



AGENDA
Village of Kewaskum
Village Board Meeting
Tuesday, May 31, 2022 – 10:00 A.M.

NOTICE IS HEREBY GIVEN that a special meeting of the Kewaskum Village Board, Washington County, Wisconsin is scheduled for Tuesday, May 31, 2022 at 10:00 a.m. in the Council Room of the Municipal Building, 204 First Street. This meeting is also available via video conference. Members of the Village Board and public may attend by going to the web site Zoom.us:

Join Zoom Meeting

<https://zoom.us/j/94456370493?pwd=R2IyLzN1SkZDeHITZ3RQLzVhNnRvQT09>

Meeting ID: 944 5637 0493

Passcode: i01vRK

- I. Call to order and roll call
- II. New Business
 - a. Discussion and possible action on hotel feasibility study (possible action)
- III. Adjourn

Tammy Butz
Village Clerk/Deputy Treasurer

It is possible that individual members of other governmental bodies of the Village may attend the above meeting. Pursuant to State ex.rel. vs. Greendale Village Board, 173 West 20 533,494 NW 2nd 408 (1993), such attendance may be considered a meeting of the respective governmental body. This notice is given so that members of other governmental bodies of the village may attend the meeting without violating the open meeting law.

Person with disabilities requiring special accommodations for attendance at the meeting should contact the Municipal Building at (262) 626-8484 at least one (1) day prior to the meeting.

AFFIDAVIT OF POSTING This agenda was posted in the office of the Village Clerk on the 27th day of May 2022.

Cc:	+D. Spenner	+West Bend News	+T. Bishop	+D. Aupperle	+A Laatsch
	+J. Hovland	+Kewaskum Statesman	+M. Groeschel	+L. Kreis	+R Weber
	+J. Wright	+WBWI/WBKV	+A. Gitter	+ J. Hundertmark	+A Kuehl
	+N. Wendelborn		+J. Danaher	+ E Paulus	+K Scheunemann
	+J. Weninger				
	+R. Knoebel				
	+F. Martin				

**Proposal for a Proposed Hotel Development
To be located in
Kewaskum, Wisconsin**

May 24, 2022

Prepared for:

**Mr. Adam Gitter
Village Administrator
Village of Kewaskum**

Patek Hospitality Consultants, Inc.
N57 W27841 Walnut Grove Court
Sussex, Wisconsin 53089
(262) 538-0445

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May 24, 2022

Mr. Adam Gitter
Village Administrator
Village of Kewaskum
P.O Box 38
204 First Street
Kewaskum, Wisconsin 53040-0038

Dear Adam:

It was a pleasure to speak with you last week and we are pleased to submit this proposal to conduct a study of potential market demand and prepare a Statement of Estimated Operating Results for a proposed hotel to be located in Kewaskum, Wisconsin. We understand the Village took control of 14 acres along U.S. 45 that could be placed in a TID.

To assist you and other interested parties in evaluating the potential demand for the hotel project and to provide critical planning parameters, we have provided the following proposal, which would identify potential market demand for the subject hotel including a discussion on the market and proposed site, supply and demand analysis, recommendations on the type of property best suited for the market, a five-year estimate of occupancy and average daily rate, and a statement of estimated annual operating results, which could be used by a hotel developer to obtain financing, a franchise or management agreement. We intend to conduct a study as detailed below.

APPROACH TO THE STUDY

The study would be concerned with the determination of current and potential future demand for hotel accommodations in the market area; assessment of existing and potential future competitive supply; and the share of the market that could reasonably be attained by the proposed hotel. We would visit Kewaskum and Washington County and meet with local officials, and other interested parties to gather information about the community and the potential need for a hotel. We would tour the Village and conduct our research and analysis; our approach to such a study would be as follows:

Site Analysis: The following attributes of the proposed 14-acre site will be evaluated: access, visibility, surrounding area, present use, relationship to demand generators, relationship to area amenities, and advantages/disadvantages of the site. If there are alternate sites in the Village that we believe would be more appropriate for hotel development, we will discuss those with you.

