



APPENDICES



APPENDIX 1:
Contributors to the Redevelopment Planning Process

BUILDING INVENTORY

Joan Sapp, Landscape Architect, Estes Park, Colorado
Carol Cross, Engineering Technician, Estes Park, Colorado
Adam Thomas and Cheri Yost, owners, Historic Colonial Hotel

OCTOBER 2004 MEETING PARTICIPANTS

Bob Bastian, Pennsylvania State Representative
Kathelene (Kathy) Bisko, Main Street Program Manager, Meyersdale Renaissance, Inc. and discussion moderator
Jon Clapper, Clapper's Industries, Meyersdale; Board Member, Somerset Trust Company
Dave Clapper, Clapper's Building Materials, Meyersdale
Brian Clevon, R. Christopher Goodwin Associates, Frederick, Maryland
Jim DiFebo, Owner, Di and Di Senior Apartments
Fred DiPasquale, Owner, Di and Di Senior Apartments
Bud Edmunds, Meyersdale Borough Council
Peter Follen, Manager of Architecture, EADS Architects, Inc.
Suzanne Gagliardo, Western Regional Coordinator, Pennsylvania Downtown Center
Diana Kerr, Main Street Program Coordinator, Pennsylvania Department of Community and Economic Development
Roxanne Livengood, Assistant Vice President and Manager, First National Bank, Meyersdale
Samuel McClure, President, Citizens National Bank, Meyersdale
Mary Neimiller, Board Member, Meyersdale Area Historical Society
Hank Parke, Executive Director, Somerset County Chamber of Commerce; Somerset County Parks and Recreation Board; Somerset County Rails to Trails
Joan Popovich, Executive Director, Redevelopment Authority of Somerset County
Ted Robinson, Director, Region 5, Pennsylvania Department of Community and Economic Development
Andrew Thomas, Pharmacist, F.B. Thomas Drug Store
Anna Ruth Thomas, Store Manager, F. B. Thomas Drug Store
Donald Walukas, President, Meyersdale Renaissance, Inc.
Adam Thomas and Cheri Yost, owners, Historic Colonial Hotel

Historic Colonial Hotel

OCTOBER 2005 MEETING PARTICIPANTS

Chad Bederka, Chaney Architects, Inc., Cumberland, Maryland
Kathy Bisko, Meyersdale Renaissance, Inc., Meyersdale
Brian E. Cleven, R. Christopher Goodwin & Associates, Inc., Frederick, Maryland
Jim DiFebo, Di and Di Developers, Meyersdale
Louis Fred DiPasquale, Di and Di Developers, Meyersdale
Megan Donaldson, Meyersdale Area High School National Honor Society, Garrett
Nicholas C. Felice, Somerset County Economic Development Council, Somerset
Suzanne Gagliardo, CMSM, Pennsylvania Downtown Center, Harrisburg
Barbara A. Harrold, Somerset Trust Company, Confluence
Kelsey Long, Meyersdale Area High School National Honor Society, Meyersdale
Emily Newman, Meyersdale Area High School National Honor Society, Meyersdale
Joan A. Popovich, Redevelopment Authority of Somerset County, Somerset
Donovan D. Rypkema, Place Economics, Washington, DC
Adam Thomas, Historitecture, L.L.C., Estes Park, Colorado
Anna Ruth Thomas, Main Street Design Committee Member, Meyersdale
Donald J. Walukas, Community Activist, Meyersdale
Cheria Yost, Historic Colonial Hotel, L.L.C., Meyersdale

MARCH 2006 'SWAT TEAM' MEETING PARTICIPANTS

Kathy Bisko, Main Street Manager, Meyersdale Renaissance, Inc., Meyersdale
John Bry, Regional Program Services Coordinator, Pennsylvania Downtown Center, Harrisburg
William "Bill" Callahan, Community Preservation Coordinator, Western Region, Pennsylvania Historical and Museum Commission, Pittsburgh
William "Bill" Fontana, Executive Director, Pennsylvania Downtown Center, Harrisburg
Russell "Russ" Jenkins, Business Recruitment Specialist, Urban Renewal Development Authority of Pittsburgh
David Kahley, President and Chief Executive Officer, The Progress Fund, Dawson
Adam Thomas, Managing Principal and Architectural Historian, Historitecture, L.L.C., Estes Park, Colorado
Cheria Yost, Owner, Historic Colonial Hotel, L.L.C., Meyersdale

Historic Structure Report and Redevelopment Proposal

MAY 2006 SMALL BUSINESS ADMINISTRATION MEETING PARTICIPANTS

Annette Chunko, Business Analyst, Small Business Development Center, Saint Francis University, Loretto
Adam Thomas, Managing Principal and Architectural Historian, Historitecture, L.L.C., Estes Park,
Colorado
Cheria Yost, Owner, Historic Colonial Hotel, L.L.C., Meyersdale

