

SUMMARY OF PROPOSED LEGISLATION

TrackingNo. 0057-23

Date: April 5, 2023

Re: AN ACTION RELATING TO THE BUDGET & FINANCE, RESOURCES & DEVELOPMENT, AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; APPROVING \$9,845,000 FROM THE SÍHASIN FUND TO THE EASTERN RBDO FOR THE CROWNPOINT HOTEL AND CONFERENCE CENTER PROJECT; APPROVING THE RELATED EXPENDITURE PLAN

Purpose of this Legislation:

to approve \$9,845,000 from the Sihasin Fund for the Eastern RBDO for the Crownpoint Hotel & Conference Center Project; approving the related Expenditure Plan.

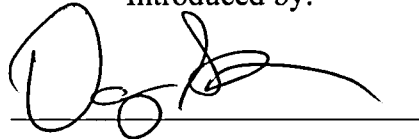
OLC No. 23-095-1

5-DAY BILL HOLD PERIOD: Johnson
Website Posting Time/Date: 10:15 PM; 04-05-23
Posting End Date: 04-10-23
Eligible for Action: 04-11-23

Budget & Finance Committee
Thence
Resources & Development Committee
Thence
Naabik'íyáti' Committee
Thence
Navajo Nation Council

PROPOSED NAVAJO NATION COUNCIL RESOLUTION
25th NAVAJO NATION COUNCIL - First Year, 2023

Introduced by:


(Prime Sponsor)

Tracking No. 0057-23

AN ACTION

RELATING TO THE BUDGET & FINANCE, RESOURCES & DEVELOPMENT,
AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL;
APPROVING \$9,845,000 FROM THE SÍHASIN FUND TO THE EASTERN
RBDO FOR THE CROWNPOINT HOTEL AND CONFERENCE CENTER
PROJECT; APPROVING THE RELATED EXPENDITURE PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Budget & Finance Committee is a standing committee of the Navajo Nation Council with the responsibility to "review and recommend to the Navajo Nation Council the budgeting, appropriation, investment and management of all funds." 2 N.N.C. §301(B)(2).
- B. The Resources & Development Committee is a standing committee of the Navajo Nation Council with responsibility over economic development, generally, and oversight authority over the Division of Economic Development in its subordinate offices, such as the Eastern Regional Business Development Office. 2 N.N.C. §500(C); 2 N.N.C. §501(C)(1).
- C. The Naabik'íyáti' Committee is a standing committee of the Navajo Nation Council that considers all proposed final actions by the Navajo Nation Council. 2 N.N.C. §164(A)(9).
- D. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. §102(A).
- As such, the Council may approve appropriations from the Navajo Nation's Síhasin Fund.

1 E. 12 N.N.C. §2502, as amended by CJA-03-18, states the purpose of the Navajo Nation Síhasin
2 Fund (“Síhasin Fund”) as follows:

3 §2502 Purpose

4 A. The purposes of this Fund are to provide financial support and/or financing for:

- 5 1. The planning and development of economic development and regional
6 infrastructure supporting economic development and community
7 development, including such infrastructure as, but not limited to,
8 housing, commercial and government buildings, waterline, solid waste
9 management development, powerline Projects, and transportation and
10 communication systems, within the Navajo Nation; . . .

11 B. For the Purpose in §2502(A)(1), Fund expenditures for infrastructure shall not
12 be limited by 12 N.N.C. §1310(F) or TCDCJY-77-99.

13 C. Leveraging the Fund by way of guaranteeing loans, match funding, direct
14 funding in part, and other weighted uses of the Fund, including loan financing
15 from the Fund, for the purposes in §2502(A)(1), shall be favored over direct
16 funding in whole.

17 F. The Síhasin Fund provides that “Fund Principal” shall consist of all deposits made to the
18 Síhasin Fund and that “Fund Income” shall consist of all earnings (interest, dividends, etc.)
19 generated and realized by the Fund Principal, and that Síhasin Fund Income shall be
20 deposited in, and added to, the Fund Principal until such time as a Fund Expenditure Plan is
21 duly approved. 12 N.N.C. §2504 and §2505(C).

22 G. The Síhasin Fund also provides that “Fund Principal and Income shall not be expended
23 except pursuant to a Fund Expenditure Plan consistent with the purposes set forth in §2502
24 of this Chapter and adopted by a two-thirds (2/3) vote of all members of the Navajo Nation
25 Council.” 12 N.N.C. §2505(A).

26
27 **SECTION TWO. FINDINGS**

28 A. In Resolution No. CAP-19-16 (signed into law on May 7, 2016), the Navajo Nation Council
29 approved funding from the Navajo Nation Permanent Fund for the Eastern Regional Business
30 Development Office (“Eastern RBDO”) for the Crownpoint Hotel and Conference Center

1 Project ("Project"). **EXHIBIT A.** CAP-19-16, incorporated herein by this reference, is the
2 Navajo Nation's approval of its Permanent Fund 5-Year Plan for 2017-2021, as mandated
3 by 12 N.N.C. §905.

4 B. A Business Site Lease for the Project, Lease No. NNEN-17-0088, was approved for CSB
5 Enterprizes, LLC, in March of 2016. A copy of Lease No. NNE-17-0088, as well as
6 drawings, schematics, and renditions for the Project, are available from the Eastern RBDO.

7 C. The Eastern RBDO is requesting \$9,845,000 from the Síhasin Fund for the Crownpoint Hotel
8 and Conference Center Project. **EXHIBIT B.**

9 D. The Eastern RBDO has provided a Development Plan for the Project, attached hereto as
10 **EXHIBIT C**, and also a detailed Cost Estimate for the Project, attached as **EXHIBIT D.** A
11 "Market and Financial Feasibility Analysis of the Crownpoint Hotel and Conference Center,"
12 dated March 16, 2021, is available from the Eastern RBDO.

