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

Project Sponsor: The Balsam Mountain Inn, Balsam, NC

Project Name: The Balsam Mountain Inn (Project Summary provided in Attachment B.)

Release Date: July 18, 2024

Proposal Due Date: August 15, 2024

Selection Date: August 29, 2024

Contract Period: August 29, 2024 – February 28, 2025 (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:

- Architectural and engineering,
- Market research/demand assessment,
- Development of investment prospectus, preparation of pro forma financial projections, structuring of projecting financing,
- Feasibility assessment,
- Identification of project developers and/or business operators,
- 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](#) TA provider webpage. 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 8 projects to participate in the program to bring jobs, business support, and investment to Central Appalachia. The selected projects propose to create over 280 jobs and attract over \$27M in financing to develop and expand food business hubs; outdoor recreation; childcare centers; regional airport facilities; and hotels; in downtown and rural areas across East Tennessee and Southwest Virginia.

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.

As project technical assistance is completed, investor connections will be made between projects and 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, Dogwood Health Trust, Claude Worthington Benedum Foundation, US Bank, and M&T Bank.

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 – Kentucky, North Carolina, Ohio, Tennessee, Virginia, West Virginia



IV. Project Timeline

It is anticipated that the contractor will be selected by August 19, 2024 for an estimated contract start date of August 29, 2024 through February 28, 2024.

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 \$70,000**. Payment Schedule to be based on deliverables / outcome milestones.
 - *Please note:* to reduce administrative burdens and management costs, OA requires a maximum of 3 invoices per contract (the first may be a retainer/deposit totaling no more than ~20% of the contracted amount. Payments are made based upon satisfactory completion of deliverables and approval by the project sponsor.
- 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 with anticipated deliverable and associated invoicing schedule
- Requests from project sponsors

Attachment A

Requested Scope of Services

Project Sponsor: The Balsam Mountain Inn

Project Name: The Balsam Mountain Inn

Project Description: Restoration to feature 48 guest rooms, fine and casual full-service dining options, full bar, coffee shop, brewery, spa, and gift shop along with hiking trails across the property's 21 acres. Total costs estimated at \$16 MM with creation of 100 permanent jobs.

Full project summary provided in Attachment B.

TA Requested

- Market assessment
- Energy audit and recommendations for energy efficiency / renewable energy improvements based on costs and projected benefits
- Support to refine and evaluate the project sponsor's existing business plan to facilitate decision-making on phasing in new amenities (e.g., spa, restaurant operating hours, possible outdoor pool). Specific direction on salaries/benefits for key employees
- Operating proforma preparation and project financial structuring, including advice on costs and benefits of using Historic Tax Credits
- Completion of HTC Part II application, if using
- Direction and advice on marketing plan and/or marketing efforts

Note: Project Sponsor has architectural and mechanical plans in hand.

Attachment B

Summary Information

Lead Contact: Lorraine Conard

Applicant Organization: The Balsam Mountain Inn

Address: 68 Seven Springs Drive
491

Balsam, NC 28707

Phone: (828) 421-5753

Email: lorraineconard@me.com

Community Information

1. **Communities targeted by this application (municipality(ies), county(ies), and census tract(s)):** “The Balsam Mountain Inn is sited grandly atop a wooded ridge that directs the Southern Railway through the Appalachians from Waynesville to Sylva, North Carolina.” The Great Smoky Mountains Expressway (US 23/74) has replaced the railroad in ferrying travelers over Balsam Gap, but this description from the National Register of Historic Places paints a scene largely unchanged in the nearly 120 years since the inn’s inauguration.

The three-story railroad inn is nestled in the Jackson County community of Balsam, a stone's throw from the Haywood County line. Throughout its nearly 120 year history, the neoclassical and Victorian hotel has been a beloved centerpiece of the Balsam Community. The picturesque inn, situated midway between the cities of Sylva and Waynesville, is the site of many fond memories for locals and visitors alike who share stories of weddings and anniversaries, date night dinners, ladies’ brunches, and some particularly memorable New Year’s eves.