APRIL 2007 REDEVELOPMENT PLAN REVIEW MEETING PARTICIPANTS

Kathy Bisko, Main Street Manager, Meyersdale Renaissance, Inc., Meyersdale
Henry Cook, President, Somerset Trust Company, Somerset
Adam Thomas, Managing Principal and Architectural Historian, Historitecture, L.L.C., Estes Park,
Colorado
Cheria Yost, Owner, Historic Colonial Hotel, L.L.C., Meyersdale

APPENDIX 2:
Strategic Planning Meeting Notes, October 14, 2004

OVERVIEW

1. Review afternoon logistics
2. Review overall project context (This included a review of general market study data, ATA trail survey results, and an overview of local demographics)
3. Propose overall project goals
4. Review issues, strengths, and challenges
5. Discuss possible uses (pros/cons) and rank/rate priorities
6. Review group discussions/findings

DISCUSSION NOTES

Goals for Project within Community

- Create jobs, stimulate local economic growth
- Serve local needs and respond to trail-related needs
- Accommodate needs for lodging generated by completion of U.S. Route 219
- Meet current, existing needs for housing (short-term such as visitors, families, funerals)
- Help to address need for more owner-occupied housing in the borough (long-term investment)
- Reflect year-round needs/services
- Examine potential to utilize technology for business development activity
- Address local need for entertainment/arts activities and events (may be desirable to involve or coordinate with local sponsors for arts and entertainment events)
- Address need for large, local, high-quality reception venue (weddings at local churches, but often receptions are held out of town because needed/desired facilities are not available)
- Fill gaps in retail/food, nightlife, movies/entertainment, business economy (may want to target teens, trail users, etc.)
- Successful restoration of deteriorated downtown building in a manner that is self-supporting and self-sustaining
- Restore a significant cultural, social, historical, and ceremonial center
- Look at compatible/multiple uses (diversify)

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LUNCH DISCUSSION INSTRUCTIONS

- 12:15 Discuss proposed uses as a group, based on pros/cons/criteria
- 12:40 Fill in ranking form individually
- 12:50 Compare results for table (ID group priorities/ranking)
- 1:00 Share and discuss results with others

Summary of Group Priorities for Building Use

	Group 1 (Cheri)	Group 2 (Adam)	Group 3 (Kathy)
Short-term lodgings (B&B, not full service)	1st	2nd	High
Offices	Lowest		Lowest
Long-term housing (condos/apartments)	2nd	3rd	Medium
Hotel (full-service)	Lowest		High
Retail	Lowest		Lowest
Restaurant/bar	Lowest	High (upscale, martinis)	High
Event center	3rd	1st, high	High
Gallery	Low (better as part of event center)		Lowest

Key Points from Lunch Discussions

- Need more information. A full market study is needed to understand trail use, demand for condominiums, and need for overnight accommodations.
- There are more options and sources for funding for projects that include housing (especially low-income housing).
- Need to examine how individual ownership may affect project success over the long term. If the building is divided into condominiums, is there a chance for deterioration?
- Group 2 (Adam's) believed that there is a market for moderate/upper-scale apartments or condos (relative to those currently available in town).
- Subsidies are most often available for low-income housing.
- Project phasing may make it more feasible to pull together the needed financing; however, disadvantages related to this approach include delayed revenue generation and large up front cost.
- Timeframe: optimists say 5 years, pessimist thinks 50 years.

Historic Colonial Hotel

- Hard to rank uses separately.
- Really two different buildings (basement/first vs. upper floors).
- Integrating uses may be key; multiple-use of the building may be necessary due to building size, scale, and local needs.
- Group 2 (Adam's group) defined full service as a hotel that provides room service, bell boys, full-time maid service, and is open all day, every day. It was pointed out that these type of hospitality facilities are typically part of a franchise.
- Need to look at relationship to other recreation centers/facilities in the area.
- Need to consider fire/safety/code compliance requirement such as those set by the Department of Labor and Industry, the Universal Building Code, and the Americans with Disabilities Act.
- Lack of elevator will probably not be a major influence on the development strategy overall since it is likely that most building uses will require one.
- Group 3 (Kathy's) considered a full service hotel to be a hotel that provided a range of local resident and visitor services such as rooms, bar, restaurant, coffee shop/internet cafe, event center, and gallery events.
- Internet accessibility important to be eligible for funding through the DCED Anchor Building Program.