13 E. The Crownpoint Chapter has expressed its support for the Project. **EXHIBIT E.**

14 F. The Crownpoint Hotel and Conference Center Project, when completed and operating, will
15 provide needed economic and job opportunities, as well as tax revenue, for the Navajo Nation
16 and surrounding communities. The Navajo Nation therefore finds approval of the Síhasin
17 funds requested by the Eastern RBDO to be in the best interests of the Navajo Nation and
18 the Navajo People.

19
20 **SECTION THREE. APPROVING \$9,845,000 FROM THE SÍHASIN FUND FOR THE**
21 **CROWNPOINT HOTEL AND CONFERENCE CENTER**
22 **PROJECT; APPROVING THE RELATED EXPENDITURE**
23 **PLAN**

24 A. Pursuant to 12 N.N.C. §2505(A), the Navajo Nation hereby approves \$9,845,000 from the
25 Síhasin Fund to the Division of Economic Development/Eastern RBDO for the Crownpoint
26 Hotel and Conference Center Project, as explained in **EXHIBIT B** and **EXHIBIT C.**
27 Further, the Navajo Nation hereby approves the related Expenditure Plan as set forth in the
28 listed **EXHIBIT B** and **EXHIBIT C.**

29 B. The Controller shall determine whether the source of the approved \$9,845,000 amount from
30 the Síhasin Fund will be from Fund Principal or Fund Income or a combination of both.

1 C. The Síhasin funds allocated for the Expenditure Plan approved herein may be further
2 leveraged by bond or loan financing pursuant to the Navajo Nation Bond Financing Act, at
3 12 N.N.C. §1300 *et seq.*, as amended, using Síhasin Fund earnings for repayment and
4 financing costs upon the recommendation of the Budget and Finance Committee and
5 approval by a two-thirds (2/3) vote of all members of the Navajo Nation Council.

6 D. The Síhasin funds approved herein shall be disbursed to the DED/Eastern RBDO within
7 twenty (20) business days following the effective date of this Action. Upon receipt of the
8 approved funds, DED/ERBDO shall promptly implement the Expenditure Plan for the
9 Crownpoint Hotel and Conference Center Project, as approved herein.

10 E. The approved Síhasin funds shall not be comingled with any other funds, and shall be used
11 by strictly for the Expenditure Plan approved herein. DED/ERBDO shall be responsible for
12 ensuring that all expenditures comply with the approved Expenditure Plan.

13 F. The approved Síhasin funds shall not lapse at the end of any fiscal year, as might otherwise
14 occur under 12 N.N.C. §820(N), so long as: (1) all Síhasin funds are accounted for as of
15 September 30 of each fiscal year; and (2) any/all remaining Síhasin funds are budgeted in
16 the next upcoming fiscal year for use on the same Expenditure Plan.

17 G. Notwithstanding Section Three (F) above, any remaining amount of Síhasin funds not
18 expended or encumbered by September 30, 2026 shall revert to the Síhasin Fund, unless
19 determined otherwise prior to such reversion by the Naabik'íyáti' Committee.

20 21 **SECTION FOUR. DIRECTIVE**

22 DED/Eastern RBDO shall submit written reports, and verbal reports if so requested, explaining
23 the ongoing status of the Expenditure Plan approved herein and its expenditures of the
24 \$9,845,000 in Síhasin funds. Said reports shall be provided to the Resources and Development,
25 Budget and Finance Committee, and the Naabik'íyáti' Committee by the end of each Fiscal
26 Year Quarter until the Crownpoint Hotel and Conference Center Project is completed, or until
27 all approved Síhasin funds are exhausted, or upon the September 30, 2026 reversion deadline
28 in Section Three (G) herein.

1 **SECTION FIVE. EFFECTIVE DATE**

2 This Action and the related Expenditure Plan shall become effective pursuant to 12 N.N.C.
3 §2505(A) and 2 N.N.C. §221(B).

4
5 **SECTION SIX. SAVING CLAUSE**

6 If any part of this Action is invalidated by the Supreme Court of the Navajo Nation, or by any
7 Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the
8 remainder of this Action shall be the law of the Navajo Nation.

PTF – 5 Year Plan = \$150m Over 5 Years

Exhibit A \$30m

New

Modification

\$150 m

\$68.25m

\$81.75m

\$30m

\$30.939m

\$30.5m

\$30.5m

\$30.5m

1st Year

- Navajo Nation Waterline Projects: \$4.161m
- Ganado Shopping Center: \$9.2m
- Nahatadañ Shopping Center: \$2m
- Shonto C-Store: \$1m
- Excess monies shall go to general funds

2nd Year

- Navajo Nation Waterline Projects: \$12.639m
- NNGE Shiprock Hotel-Restaurant: \$5.5m
- Dennehotso Retail Center: \$2.8m
- Many Farms Agricultural Project: \$3m
- Shonto Retail & Hotel: \$1m
- Northern Agency Agriculture Project: \$3m
- Wheatfields Agriculture Project: \$3m
- Excess monies shall go to general funds

3rd Year

- Navajo Nation Waterline Projects: \$15.75m
- NNGE Shiprock Hotel-Restaurant: \$2.8m
- Eastern Agency Economic Development Projects: \$6.95m
- Shonto Retail & Hotel: \$5m
- Excess monies shall go to general funds

4th Year

- Navajo Nation Waterline Projects: \$16.45m
- Office Buildings: \$5.85m
- Indian Wells Economic Development: \$3.7m
- Newcomb NNSCI: \$4.5m
- Excess monies shall go to general funds

5th Year

- Navajo Nation Waterline Projects: \$19.25m
- Central Agency Economic Development Projects: \$6.25m
- Wheatfields Agriculture Project: \$2m
- Northern Agency Agriculture Project: \$1.5m
- Many Farms Agricultural Project: \$1.5m
- Excess monies shall go to general funds

Eastern Agency Economic Development
Projects shall be broken down as this:

\$3,000,000.00 for Crownpoint Hotel

\$3,950,000.00 for Crownpoint
Convenience Store

Totaling = \$6,950,000.00

**MARKET AND FINANCIAL FEASIBILITY ANALYSIS /
BUSINESS PLAN OF THE
CROWNPOINT HOTEL AND CONFERENCE CENTER**

PREPARED FOR:

CSB ENTERPRISES LLC

CROWNPOINT CHAPTER

AND

NAVAJO NATION EASTERN REGIONAL BUSINESS DEVELOPMENT OFFICE

PREPARED BY:

THOMPSON'S ACQUISITIONS LLC

OCTOBER 13, 2015

I. EXECUTIVE SUMMARY

The Thompson Acquisitions LLC has conducted this feasibility analysis at the request of CSB Enterprises LLC, Crownpoint Navajo Chapter, and the Navajo Nation Eastern Regional Business Development Office (RBDO). After careful examination of the pertinent data and accounting for the potential risks and benefits of the hotel and conference center, Thompson Acquisitions LLC recommends that CSB Enterprises LLC, in conjunction with the Eastern RBDO and the Crownpoint Chapter, proceed with the design and construction of a Navajo-architectural-theme hotel with conference space.

The Navajo Nation Division of Economic Development, Eastern RBDO, CSB Enterprises LLC (Owner/Developer), and Choice Hotels International will organize a public-private partnership to facilitate the development and construction of the Crownpoint Hotel & Conference Center, a 53,927 square foot, three-story Sleep Inn & Suites branded hotel, with 67 rentable rooms, averaging 508 square feet.

Construction cost estimations used in this study have been provided by the Choice Hotels International. The proposed Crownpoint Hotel & Conference Center is envisioned to offer a 67-room Sleep Inn & Suites hotel at an estimated construction cost of \$80,000 per room, resulting in a total construction cost of \$5,360,000.

In addition, the proposed Conference Center will offer 2,000 square feet of clear-span, subdividable convention space, of which, 1,000 square feet would accommodate ballroom space functions with an additional 1,000 square feet of meeting space to allow for breakout space in close proximity to the primary function space. The Conference Center will have an estimated construction cost of \$150.00 per square foot, resulting in a total construction cost of about \$300,000.

Overall, the total development cost of the Crownpoint Hotel & Conference Center is approximately \$5,660,000, encompassing 1.24 acres of a 5-acre site which includes landscaping and a 70-space parking lot. The property location is convenient to nearby New Mexico State Highway 371 (NMSH 371 and Navajo Route 9), educational institutions, government and medical concerns, and to the many businesses, and tourist attractions in the regional area.

Construction costs will be significant and are to be determined by the finalized facility design and specifications. This study concluded that the total cost of developing a 67-room Sleep Inn & Suites hotel with a connected 2,000 square foot conference center facility would be \$5,660,000. The exhibit below illustrates the total development cost analysis.

Crownpoint Hotel & Conference Center Total Development Costs

| | |
|--|--------------------|
| Sleep Inn & Suites Development Costs | |
| Total Rooms | 67 |
| Costs Per Room | \$80,000 |
| Total Hotel Development Costs | \$5,360,000 |
| | |
| Conference Center Development Costs | |
| Ballroom | 1,000 SQ FT |
| Meeting & Conference Rooms | 1,000 SQ FT |
| Costs Per Square Foot | \$150 |
| Total Conference Center Development Costs | \$300,000 |
| TOTAL CH & CC PROJECT DEVELOPMENT COSTS | \$5,660,000 |

The Crownpoint Hotel & Conference Center is being capitalized on a solid foundation. Access to cost effective capital for expansion and growth, diversification of the property, and operating economies of scale will result in Net Operating Income (NOI) increases and a higher overall Rate of Return (ROI).

The Pro Forma Operating Statements demonstrate that the Crownpoint Hotel & Conference Center has the potential to generate total annual Revenues of \$1,866,312, Net Operating Income of \$1,161,377, a Net Profit of \$381,351 and Net Cash Flow of \$437,152 in the first year of operation.

The Pro Forma Cash Flow Statements demonstrate that the business ending cash balance will increase from \$437,152 at the end of the first year, to \$532,656 at the end of the fifth year. Cumulative cash flow by the end of Year 5 would total \$2.5 million, almost half the invested capital. There is adequate internally generated cash flow for business growth, indicating less financial risk, improved liquidity, and faster rate of return.

A new strongly branded hotel opening in 2016 would be expected to produce performance results as follows:

Crownpoint Hotel & Conference Center Operating Performance Summary

| | Occupancy Percent | Average \$ Rate | \$ RevPAR | Total Revenue | Cash Flow |
|----------------|------------------------------|----------------------------|----------------------|--------------------------|------------------|
| Year 1 | 79 % | \$ 92 | \$ 72.68 | \$ 1,866,312 | \$ 1,161,377 |
| Year 2 | 81 % | \$ 94 | \$ 76.14 | \$ 1,955,148 | \$ 1,237,609 |
| Year 3 | 83 % | \$ 94 | \$ 78.02 | \$ 2,003,378 | \$ 1,268,139 |
| Year 4 | 83 % | \$ 96 | \$ 79.68 | \$ 2,046,003 | \$ 1,295,121 |
| Year 5 | 84 % | \$ 96 | \$ 80.64 | \$ 2,070,654 | \$ 1,310,724 |
| Year 6 | 84 % | \$ 97 | \$ 81.48 | \$ 2,092,223 | \$ 1,324,376 |
| Year 7 | 84 % | \$ 98 | \$ 82.32 | \$ 2,113,793 | \$ 1,338,029 |
| Year 8 | 85 % | \$ 98 | \$ 83.30 | \$ 2,138,957 | \$ 1,353,961 |
| Year 9 | 85 % | \$ 99 | \$ 84.15 | \$ 2,160,782 | \$ 1,364,775 |
| Year 10 | 85 % | \$100 | \$ 85.00 | \$ 2,182,609 | \$ 1,381,594 |

The Sleep Inn & Suites hotel will achieve a Return on Equity of 38.13% and Return On Investment of 6.74%. This is an excellent hotel investment.