Area Review: Based on economic data gathered during the fieldwork, it will be determined whether the market area appears to be economically viable to support hotel development. Economic data is assembled using local, city, and county websites, state agency websites, U.S. Census Bureau, U.S. Bureau of Labor Statistics, and sources deemed relevant and reliable.

Primary Research: Primary research would consist of interviews with key demand generators and those persons knowledgeable with the economic development situation and overall lodging market within Kewaskum. These interviews could be done in person or by telephone and include, but not be limited to: officials in economic development and planning, Chamber of Commerce, tourism organization representatives, competitive hotels including an inspection of the hotel properties, and potential demand generators.

During our fieldwork, we will discuss with you the potential demand generators (corporate, leisure, and group) that are located in Kewaskum. We may need to call on these demand generators and would ask for your assistance in this process. We have found that we have more success when we receive contact names and phone numbers from local officials and in many cases, an introduction will be made that our company would be calling on them. We usually ask to speak with the person within the organization that is making hotel reservations. The survey that we would conduct would be to garner information on that organization's needs for hotel rooms, rates they are willing to pay, and the type of amenities and facilities they would like to see developed. This task is something that we could discuss further during our fieldwork. The information obtained through this telephone survey would be summarized and presented in our report.

Competitive Market - The present supply of hotel rooms in the broader market area (Washington County), the potential additions to supply and the markets served or to be served by those properties will be reviewed. An inspection of the competitive properties will be conducted during our fieldwork. A competitive property profile and projections of growth in supply will be prepared. Through interviews, file data, and a STR* report, an estimate of market occupancy and average daily rate (ADR) will be provided.

We understand there are no competitive hotels that currently exist in Kewaskum and that we will have to go outside the community to determine a competitive supply. Based on our discussion, it appears that we would have to conduct research within Washington County regarding potential competition for a new hotel development.

Demand – We will determine the major segments of demand and discuss the growth in demand for each of those segments, based on historical data. Based on our research, we will estimate demand for hotel rooms over a five- to seven-year period.

Recommended Facilities: Recommendations for appropriate facilities will be provided for the proposed hotel, based on our market findings which will best meet demonstrated market demand. These facilities could include: number and type of guest rooms, type of hotel (limited-service, extended-stay), and other amenities and facilities deemed appropriate such as food and beverage outlets, meeting space, and recreational features. These recommendations could assist an architect and planner with the basis for a design program for the subject hotel and will provide the basis for our estimate of occupancy and average daily rate as discussed in the next paragraph.

Market Position of the Subject Property (Occupancy and Average Daily Rate): After completing the estimate of the future supply and demand for rooms in the market area, we will estimate the share of the market that the subject property should reasonably be expected to capture, by market segment, for the first five years of operation. Occupancy and average daily rate for the subject hotel for each of those five years will be estimated. This is intended to be representative of potential results that may be achieved assuming efficient and competent management and an effective marketing program. Our analysis will include an evaluation of the future market position of the subject hotel versus the existing competition.

Statement of Estimated Annual Operating Results: Using the market research as a basis, we would prepare a statement of estimated annual operating results that would include occupancy, average daily rate, sales and operating expenses for each of the first five years of operation. This statement would include all revenues and expenses and result in a "bottom line" of Income Before Rent, Depreciation, Interest and Taxes on Income. Since the estimated operating results would be based on estimates and assumptions that are subject to uncertainty and variation, we would not represent them as results that will actually be achieved. The report that includes the statement of estimated annual operating results could be used in obtaining mortgage financing, or in negotiating a lease, franchise or management agreement.

Introduction to Hotel Companies/Developers: We will provide a list of hotel companies and franchise representatives that we believe would offer the type of lodging we recommend in the Market Feasibility Study and this information would be provided in a separate letter. This letter would provide you with contact information for franchise representatives of these hotel companies; we would be happy to provide an introduction to these individuals and assist in whatever way we can to facilitate a discussion. We will contact these hotel companies to alert them that we have completed this study. This task would be completed after the Market Feasibility Study has been issued. Because the Study is not being completed for a specific hotel brand, we will refer to the hotel in the report as a "proposed" hotel.