OTHER POSSIBLE USES PROPOSED

- Culinary arts/Hospitality school (Group 3). This could involve using the facility for education, hands-on training, student housing, etc. Allegany College of Maryland has a culinary arts school in Cumberland, Maryland. The Somerset Chamber of Commerce indicated that ACM may be interested in expanding and setting up a complimentary facility in Somerset County.
- An example of a recent effort to set up a culinary arts school was discussed. The community of Easton, Pennsylvania, was exploring the possibility of setting up a culinary arts school in partnership with a group from Italy. This effort, however, did not end up working out.
- Penn State University has a large Hotel and Restaurant Management program at University Park.
- Small Business service center. (This was not mentioned during the whole group summary, but was discussed in Group 3.) The Somerset Chamber of Commerce has had some preliminary discussions about setting up a central office center to be shared by small businesses, businesses that operate regionally over large territories and need small local office space and businesses services. This kind of facility could also be combined with overnight and food service facilities to provide even more comprehensive complimentary service.

FUNDING RESOURCES AND OPTIONS

- USDA Community Facilities Program. Eligibility will depend on the type of uses to be included.

Historic Structure Report and Redevelopment Proposal

- Partnership with Allegany College of Maryland.
- Historic tax credits. Condominiums are not permitted for five years, (could convert apartments to condos after five years). The federal tax credit program has recently been updated so that the program is more compatible with and beneficial for smaller projects.
- HUD/housing grants. Low income tax credits 15 years.
- DCED Anchor Building grant, a "Gap funding" source. The award can be for a maximum of 1/3 total project cost. The maximum was \$250,000 but has been increased to \$500,000 for 2005. Jobs, historic preservation, and integration of technology are key goals of the program. The grant is made to the municipality. The municipality then loans the money to a private developer for work on a key building development project. Benefits of the program include low interest rate and longer loan term. In addition, the money paid back goes back to municipality and must be used as a "revolving fund" to support other development in downtown.
- New market tax credits for commercial ventures is to be connected to National Trust for Historic Preservation and can also provide partnerships for tax credits.
- Pennsylvania Historic Tax Credit not anticipated any time soon.
- Non profit vs. private organization may be worth examining.
- Market study PHFA (housing) soft costs to \$20,000.
- Somerset County Economic Development Council, A Pennsylvania Industrial Development Authority (PIDA).
- Progress Fund in Western Pennsylvania, a Community Development Financial Institution (CDFI). Typically provides funding for higher risk, tourism-focused projects.

SUGGESTED NEXT STEPS

- Market study
- Review results of the MRI Maple festival visitor survey (results due by the end of October 2004)
- Collect additional data from trail users
- Stabilize/investigate building: roof seal, structural investigation, moisture in basement, maintain weather-tight "pigeon-tight" environment; environmental testing including lead paint and asbestos testing, estimated \$2000
- Follow up on listing on National Register of Historic Places (may need to follow up with Bonnie Wilkinson-Marks)

APPENDIX 3: Feasibility Study Conclusions, October 2005

PROJECT AS PROPOSED VS. OBJECTIVES

If this property is redeveloped as proposed, the objectives of the client would be met. Most of the third-party objectives would also be met and the remainder likely to be met. However not all of the investor objectives would be met without major additional incentives – either very-low interest and long-terms loans, or outright grants. Those investors interested in tax credits could be accommodated, as that return is contingent upon construction costs, not operating income. For those investors requiring even an intermediate return from the net income of the property, this project as proposed is highly unlikely to secure significant outside participation.

The good news is that there is an array of potential intervention tools identified in the body of this report and in the appendices that can assist in closing this gap. Additionally there are financially secure and fully committed owners willing to explore a range of development financing mechanisms, timing scenarios, and development alternatives as long as the objectives identified below are met.

A real estate project is “feasible” when the real estate analyst determines that there is a reasonable likelihood of satisfying explicit objectives when a selected course of action is tested for fit to a context of specific constraints and limited resources.

While many of the established objectives can be met through the proposed redevelopment of the Historic Colonial Hotel, all of them cannot. This project will only be feasible if a) very patient equity can be identified that are satisfied with overall returns far less than currently typically demanded in the marketplace; and/or b) significant amounts of grant monies and other incentives are provided to this project.

Finally, the major financial beneficiaries of the redevelopment of the Historic Colonial Hotel are not likely to be its owners, but rather adjacent property owners, adjacent business owners, the greater downtown of Meyersdale and the Borough of Meyersdale. It is because of the off-site financial benefit as well as important non-financial measurables that such assistance to this project is warranted.