EXHIBIT B

DR. BUU NYGREN *PRE*
RICHELLE MONTOYA *VICE PRESIDENT*

The Navajo Nation | Yideeskáądi Nitsáhákees

MEMORANDUM

TO: Tony Skrelunas, Division Director
Navajo Division of Economic Development

FROM: 
John Largo, Senior Economic Development Specialist
Eastern Regional Business Development Office
Navajo Division of Economic Development

DATE: March 7, 2023

SUBJECT: Crownpoint Hotel Sihasin Funding Package

This memo is in reference to the attached package from the Eastern RBDO, in conjunction with Council Delegate Danny Simpson, that requests funding from the Navajo Nation Sihasin Fund. Please review the contents page of the package which shows all the necessary items needed for this funding request.

Also attached to the packet is the required budget forms from the Office of Management and Budget. Project Budget Form #1 requires the signature of the Division Director of the Division of Economic Development, and also the Department Director of Small Business Development Department. We are submitting this document directly to your office, because these types of documents usually get held up at the SBDD Director's office unnecessarily.

I have worked with Delegate Simpson on getting this packet ready for legislation. Upon receiving your signature, Mr. Simpson will start the legislative process to eventually secure funding for this much needed project in Crownpoint, New Mexico.

If you have questions related to this package, or the project, please call me at my office (505) 905-6400, cell (505) 567-0157 or send an e-mail to johnlargo@navajo-nsn.gov. Thank You!

RECEIVED

cc: Danny Simpson, Council Delegate

2023 MAR 14

Division of Economic Development

**THE NAVAJO NATION
PROJECT BUDGET SUMMARY**

Page ____ of ____
PROJECT FORM 1

PART I. Business Unit No.: NEW Project Title: Crownpoint Hotel & Conference Center
 Division/Branch: Economic Development Chapter: Crownpoint Agency: Eastern
 Prepared By: John Largo, Senior Economic Development Specialist Phone No.: (505) 905-6400

PART II. Check one: ☒ Original ☐ Revision ☐ Reallocation ☐ Modification

| Project Funds/Source(s) | Appropriation End Date | Amount | % of Total |
|-------------------------|---------------------------|----------------|------------|
| Sihasin Funds | 9/30/2024 | \$9,845,000.00 | 100.00% |
| | | | |
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| | | | |
| | | | |
| | | | |
| TOTAL: | | \$9,845,000.00 | 100.00% |

| PART III. Budget at LOD 4 | Amount |
|----------------------------------|----------------|
| 9000 - Capital Outlay | \$9,845,000.00 |
| | |
| | |
| | |
| | |
| | |
| | |
| TOTAL | \$9,845,000.00 |

PART IV. Project Information

Project Type: Capital

Planned Start Date: 6/1/2023

Planned End Date: 9/30/2024

Project Manager: John Largo

FOR OMB USE ONLY

Resolution No.: _____

FMIS Set Up Date: _____

Company No.: _____

OMB Analyst: _____

PART V. ACKNOWLEDGEMENT:

I HEREBY ACKNOWLEDGE THAT THE INFORMATION CONTAINED ON THIS FORM IS COMPLETE AND ACCURATE.

Elis Lamy 3-9-2023 John Largo 3-9-23

SUBMITTED BY: Dept Director Signature / Date VERIFIED BY: Div. Director Signature / Date

THE NAVAJO NATION
PROJECT BUDGET AND JUSTIFICATION

Page ____ of ____
PROJECT FORM 3

| | | | | |
|--|---------------------------|---------------------------|--|-----------------------|
| PART I. Business Unit No.: <u>NEW</u> Project Title: <u>Crownpoint Hotel & Conference Center</u> | | | | |
| PART II. | | | | |
| (A) | (B) | (C) | (D) | (E) |
| Fund Source Code | Object Code (LOD 4) | Object Code (LOD 6) | Object Code Description (LOD 7) & Justification | Budget TOTAL |
| 5 | 9000 | | Construction of 40-room Hotel building to be located at Crownpoint, New Mexico. The Project will include: Site Work, Parking Lot, Curb and Gutter, Earth Work, Site Concrete Work (curb and gutters), Drainage Work, Parking and Overhead Lighting, Building Concrete Work (footings, etc.), Insulation, Drywall and Texture, Masonry, Structural Steel, Joist Decking, Fabrications, Rough Carpentry, Framing, Painting, Ceiling and Floor Tiles, Roofing System, Flashing and Accessories, Plumbing and Electrical, HVAC, Fire Protection, Water Storage Tank (for fire suppression), Curb and Gutters, Parking Lot, Sidewalks, Street Signs, Signage, Doors and Hardware, Glass and Glazing, Plumbing, Mechanical, Electrical, Security and Surveillance, Extension of Water, Communication, Gas, Electrical and Sewer Line to Main System, Propane Tanks, Transformers, Fencing, Landscaping & Infrastructure. | |
| | | | Capital Outlay | |
| | | 9020 | Infrastructure | |
| | | | 9024 - Roads | \$600,000.00 |
| | | | 9026 - Parking Lot, Sidewalk, Streetlights | \$400,000.00 |
| | 9050 | Building | | |
| | | 9052 - Buildings | \$8,845,000.00 | |
| PAGE TOTAL: | | | | \$9,845,000.00 |

Page ____ of ____
PROJECT FORM

FOR OMB USE ONLY: Resolution No: FMIS Set Up Date: Company No: OMB Analyst:

The **transient commercial market segment** consists primarily of managers, sales representatives, potential employees, and other professionals visiting local companies based in Eastern Navajo Nation. This segment also includes transient government demand and travelers and interest groups visiting local government offices, and visitors to the medical facilities located in Crownpoint. As the capital of Eastern Navajo Agency, there is a large government presence in Crownpoint. In addition, the 2 major college campuses of Dine College and Navajo Technical University are located in Crownpoint. Demand for rooms in this segment is highest Monday through Thursday and is projected at 35 percent of the overall market, or 42,590 room nights beginning in 2021.