REPORT

The information will be presented in a report for your internal use and guidance to determine whether to proceed with development of this hotel. The report will also be appropriate to share with hotel companies, hotel developers, and lenders/investors. The report will include a discussion of the market area, the recommended site location, the competitive hotel market, recommendations on the type of property best suited for the market, estimates of occupancy and average daily rate for the first five years of operation, and five-year statement of estimated annual operating results. Two copies of the report will be delivered to you at the completion of the assignment as well as an electronic version. The following section headings will appear in the final report.

- Executive Summary
- Project Concept and Recommendations
- Site Location Analysis
- Market Area Overview
- Hotel Supply and Demand Analysis
- Market Position and Penetration of the Proposed Hotel
- Statement of Estimated Annual Operating Results

LIMITATIONS OF THE STUDY

The report will be subject to the following limitations.

1. The conclusions reached are based upon our present knowledge of the lodging market in the competitive area as of the completion of fieldwork.
2. As in all studies of this type, the estimated operating results are based upon competent and efficient management and assume no significant change in the competitive position of the lodging industry in the immediate area from that set forth in the study.
3. Estimated operating results are also based on an evaluation of the present general economy of the area and do not take into account, or make provision for the effect of any sharp rise or decline in local or general economic conditions which may occur.
4. The estimates of operating results, to the best of our knowledge and belief, reflect our best judgment, based on present circumstances of the expected conditions and the expected course of action for the operation of the hotel. There will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.
5. We do not warrant that our estimates will be attained; they will be developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel developer/investor as of the report date.

6. It is understood that the report will be prepared primarily for your internal use and guidance as well as that of developers, hotel companies, and lenders/investors. The report and material submitted may not be used in any prospectus or printed material used in connection with the sale of real estate, securities or participation interests to the public or through advertising, public relations, news, sales, or other media without our prior written consent.
7. The scope of the study would not include the possible impact of zoning or environmental regulations, licensing requirements or other such matters unless they have been brought to our attention and are disclosed in the report.
8. We have no obligation to update the findings regarding changes in market conditions that occur subsequent to the completion of fieldwork.
9. Any drafts or preliminary information communicated to you during the course of the assignment are for internal management use only, and may not be disclosed to any outside third parties without our prior written consent.
10. The Client (Village of Kewaskum, Wisconsin) has disclosed to Patek Hospitality Consultants, Inc. (PHC) all relevant information, conditions, data, and other information that Client deems relevant to PHC's production of the Report. Unless specifically brought to the attention of PHC, PHC will assume that there are no hidden or unexpected conditions or information that would adversely or otherwise affect the study and analysis leading to the Report. PHC expresses no opinion and gives no advice concerning matters that require legal or specialized expertise, investigation or knowledge such as, without limitation, engineering, tax, accounting, zoning, signage, hazardous substance/waste, wetlands, franchise or other technical or developmental matters. Market studies involve the interpretation of evolving events and the research and review of highly confidential information, the accuracy of which cannot be assured. The risk of unknown or unanticipated events or conditions is an additional variable for which there is no remedy. Client understands these limitations and interprets all research, analysis, and projections accordingly.
11. Our liability with respect to this report is limited to the total fees as set forth herein. Our responsibility is limited to the Client and use of this report by third parties shall be solely at the risk of the Client and/or third parties.
12. Payment of our fees and expenses billed to conduct this assignment are payable within 30 days. Fees and expenses are due and payable regardless of whether or not conclusions reached by PHC coincide with Client's expectations. Fees and expenses are in no way related to conclusions reached or projections provided by PHC.

FEES AND STUDY TIMETABLE

At the beginning of this study, we will plan to meet with you to discuss plans for the proposed hotel and how to proceed with the project. We will keep you informed of the progress of our work by telephone. If at any time during the course of the study, we form an initial opinion that there is insufficient demand for the project, all work will be stopped at that point and the findings will be discussed with you. If you would like the assignment to be terminated at that time, you will be billed only for the time actually incurred to date at a fee not to exceed \$4,000.