The redevelopment of the Historic Colonial Hotel meets many of the objectives of the participants, recognizes the constraints imposed, and represents a significant positive opportunity for the redevelopment of this property. However the project will not attract the requisite private capital equity investment without major incentives being provided. This is, however, exactly the type of project, with multiple lev-

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TABLE A.1: Feasibility Study Conclusions		
Objective	Meets Objective	Does Not Meet Objective
Client Objectives		
Return hotel to social heart of community	√	
Be a business incubator	√	
Be a destination attraction	√	
Retain character-defining features	√	
Have rehabilitation pay for itself within lifetime	√	
Host multiple uses	√	
House year-round business	√	
Investor/Developer Objectives		
Purchase tax credits for approximately 85% of their current value	√	
No disposition within 5 years	√	
Reconvey as soon after 5 years as possible	√	
Cash-on-Cash of at least 6%	unlikely	√
Overall annual return of at least 14%	unlikely	√
Third Party Objectives		
Create jobs, stimulate local economic growth	√	
Self-supporting restoration of deteriorated downtown building	√	
Increase tax base	√	
Appreciation of downtown property values	likely	
Increase revenue for adjacent businesses	likely	

els of public and private benefits, for which many of the available incentives were specifically created. Furthermore, the redevelopment of the Historic Colonial Hotel directly implements several of the identified goals in Somerset County's Comprehensive Plan including:

- downtown revitalization;
- increased attention to historic resources;

Historic Colonial Hotel

- tourism promotion; and
- market-rate housing.

The restored Historic Colonial Hotel will not benefit just its owners and investors but the entire population of the Meyersdale region.

APPENDIX 4:
Alternative Use: More Hotel Rooms Discussion, April 2007

After reviewing the redevelopment document, Henry Cook, President, Somerset Trust Company, suggested that the building needed more hotel rooms. He believed that having six apartments would commit a great deal of square footage to a use with limited income potential. More hotel rooms, on the other hand, could potentially grow over time as demand grows. To start the calculation, Mr. Cook suggested the cost per room proposed, \$60 during November to April and \$75 in March and from May to October, was too low. Doubling that cost during peak season would be reasonable, again raising the revenue projections. Next, using the same room-night demand per month (estimated to be 1,763 nights per year total), the 20 rooms would be occupied 24 percent of the time. Occupancy of hotel rooms will grow over time, especially with the increasing popularity of the trail and the growing concentration of lodging and other visitor services in Meyersdale. The following is a brief comparison and discussion of costs and benefits of an alternate proposed use for the hotel: event and commercial space on first floor, 20 hotel rooms on floors two and three; and two apartments on fourth floor.

Making a change to 20 hotel rooms and 2 apartments would not change the estimated predevelopment cost. It would have little effect on the redevelopment costs, since finish costs for the apartment and hotels were estimated at the same rate. The start-up costs would be effected. The current estimate to furnish and supply 10 rooms is \$30,000. That number would double. This increases the total start-up cost from \$175,000 to \$215,000. In order to calculate the change to annual operating expenses associated with running 20 hotel rooms, we used the same number of annual room nights, 1,763. While more hotel rooms would result in higher utility costs (water, sewer, electric, refuse, telephone, and cable), there would be some reduction in utilities (water and sewer) for fewer apartments. There would also be an increase to use costs (room supply, laundry). Contracted services would not likely change, since the number of room nights is the same. However, there would be a need for more housekeeping staff if all 20 rooms filled in one night. A comparison between the 10- and 20-room scenarios is summarized in table A.2, on the following page.

Historic Colonial Hotel

Table A.2: Comparison Between 10 and 20 Hotel Rooms		
	10 rooms and 6 apartments	20 rooms and 2 apartments
estimated cost to furnish rooms	\$25,000	\$50,000
estimated cost to supply rooms	\$5,000	\$10,000
total start-up costs related to rooms	\$30,000	\$60,000
rate	\$60 off-peak; \$75 peak	\$60 off-peak; \$125-150 peak
total room nights per year	3,650	7,300
occupancy (based on current estimate of demand or 1,763 room nights)	48.3%	24.15%
annual revenue from hotel rooms	\$124,125	\$186,275-\$217,350
monthly rental rate	\$625	\$625
annual tenant rents (assumes 100% occupancy)	\$45,000	\$15,000
total revenue from hotel rooms and apartments	\$169,125	\$201,275-\$232,350
annual utilities (common area and hotel rooms) - water, sewer, electric, refuse, telephone, cable/internet	\$21,354	\$42,708
annual utilities (apartments) - water, sewer	\$3,120	\$1040
use costs (supplies and laundry)	\$1,740	\$3,480
total annual expenses related to rooms	\$26,214	\$47,228
Source: pages 84 for Room Night Demand Estimate, pages 140-141 for Annual Operating Cost, and pages 138-139 for Start-Up Costs. Prepared October 2007.		