The **other market segment** comprises approximately 5 percent of the overall market, or 6,084 room nights starting in 2021. The other market segment consists primarily of demand generated from events at the Crownpoint Chapter, community meetings, and social, veteran, educational, religious, and special groups that are traveling to the area, and special events such as the Eastern Navajo Fair and other festivals, sporting events, and weddings, banquets, and fundraising galas. As Crownpoint is the central hub of the Eastern Navajo Agency, this segment generates a large amount of room nights on an annual basis.

During the winter off-season tourists visits to all National Parks, state parks, Navajo Nation, and other historic sites generally fall to 45 percent of summer volume. However, the physical location of Crownpoint, where it intersects New Mexico State Highway 371, the presence of immediate area attractions, and the draw of both Navajo and Pueblo cultural visitation opportunities are a major benefit to the proposed project.

If the proposed hotel is designed with the proper character, advertises properly, and prices its rooms effectively during the off-tourist months, its off-season can be as or more successful than competing facilities in the area. Having conference facilities at the hotel will increase occupancy as well.



IV. CROWNPOINT HOTEL & CONFERENCE CENTER DEVELOPMENT PLAN

The Crownpoint Hotel & Conference Center project is considered to be the future model for mixed-use commercial real estate development within Navajo Nation communities. As a component of the overall Crownpoint mixed-use real estate project, the Crownpoint Hotel & Conference Center will blend hotel, office, retail, and restaurant uses. The Crownpoint Hotel & Conference Center Development Plan defines the business concept and delineates the land uses and facilities as described below.

A. Crownpoint Hotel & Conference Center Development Plan

A unique set of circumstances have combined to form a remarkable window of opportunity. The market conditions for the **Crownpoint Hotel & Conference Center** are significant. The combination of increasing demand with a significant lack in supply will result in high occupancy rates and rapid growth in RevPAR. Customers seek affordable lodging options within close proximity to major employment and retail opportunities.

The ERBDO will actively promote the Crownpoint mixed-use property in order to enhance the livability of the area. The nearby government agencies, healthcare facilities, major educational institutions, and planned commercial office and smaller infill type retail project will expand choices for all market segments throughout the regional area.

The ERBDO will not only take advantage of the popularity of mixed-use properties but more importantly it will address the everyday needs of its immediate community which is still not adequately served by existing retail and commercial offerings. The Crownpoint Hotel & Conference Center location will be highly sought after, and nearly impossible to duplicate within the Crownpoint community; customers will be pleased to have a stylish, affordable development.

Crownpoint Hotel & Conference Center Business Concept

It is recommended that the Crownpoint Hotel and Conference Center be a nationally branded facility. Each nationally branded hotel is accompanied by its own nationwide marketing and advertising system. To a large degree the eventual brand identity will define marketing and advertising strategies to be used. In addition, there will be some investment toward an in-house marketing capability. This department will be responsible for further promotions and sales.

Partnering with various nationwide hospitality associations would also allow for additional market exposure. A branded hotel chain would book events into the future Crownpoint Hotel and Conference Center helping to ensure that average occupancy is increased in all facilities.

The Crownpoint Navajo Chapter community is located at the junction of New Mexico State Highway 371 and Navajo Route 9 in northwestern New Mexico. The proposed Crownpoint Hotel development is located on the north side of Navajo Route 9, west of the Crownpoint Shopping Center which is the major hub of commercial activity in the regional area.

Major Crownpoint area employers are the various Navajo Nation departments and other governmental agencies, and Navajo Technical University, Dine College, Bashas' Supermarket, and the Indian Health Services Hospital.

Besides the Crownpoint Shopping Center, anchored by the Bashas' Supermarket, there are a variety of businesses operating in the Crownpoint community, including several gasoline convenience stores, laundry/ dry cleaning service, and numerous micro-enterprises operating from an informal outdoor marketplace.

The Crownpoint Hotel project site is in close proximity to a planned larger development considered to be the future model for mixed-use commercial real estate development within Navajo Nation communities. As part of a mixed-use real estate project, the Crownpoint Hotel will blend hospitality, office, retail, and restaurant uses.

Future development of the site may include a 5,000 square foot retail (lease) strip mall; a 1,000 square foot fast-food restaurant; a 3,000 square foot national branded full-service restaurant, and the Crownpoint Commercial Office Suites complex, a 42,000 square foot, two-story commercial office building with 105 office units. The lot will include landscaping and a 300-space parking lot, providing ample off-street parking. These retailers will serve as a convenient amenity for the office tenants, hotel guests, as well as residents in the surrounding and adjacent Navajo Nation communities.

The build-out of the planned mixed-use commercial real estate development in Crownpoint and all associated economic impacts to the market make this an exciting time for both the Crownpoint community and for all communities in the surrounding area. These developments will positively impact the performance of a new hotel in no uncertain terms.

B. Description of the Crownpoint Hotel

The quality of a lodging facility's physical attributes has a direct influence on marketability, attainable occupancy and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability.

The Hotel Branding Standard

The hotel brand was selected as the highest and best use of the site because it is the most sought after 'middle of the market' limited service hotel brand (based on consumer choice, RevPAR performance, and level of investment). Project quality is set to meet the physical and operating standards of the a franchise similar to national brands.

The hotel offers rooms in the mid-scale limited service segment with an oversized work area, convenient desk-level electrical outlets and ergonomic chair, along with amenities such as a free breakfast medley, high-speed internet, free in-room coffee, and enhanced linens. The hotel will contain at least 10% suites.

The proposed Crownpoint hotel property will be mid-scale limited service in nature with the finish typical of a mid-scale first-class, hotel containing 40 rentable units. The hotel's facility is expected to be of high quality. It is further assumed that the property will be maintained in a competitive condition, undergoing regular renovations of soft goods and case goods funded primarily by a reserve for replacement.

Based upon various land use suitability analysis and site-specific planning, the primary use alternative calls for the design and construction of a 32,200 square foot, two-story hotel building, with 40 rentable rooms. The hotel will encompass 1.24 acres of a 5-acre site which includes landscaping and a 70-space parking lot, providing ample off-street parking. The exhibit below describes the typical 40 room prototype.