Our fee for this project will be \$8,000 inclusive of out-of-pocket expenses such as travel, meals, telephone, postage, and report production. A Smith Travel Research (STR) historical trend report is an outside resource that we commission to supplement our research and analysis regarding occupancy and average daily rate trends for hotels in a market area. The cost of this report is \$600 and is **not** included in the all-inclusive fee stated above. We will discuss with you whether a STR report could be commissioned for this study during our fieldwork.

*STR is a research company based in Hendersonville, Tennessee that began collecting data in the 1980s and today over 68,000 hotels with 9.1 million rooms globally submit monthly data to the STR program. STR reports are specific to a market and we would include those hotels, which would be determined by the demand interviews, of where demand from Kewaskum is currently staying. (As mentioned previously, we will have to go outside Kewaskum to compile a list of competitive lodging). The report would provide historical performance for a competitive set including occupancy, average daily rate, supply and demand changes, revenue, and weekday versus weekend demand. We believe this would be beneficial for this hotel project to have a better understanding of the competitive hotel market performance. The report presents the information as an aggregate and does not provide individual property data.

Our fees include meetings with county and city officials that are conducted during our fieldwork. Our fees do not include attending additional meetings requested such as city council, economic development, or similar such meetings to discuss/present our findings and recommendations. Should you require our attendance at such meetings, you would be billed for our time and travel at our regular per diem rate of \$125 per hour.

A retainer of \$4,000 is requested at the start of the assignment. The remaining fees and expenses will be billed at the completion of the assignment and will be payable within 30 days. A draft of the report will be sent to you for your review. If you do not respond to the draft report within 30 days, we may be required to update our findings at an additional fee.

Based on our present scheduling, we could begin the assignment within one to two weeks of receiving your signed proposal and requested retainer. We anticipate discussing our preliminary findings within two to three weeks from the start of the assignment with a draft report to follow within two to three weeks from our preliminary results, barring unforeseen

circumstances. Upon receiving your approval of the draft report, an additional week would be required for printing the final report.

ACCEPTANCE

If this proposal, valid until August 31, 2022, is correct in stating the type of work you are requesting and if the arrangements are satisfactory, please sign a copy of this proposal and return it to us, together with the retainer, as our authorization to schedule the assignment. If you have any questions, please call us at (262) 538-0445. We appreciate the opportunity to submit this proposal and look forward to working with you.

Sincerely,

Patek Hospitality Consultants, Inc.

ACCEPTED:

BY: _____

DATE: _____

PATEK HOSPITALITY CONSULTANTS, INC.

Brenda S. Patek, President
N57 W27841 Walnut Grove Ct.
Sussex, Wisconsin 53089
(262) 538-0445
Fax (262) 538-0449
Cell (262) 719-3867
patekhc@aol.com

Experience:

- 6/93-Present ***Patek Hospitality Consultants, Inc.***, President
Sussex, Wisconsin
Conduct market demand, economic financial feasibility and impact studies for the hospitality industry. Provide consulting services to owners, operators, developers, municipalities, and lending institutions in the hospitality industry.
- 3/89-5/93 ***BDO Seidman***, Senior Manager, Hospitality Consulting Group
Chicago, Illinois
Hired, trained and supervised four staff consultants. Conducted studies regarding market demand, economic feasibility, impact analysis and site selection for the hospitality industry.
- 3/83-3/89 ***Pannell Kerr Forster***, Senior Manager, Management Advisory Services
Chicago, Illinois
Conducted market demand and economic feasibility studies for hotels, resorts and conference/convention centers; supervised three staff consultants together with six-month intern program; coordinated publication for the Midwest edition of Trends, a monthly survey outlining trends in the industry including collection, calculation and analysis of all data used.
- 1/82-2/83 ***University of Wisconsin***, Market Research Assistant,
Recreation Resources Center, Madison, Wisconsin
Did market research for feasibility studies and valuation of hotels.
- Education:** University of Wisconsin - Stout
Menomonie, Wisconsin
Bachelor of Science in Hotel and Restaurant Management, December 1981
- Memberships:** Wisconsin Hotel & Lodging Association

PATEK HOSPITALITY CONSULTANTS, INC.