Amongst tales of milestones that the inn has hosted for so many, are the quieter but treasured memories of sitting on the cool, wide front porch in the evening with friends.

Having always been located on a major regional artery - first the railroad, now the Great Smoky Mountain Expressway - the inn has long been a mainstay for communities in western North Carolina with easy access from Cherokee, Graham, Macon, and Swain counties.

Additionally, our communities are growing. According to data from the North Carolina Outdoor Recreation Plan 2020 - 2025, North Carolina has been, and continues to be, one of the fastest growing states in terms of population in the United States. In fact, all western NC counties are projected to grow, with Jackson County in particular projected to increase in population by as much as 27% from 2017 and 2027.

Also of note, though asphalt has largely replaced rails, Haywood County and other regional players are interested in restoring tourist passenger rail service in the area, particularly since the closing of the Canton Paper Mill. The Inn, which was originally built to take advantage of the Balsam Train Depot (highest east of the Rockies), would be a historically significant stop along a nostalgic jaunt between our local communities.

2. **Service area of applicant (note if different than above, or note same):** The Balsam Mountain Inn service area is concentrated in the southeast US. According to research provided by the Jackson County TDA, the typical overnight travel party comes from a 3 - 6 hour drive radius among contiguous states. Figures from the Haywood County EDC note that the inn falls within one-day's drive of 50% of the US population.

Jackson County TDA research further clarifies that the typical travel party comprises middle aged adults or families with children and approximately half of visitors are full-time employed. Other market segments, such as Group/Conference/Meeting and University-related travel also figure prominently. This suggests that the blend of leisure and work-friendly amenities at the inn which allows guests to interleave both leisure and business/work time is particularly salient to the major market segments in our service area. Some of these amenities include ample conference and meeting spaces along with high-speed fiber internet.

Our typical overnight-stay guest values beautiful scenery, outdoor recreation/parks, wellness/rest/relaxation, good food, togetherness, and festivals/events. The inn not only provides all of these amenities on-property, it is a centrally located hub within western North Carolina's beautiful resources. The Inn is the closest accommodation to the Blue Ridge Parkway here in Jackson County, being just 0.5 miles from the Balsam Gap entrance to the parkway entrance. The Blue Ridge Parkway is the number one most popular National Park Service site in the US, with just shy of 17 million visits in 2023.

Additionally, many of the area's most well-known natural and cultural resources - from the Nantahala River to the Biltmore Estate - are within a 1 hour drive radius; this makes the Inn an ideal home-base for a memorable, adventure-filled trip.

Unlike many mountain-based accommodations, the Balsam Mountain Inn is accessible entirely by major 4-lane highways, eliminating tediously long drives on curvy roads. Interstate 40, a major East-West corridor passes 13 minutes from the Balsam Mountain Inn. The relative brevity and ease of the drive puts even an extended weekend or impromptu getaway within reach of much of the Southeast.

3. **Community Development Strategy(ies):** The Balsam Mountain Inn, with its historic charm and proximity to the Blue Ridge Parkway, offers accommodation and services that cater to tourists seeking outdoor and heritage tourism experiences. Revitalizing the Inn's 50 guest rooms, commercial kitchen, bar, gift shop, and hiking trails, as well as the addition of a brewery and a spa is not only a strategic move to preserve and enhance a significant historic property but also a pivotal initiative that dovetails with Jackson County's economic and tourism development strategies.

The Inn revitalization aligns with the Jackson County Economic Development plan's emphasis on downtown and rural development, as well as heritage tourism. Preservation and enhancement of this historic property addresses current and future critical economic needs (Goals 5, Page 22) and furthers the goal of building entrepreneurial communities and revitalizing local resources. Jackson County's lack of buildable land for overnight accommodations means effective use of existing rooms is a meaningful contributor to overnight-stay inventory and an essential undergirding of the growing tourism sector in the area.

Importantly, by upgrading the Balsam Mountain Inn to fully operational status and expanding its offerings, the project contributes to making Jackson County an attractive year-round destination, thus aligning with the strategic direction to balance seasonal visitation patterns and drive growth in visitation during slower months (Tourism Strategic Plan, Page 4).