Crownpoint Hotel 40-Room Prototype Description

| | | Rooms | Unit Area (Square Footage) | Total Square Footage |
|--------------------------|------|-----------|----------------------------------|-------------------------|
| Guestrooms | | | | |
| King | 27 % | 10 | 253 | 2,530 |
| Queen/Queen | 52 % | 20 | 289 | 5,780 |
| King Suites | 15 % | 6 | 309 | 1,854 |
| Accessible King | 1 % | 1 | 287 | 287 |
| Accessible King Roll-In | 1 % | 1 | 287 | 287 |
| Accessible Queen/Queen | 1 % | 1 | 369 | 369 |
| Accessible King Suite | 1 % | 1 | 369 | 369 |
| Total Guestrooms | | 40 | | 11,476 |

| Guestroom Support | Per Floor | Total Square Footage |
|--------------------------------|-----------|-----------------------------|
| Elevator Lobby | | 200 |
| Stairs | 2 | 1,041 |
| Elevators | 1 | 150 |
| Linen Chute | | .26 |
| Guest Laundry | | .100 |
| Vending | | 190 |
| Guestroom Corridors | | 2,798 |
| Total Guestroom Support | | 4,505 |
| Public Space | | Total Square Footage |
| Food & Beverage | | |
| Breakfast Area | | 285 |
| Function | | |

| | | |
|------------------------------------|-----|--------------|
| Lobby | | 330 |
| Community Room | | .813 |
| Lounge | | .180 |
| Meeting Room | 608 | |
| Recreation | | |
| Fitness Room | | 325 |
| Pool | | 945 |
| Pool Equipment | | .284 |
| Public Circulation | | |
| Vestibule | | 116 |
| Public Restrooms | | 131 |
| Public Corridor | | 686 |
| Total Public Space | | 2,866 |
| Back –of-House | | |
| Administration | | |
| Reception | | 97 |
| Work Room | | 125 |
| Office 1 | | 135 |
| Office 2 | | 84 |
| Employee | | |
| Employee Restroom | | 60 |
| Laundry & Linen Storage | | |
| Main Laundry | | 591 |
| Linen Storage (Upper Floors) | | 250 |
| Food Service | | |
| Kitchen | | 223 |
| Miscellaneous Service | | |
| Storage Room (First Floor) | | 91 |
| Storage Room (Upper Floors) | | 286 |
| Mechanical Room | | 268 |

| | | |
|--|-------------------|---------------|
| Electrical Room | | 119 |
| Electrical ?Telephone Data (Upper Floors) | | 60 |
| PBX Room | | 66 |
| Elevator Equipment | | 48 |
| Total Back-Of-House | | 2,503 |
| Program Area Summary | | |
| Total Guestroom | | 11,476 |
| Total Guestroom Support | | 4,505 |
| Total Public Space | | 4,095 |
| Total Back-Of-House | | 2,503 |
| TOTAL NET BUILDING AREA | | 22,579 |
| Walls & Shafts Total Estimated | 11.27 % | 3,833 |
| TOTAL GROSS BUILDING AREA | | 26,412 |
| Total SQ FT Per Room | | 508 |
| DEVELOPED SITE SUMMARY | | |
| Building Coverage | | 11,505 |
| Paved Areas (Parking, Walks, Decks, etc.) | | 30,115 |
| Net Landscape Area | | 12,307 |
| TOTAL DEVELOPED SITE AREA | 1.24 Acres | 53,927 |

The Crownpoint Hotel and Conference Center project will provide 40 hotel rooms which are classified as above average quality traveler's type of rooms. These rooms are of a size which accommodates mostly overnight occupancy; however, 20% of the rooms may be of the extended stay suites style of rooms. Overall, the proposed hotel property will be the only nationally affiliated above average hotel complex in a 60 mile radius.

This study has been prepared to determine the feasibility of building and operating a 40 unit hotel in Crownpoint, New Mexico. This hotel property is expected to open in 2021. The location/site is convenient to nearby New Mexico State Highway 371 (NMSH 371 and Navajo Route 9), educational institutions, government and medical concerns, and to the many businesses, and tourist attractions in the immediate and regional area.

It was concluded that a new hotel at this location would be a highly attractive investment for the CSB Services LLC (Owner/Developer). Such a hotel would not only take advantage of increasing population growth in the Eastern Navajo Agency area, but also provide the best lodging choice for consumers outside of Gallup, New Mexico.

Project assumptions and analysis were formulated on a projected opening date of the hotel of 2021. Based on the expected attributes of the proposed Crownpoint Hotel, it is anticipated that it will have various advantages within the market in location and in product quality. A summary of the proposed Crownpoint Hotel's competitive advantages is presented below.

1. The proposed property will be a state-of-the-art, newly-built hotel featuring the latest in engineering, design, and innovation. Additionally, the proposed hotel will represent the newest midscale, limited-service hotel in the entire Navajo Nation lodging market and the highest quality hotel in the Eastern Navajo Nation lodging market.
2. Furthermore, the property will benefit from representing the only midscale hotel in the Eastern Navajo Nation submarket.
3. With plenty of room for expansion surrounding the proposed property, the Crownpoint Hotel & Conference Center is also situated to benefit from any future growth that might occur. This is a unique situation when compared to other major competitive hotels, specifically urban locations which typically have limited room for expansions.
4. The proposed Crownpoint hotel will benefit from its designation as the exclusive hotel in Crownpoint, New Mexico, the central hub within the Eastern Navajo Nation, representing the headquarters of the Eastern Navajo Agency. This central, strategic location will be a significant advantage point with regard to attracting regional meetings and group demand that can easily converge at Crownpoint without the inefficiency and cost of having to commute outside the Eastern Navajo Agency to an alternate meeting and lodging venue.

