Franklin to create a hotel on the upper three levels, as well as a rooftop restaurant. This building, built in 1924, was originally the Scott-Griffin Hotel which operated from 1927 until the mid-1950s. Historical records describe the hotel as “a four-story, fire-proof brick structure with 30 guest rooms, each attractively furnished, with hot and cold water in each room.” The records go on to say, “one of the most popular features of the hotel was the roof garden on the top floor, which was used for dances, banquets, parties, and other gatherings.” The rooftop restaurant offers a 360-degree view of the Nantahala and Cowee mountain ranges. Today it remains the second tallest building on Main Street. Currently the building has retail operations on the first floor, with the upper three floors vacant. These floors have been vacant for more than 50 years. Aside from some water damage on the top floor, the building is in good shape structurally.

The building is within walking distance of three museums, two breweries, multiple restaurants, and four churches. In addition to the hotel, it is in a prime location for wedding rentals and retail shops. Many weekend events like monthly movie night on the lawn of Town Hall, Pickin’ on the Square, and dozens of special events are within yards of the building.

This project is located in a federally designated Opportunity Zone.

- **Community Impact (quantify / provide estimates):**

This project will create at least 30 permanent jobs, not including the construction jobs that will be created for the redevelopment of this property. The permanent jobs directly created will be hotel staff including customer service, reservations, housekeeping, kitchen, restaurant, bar, maintenance, janitorial, valet, office, and management. Employees will be paid at a living wage standard. Exact pay rates, benefits, and methods to employ underserved populations will be determined by the feasibility study. This project will be the only of its kind in downtown Franklin. The activity associated with the Scott-Griffin Hotel will spur diversification among retail stores as store owners recognize the needs of the guests. It will spur further activity and expansion of restaurants and pubs, creating more jobs, generating more income, and incentivizing establishments to expand hours. Revitalization of the hotel will fill many of the retail and service gaps that hinder the downtown economy by accelerating diversification. Its success will serve as a model for other building owners to improve and redevelop their vacant upper floors and make such projects attractive for investors thereby transforming our downtown.

- **Name(s) of project sponsors, developer, and/or business owner, if identified:**

The Town of Franklin will serve as the applicant. The town is partnered with the owners of the building, the Jacobs, a local family well known for their entrepreneurship, community service, and civic involvement.

- **Technical Assistance Needed:**

Neither the town nor the building owners have the expertise need to determine details of the project therefore we need:

1. Feasibility analysis
2. Financial pro forma

3. Market research
4. Architectural work
5. Engineering analysis
6. Business plan preparation
7. Financial structuring
8. Capital raising
9. Identification of hotel developer and operator

- **Describe the connection to other proposed projects listed on this form (if applicable):** N/A

5. **Clean Energy Focus:** All efforts will be made to incorporate energy efficient measures into the building and ongoing operation of the site as determined by the feasibility study. Possible clean energy features include rooftop solar panels, energy efficient appliances, LED lighting, stormwater management mitigation, and passive heating and cooling design.
6. **Applicant Capacity:** What is the relationship of the applicant to the community? How has the community demonstrated its support of the project(s)? Describe the applicant's role and capacity for completing or overseeing project activities: The Town of Franklin has a strong tradition of soliciting public input from the community on town projects. The community has demonstrated their support for downtown building revitalization and reuse, not only through their prioritization of such projects in the most recent comprehensive plan, but through a number of other public input projects beginning as far back as the Principles of Growth process in 2006. Three other downtown historic building owners are currently in the process of developing apartments on the second floor of their buildings. Those building owners are seeing overwhelming demand for upstairs living spaces. The planning department, town manager, and town council members have taken a hands-on approach to working with the building owners, developing the vision for the project, and preparing the application for this program. Town staff and leadership are committed to seeing this project through to completion. The town also has technical capacity in public works and planning for monitoring and guiding the technical aspects of the project. Staff have decades of experience with complex projects valued in the millions of dollars.