Long the heart of Balsam, the Inn actively welcomes our community with our ongoing weekly open jam, Fourth of July parade and seasonal drive-through Christmas Light Show. Not only does cultivating our local customer base reduce seasonal fluctuations, it provides quality experiences for both residents and visitors while contributing to the goal of economic diversification through tourism and hospitality.

The inn, by serving as a resource and venue for WNC's higher learning institutions, uniquely enhances educational and entrepreneurial opportunities for students - from business incubation in the commercial kitchen to on-site classes, internships, and conferences. This and other strategic diversification to fully utilize assets helps develop sufficient economies of scale to create the greatest impact from the project, including development of a clean energy plan encompassing both active and passive solar solutions as well as building improvements to reduce energy demands.

Project Information

4. Proposed Projects (list up to 3):

- I. **Name of Project, address:** The Balsam Mountain Inn
68 Seven Springs Drive
491
Balsam, NC 28707
 - **Size in Sq Ft.:** 42,000
 - **Total anticipated Project Cost \$:** \$12,000,000 to \$16,000,000, depending on scope and phasing
 - **Financing identified/anticipated, list source and dollar amount or note 'None':** We're looking to connect with investment partners who share our vision for the region and will be looking to raise \$10 - \$14 million in investment
 - **Project description:** Once fully online, the Balsam Mountain Inn, in its second century, will feature 48 guest rooms, fine and casual full-service dining options, full bar, coffee shop with grab-and-go food options, brewery, spa, and gift shop along with hiking trails to the pond, gardens, and other outdoor recreation on it's 21 acres.

The Inn includes myriad conference and event spaces from the intimate to the grand. The ballroom/dining room and award-winning enclosed Victorian dining porch as well as the wide south lawn have been the picturesque scene of many weddings.

Many of the spaces and materials in the massive wooden structure maintain their original character and integrity, but nearly every nook and cranny of the inn requires intervention to restore assets to full functionality, repair damages, add capacity, and, ultimately, protect and maintain the property and its many features.

A few specific building and land projects as exemplars of work needed include: exterior and interior carpentry and painting; plumbing; land use plan creation and execution including landscaping, trails, and pond rehabilitation; commercial kitchen renovation; solar power and backup generation implementation.

It's worth noting that the Inn is particularly well positioned thanks to a major renovation in the 1990s. In addition to rescuing the Inn from dereliction, that project brought modern amenities, including an elevator and in-room baths (prized by the modern traveler). Importantly, extensive mechanical system additions and upgrades were also completed at that time, in no small part to

accommodate those highfalutin in-room privies - including a septic system capable of handling the new volume as well as a water tower that also supports a fire sprinkler system.

We have architectural plans from this renovation as well.

www.thebalsammountaininn.com

- **Community Impact (quantify/provide estimates):** For its nearly 120 year history the Inn has been a significant employer and economic catalyst. Establishments in Haywood and Jackson Counties with comparable facilities/amenities (the Pisgah Inn, 51 rooms and dining; Maggie Valley Creekside Lodge, ~45 rooms), employ 100 and 120 people respectively, per DataAxle.

We expect the inn to provide long-term jobs for local residents - some previous employees had decades long tenures and ultimately retired from the inn.

Pay rates:

- U.S. Annual Mean Wages for typical jobs in the industry: \$38,000 - \$119,000 (OEWS Bureau of Labor Statistics)
- Living wage in Jackson Co. for a couple: 13.32/hour by MIT's living wage calculator; \$38,000 is approximately 18.27/hour

Additionally, the inn will serve as a learning springboard for students. Working with us to actively innovate in the hospitality field creates relevant real-world experience not only useful for populating a resume, but for exploring ways to create stronger jobs, encourage entrepreneurship, and develop secondary spaces for earning income that expand upon or dovetail with more traditional hospitality positions.

Inn operations create direct revenue for Jackson County; approximate occupancy tax (4%) on 1 year of operation at 60% occupancy is \$79,920. Further, by enhancing and expanding amenities and services open to residents, the project inherently leverages tourism dollars to maintain and enhance the quality of life for citizens while diversifying the local economy (Jackson County Economic Plan, Goals 7 & 8, Pages 28-29).