As a result of the analysis and research, it is recommended that the CSB Services LLC (Owner/Developer) build a 40-room hotel with an additional 2,000 square feet dedicated to three to five meeting rooms with movable walls and an executive board room. Also included in that total is an entry space that can act as a pre-function reception area. It is also advised that a kitchen space be constructed for use by a caterer plus a basic breakfast and dinner restaurant to accommodate the needs of guests and groups. Finally, the Owner/Developer should reserve

ample space for expansion, particularly for the possibility of future conference room, ballroom, and other spaces.

C. Crownpoint Conference Center Market Analysis

The supply and location of local hotel rooms are important considerations with respect to the ability to attract and accommodate convention, meeting, banquet, sporting and other event market potential and associated economic impact. The proposed Crownpoint Conference Center will be the exclusive event facility with the ability to accommodate various types and sizes of meetings, banquets, food/beverage functions, public/consumer shows, conventions, tradeshow, conferences and other assembly events.

Convention and Conference Industry Trends

The convention and conference event industry are diverse and responds well to facilities that can accommodate their needs, such as assembly space for general sessions and displays, ballroom facilities and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008.

This is demonstrated within the exhibit space supply, which grew from an approximate index of 160 to over 210 between 2002 and 2012. The demand of paid exhibit space, while increasing, grew at a slower rate between 2002 and 2007, only to be followed with an overall decrease until 2012 when demand picked up again. Executive Conference Space according to the International Association of Conference Centers (IACC) had an average occupancy among reporting facilities of 57.1% in 2012. The average daily rate for day-long conferences, like those that will be targeted toward the government departments of the Navajo Nation and other tribal governments, as well as the state and federal agencies, increased by 1.8% among facilities reporting to the IACC. Revenues for day-long conferences average \$104.29 per day per attendee.

Important factors in the decision-making process of choosing a convention, conference or meeting site include the availability of nearby hotel rooms, cost of travel, and meeting space in the facility and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the past. Higher rated business (e.g., corporate, medical, and associations that are willing to pay more for better facilities and experiences) needs many breakout rooms and high quality ballrooms to conduct their trainings and other meetings. This shift in demand for the types of meeting space has opened up the opportunity for smaller, newer spaces in the market.

The question is: Is investment in this industry worth it? For those that construct and manage the right set of facilities within an attractive market, the answer is Yes. Those that put the right package together: a hotel and the right kinds of function space in a walkable environment,



John Largo
Senior Economic Development Specialist
Eastern Region Business Development Office
Navajo Nation Division of Economic Development
P.O. Box 250
Churchrock, New Mexico 87311

Dear Mr. Largo

Please accept updated letter to advise you that we have reviewed the previous bids submitted by qualified General Contractors bidding on the Crown Point hotel project. The hotel as represented in the reviewed construction drawings is a two story 28,452 square foot building. The building will house 40 guest rooms, meeting rooms, kitchen and Dining area and lobby all fully sprinkled. The site includes guest and employee parking, and landscaping. We understand that the project has funding in place of \$6,250,000.

We have reviewed the plans and compared them to the current market prices of materials, labor and FF&E. We continue to see increases in labor and material costs due to persistent inflation in the marketplace. We project that the total funds required to construct and furnish the hotel to be a total of \$16,095,000. We recommend that an additional \$9,845,000 be added to the existing \$6,250,000 commitment.

Thank you for your consideration,

A handwritten signature in black ink, appearing to be "L. Steven Haynes", written in a cursive style.

L. Steven Haynes
Managing Director
YNS Development Services

Steven@ynsservices.com



Project **Crownpoint Hotel**

Summary **28,452** Square Foot 40-Room Hotel and Conference Center

| Description | Total Cost (rounded) | Per Square Foot |
|------------------------------|-------------------------|-----------------|
| Architecture and Engineering | 569,040.00 | 20.00 |
| General Requirements | 1,906,284.00 | 67.00 |
| Site Work/Building & Parking | 625,944.00 | 22.00 |
| Concrete/Foundation | 995,820.00 | 35.00 |
| Masonry | 284,520.00 | 10.00 |
| Metals | 369,876.00 | 13.00 |
| Carpentry/Framing | 512,136.00 | 18.00 |
| Roofing/Thermal and Moisture | 398,328.00 | 14.00 |
| Flooring | 261,758.40 | 9.20 |
| Plumbing | 341,424.00 | 12.00 |
| Electrical | 597,492.00 | 21.00 |
| Windows and Doors | 853,560.00 | 30.00 |
| Fire Protection | 796,656.00 | 28.00 |
| HVAC | 853,560.00 | 30.00 |
| Finishes | 1,650,216.00 | 58.00 |
| Landscape/Retaining Wall | 825,108.00 | 29.00 |
| FF&E | 1,280,340.00 | 45.00 |
| Specialties | 995,820.00 | 35.00 |
| Total Trade Cost | \$ 14,117,882.40 | 496.20 |

Contractor Profit 8% \$ 1,129,430.59

Navajo Tax 6% \$ 847,072.94

| | |
|-------------------|-------------------------|
| Total Cost | \$ 16,094,385.94 |
|-------------------|-------------------------|

CROWNPOINT HOTEL CONSTRUCTION COST BUDGET

Total Construction Costs (YNS Estimate) \$16,095,000

Committed Funds

Navajo Permanent Trust Funds \$ 3,000,000

Navajo Sales Tax Funds \$ 3,250,000

Total Funds \$ 6,250,000

Needed Funds (Sihasin Request)

\$ 9,845,000

$$\begin{array}{r} \$16,095,000 \\ - 3,000,000 \\ - 3,250,000 \\ \hline \$9,845,000 \end{array}$$

RUSSELL BEGAYE
President

**NAVAJO NATION
CROWNPOINT CHAPTER**

EXHIBIT E

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Crownpoint, New Mexico 87313
PHONE (505) 786-2130/2131
FAX (505) 786-2136

WEBSITE: www.crownpoint.navajochapters.org
Email: crownpoint@navajochapters.org



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Aaron Edsitty, Community Services Coordinator
Email: aedsitty@navajochapters.org
Felicia John, Accounts Maintenance Specialist
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RITA CAPITAN
PRESIDENT

LEONARD PERRY
VICE PRESIDENT

HELEN MURPHY
SECRETARY/TREASURER

JONATHAN PERRY
COUNCIL DELEGATE

HERBERT ENRICO
LAND BOARD MEMBER

RESOLUTION CPC-19-11-001

Resolution approving a business site lease between the Navajo Nation and John Daugomah, Chief of Operations of CSB Enterprizes LLC, for the Crownpoint Commercial Development Project, and also supporting the approval of the business site lease for CSB Enterprizes LLC, to the Business Site Lease Review Committee of the Navajo Nation Division of Economic Development, and further directing the Navajo Nation President to sign the lease on behalf of the Navajo Nation.