Representative list of Market Demand and Market Feasibility Studies All studies performed by Brenda S. Patek, President

<u>Client</u>	<u>Location</u>	<u>Services</u>	<u>Date</u>
Dora Hotel Co.	Terre Haute, IN	limited-service	03-2022
Dora Hotel Co.	Fishers, IN	full-service	03-2022
City of Urbana	Urbana, IL	recommendation	12/2021
City of North Mankato	North Mankato, MN	full-service	11/2021
Hope Development	Grimes, IA	extended-stay	04/2021
Kinseth Hospitality	Marinette, WI	extended-stay	10/2020
City of Watertown	Watertown, WI	recommendation	08/2020
City of Baraboo	Baraboo, WI	recommendation	06/2020
City of McHenry	McHenry, IL	recommendation	02/2020
Kinseth Hospitality	Oconomowoc, WI	extended-stay	12/2019
Algona Area EDC	Algona, IA	recommendation	10/2019
City of Princeton	Princeton, IL	recommendation	08/2019
Lee Cty. Industrial Dev.	Dixon, IL	recommendation	08/2019
Kinseth Hospitality	Oak Creek, WI	limited-service	07/2019
City of Urbana	Urbana, IL	update	05/2019
City of Superior	Superior, WI	update	04/2019
New Gen Assets	Huntley, IL	limited-service	04/2019
City of Plymouth	Plymouth, WI	recommendation	04/2019
Paul Stangl	West Bend, WI	extended-stay	03/2019
Village of Howard	Howard, WI	recommendation	01/2019
Bell Holdings	Watseka, IL	recommendation	01/2019
Marous & Co.	Crete, IL	limited-service	11/2018
Stantec	West Bend, WI	recommendation	11/2018
City of Clear Lake	Clear Lake, IA	limited-service	11/2018
Cobalt Partners	Kenosha, WI	recommendation	10/2018
RDG	Cedar Falls, IA	recommendation	08/2018
Cobalt/Kinseth	West Allis, WI	update	06/2018
Swift Hospitality	Oskaloosa, IA	limited-service	06/2018
City of North Mankato	N. Mankato, MN	recommendation	05/2018
Gunderson Construction	Portage, WI	recommendation	04/2018
JCW Enterprises/Kinseth	Beaver Dam, WI	limited-service	02/2018
KZOO Hotel Partners	Kalamazoo, MI	dual brand	01/2018
Russell Construction/Swift	Davenport, IA	limited-service	01/2018
BDI	Champaign, IL	Consulting	11/2017
Dora/Kennedy	Whitestown, IN	limited-service	10/2017
City of Kaukauna	Kaukauna, WI	Phase II	10/2017
Mills/Bear Dev.	Kenosha, WI	dual-brand	09/2017
City of Jefferson	Jefferson, WI	recommendation	06/2017
City of North Manchester	North Manchester, IN	recommendation	06/2017
Mike Marous	Crete, IL	limited-service	06/2017
New Gen Assets	DeKalb, IL	extended-stay	05/2017
City of Superior	Superior, WI	recommendation	04/2017
Cobalt Partners	West Allis, WI	extended-stay	03/2017

City of Urbana	Urbana, IL	consulting	03/2017
City of La Vergne	La Vergne, TN	recommendation	03/2017
City of Clarinda	Clarinda, IA	recommendation	01/2017
Kinseth Hospitality	Iowa City, IA	extended-stay	01/2017
Plaza Corp.	Kalamazoo, MI	select-service	01/2017
City of Newton	Newton, IA	recommendation	11/2016
City of Cascade	Cascade, IA	recommendation	11/2016
City of Saint Peter	Saint Peter, MN	recommendation	10/2016