The restaurant and bar will create a community gathering space, with traction already established with our weekly Tuesday Night Jams. Also, continuing a long tradition, the Gift Shop will feature locally crafted items and art.

By upgrading the Balsam Mountain Inn to fully operational status and expanding its offerings, the project contributes to making Jackson County an attractive year-round destination. Not only does this align with the Jackson County strategic direction to balance seasonal visitation patterns, it also improves quality of life for our local communities that gain access to greater amenities and economic opportunities nearer to home.

The Inn's strategically impactful location creates a vibrant hub that is easily and quickly accessible to and from much of the area thanks to existing infrastructure. This creates equally attractive opportunities for follow-on investing in many regional communities.

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

- **Technical Assistance Needed (refer to Attachment A, page 5, for TA requested in this RFP):**
 - Market assessment
 - Business plan development including prioritizing of sub-projects
 - Financial pro forma development
 - Financial structuring of transaction and overall financial strategies
 - Capital raise
 - Historical Tax Credits and other potential tax advantaged strategies

5. **Clean Energy Focus:** A Clean Energy Focus intersects with many facets of the inn project, both practically and ideologically. Incorporating a blend of active and passive clean energy solutions is a priority, both for environmental and economic reasons as well as to increase the resiliency of the property.

Options being explored include:

- Solar panels - an initial consult regarding non-roof mounted panels determined that the southern part of the inn property is appropriately oriented with more than ample space for a solar array installation sufficient for the Inn's power generation needs
- Building improvements to minimize energy demand including the addition of insulation and insulated window panels (appropriate for the historical application) as well as identifying particular problem areas and making energy-use-aware repairs
- Passive solar heating of water - particularly significant because the inn is heated with hot water radiators - even a few degrees of preheating is impactful
- Energy efficient mechanical systems upgrades
- Energy efficient lighting, fixtures, appliances

Support from Opportunity Appalachia will be a key factor in implementing Clean Energy solutions. The initial costs are prohibitive even when the long-term economics play out.

6. **Applicant Capacity:** The Balsam Mountain Inn project is being overseen by property owners, Rodney and Lorraine Conard. Lorraine's family connection with the Balsam community extends back nearly a century and originates with the Balsam Mountain Inn. Jarma Edward Dixon, Lorraine's great grandfather, worked for the Southern Railroad and the family lodged at the inn during the summer in the 30s.

When a planned steamer trip back to Grace Dixon's native Scotland was canceled due to her mother's death she used the fare she had saved up (no small thing at the time) to purchase a tiny cabin on Balsam; six generations later the family continues to be a robust part of the Balsam community.

As newlyweds, Lorraine and Rodney lived in a family cabin a mile up the hill on Cabin Flats Road while they spent evenings and weekends building their own home. That first project together was no small test of the Conards' new partnership, which proved equal to all tasks from clearing the land to stacking the log walls to hauling tongue-in-groove ceiling boards up 4 sets of scaffolding (all with much help from friends). However, an Achilles heel was revealed when the newlyweds attempted to fold a house-sized tarp together; to this day not even the smallest tarp has been jointly confronted without trepidation.

The Conard's property management and hospitality experience has continued to grow over the last 2 decades as they've taken on several historic renovation and hospitality projects, including The Herren House, a seven bedroom inn, located in nearby Waynesville (www.theherrenhouse.com). Additionally, with a Masters in Library and Information Science nearly under her belt, Lorraine has penchant for research, data, and numbers.

In 2022, the Conards purchased the Balsam Mountain Inn and own it outright with no debt on the property. The inn has been in continuous, though limited, operation; the south wing guest rooms, bar, and conference spaces (along with the beautiful front porch) have been welcoming visitors and locals alike. The longstanding family connections to Balsam on Lorraine's side, as well as Rodney's Haywood County family roots in the NPS's Cataloochee Valley, have been reassuring to the community after a significant mismatch in the previous owner's exclusionary vision for the Inn. Not only has support from our Balsam community itself been wildly enthusiastic, an outpouring of support has come from all corners and many levels.