WHEREAS:

1. The Crownpoint Chapter Government is a duly certified Chapter of the Navajo Nation Code; Title II, Section 4001 and 4006. Therefore is authorized to address and take action on the needs and concerns for the betterment of its people; and
2. The Eastern Regional Business Development Office of the Navajo Nation Division of Economic Development has goals to promote and create employment and business opportunities in the private sectors of the Eastern Navajo Agency economy; and
3. John Daugomah, Chief of Operations of CSB Enterprizes LLC, submitted a Business Site Lease Letter of Intent to the Eastern Regional Business Development Office within the Division of Economic Development to secure a business site lease on Navajo Nation Trust Land at Crownpoint, Navajo Nation, New Mexico; and
4. The Eastern Regional Business Development Office has reviewed the Letter of Intent and Business Plan of CSB Enterprizes LLC, and recommends approval of a business site lease with CSB Enterprizes LLC on Navajo Nation Trust Land at Crownpoint, New Mexico; and
5. The purpose of this lease is to formally designate a site for the Crownpoint Commercial Development Project. The business site shall be used by lessee to develop, construct and operate a commercial mini-mall facility that will be utilized for restaurant and other commercial tenants. The leased premises shall not be used by Lessee, Sublessee(s) or Assignee(s), for any purpose or purposes other than those set out above, except with the prior written consent of the Lessor. Consent may be withheld, granted, or granted upon conditions, in the sole discretion of the Lessor. Lessee agrees that it will not use or cause to be used any part of the leased premises for any unlawful conduct or purpose; and

6. The people of the Crownpoint Chapter community, having reviewed the request and the need for the lease approval; and John Daugomah representative of CSB Enterprizes LLC, having appeared before the Chapter, hereby recommends approval of a lease to the Navajo Nation.

NOW THEREFORE BE IT RESOLVED:

1. The Crownpoint Chapter approves a business site lease between the Navajo Nation and John Daugomah, Chief of Operations for CSB Enterprizes LLC, for the Crownpoint Commercial Development Project, and also requests approval of the business site lease for CSB Enterprizes LLC, to the Business Site Lease Review Committee of the Navajo Nation Division of Economic Development, and further directs the Navajo Nation President to sign the lease on behalf of the Navajo Nation.
2. The Crownpoint Chapter requests the Eastern Regional Business Development Office, within the Navajo Nation Division of Economic Development to take any and all necessary actions to process and obtain approval of the above transaction for CSB Enterprizes LLC to locate in Crownpoint, Navajo Nation, New Mexico.
3. The Crownpoint Chapter further recommends to the Business Site Lease Review Committee of the Navajo Nation Division of Economic Development to approve of a lease between the Navajo Nation and CSB Enterprizes LLC.

CERTIFICATION

We hereby certify that the foregoing resolution was duly considered by the Crownpoint Chapter at a duly called meeting in Crownpoint, Navajo Nation, New Mexico, at which a quorum was present and that same was passed by a vote of 40 in favor, 0 opposed and 4 abstained this 20th day of November, 2018.

MOTION: Billy Hazzie, Jr.

Rita M. Capitan

Rita M. Capitan
President

Helen Murphy

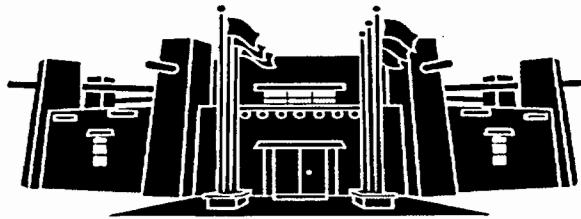
Helen Murphy
Secretary/Treasurer

SECOND: Leonard Perry

Leonard Perry

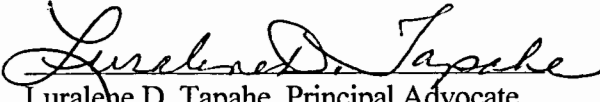
Leonard Perry
Vice President

Jonathan Perry
Council Delegate



MEMORANDUM

To: Hon. Danny Simpson, Member
Resources & Development Committee
25th Navajo Nation Council

From: 
Luralene D. Tapahe, Principal Advocate
Office of Legislative Counsel

Date: April 5, 2023

Subject: **AN ACTION RELATING TO THE BUDGET & FINANCE, RESOURCES & DEVELOPMENT, AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; APPROVING \$9,845,000 FROM THE SÍHASIN FUND TO THE EASTERN RBDO FOR THE CROWNPOINT HOTEL AND CONFERENCE CENTER PROJECT; APPROVING THE RELATED EXPENDITURE PLAN**

The Office of Legislative Counsel has prepared the above-referenced proposed legislation and related summary sheet. Based on existing Navajo Nation law and other applicable laws, and upon review of all supporting documents regarding your request that were submitted to OLC, this legislation as drafted is legally sufficient. However, as with any action of government, this legislation may be subject to judicial review in the event of a legal challenge.

Please review this legislation to make sure it is drafted to your satisfaction, and that all necessary and appropriate supporting documents have been provided and all attached Exhibits are correct.

OLC has reviewed the appropriate standing committees' authorities to consider this legislation, based on the standing committees' powers and responsibilities set forth in Title 2 of the Navajo Nation Code. Based on its review, OLC has listed those committees in the title of this legislation. However, the Speaker may assign this legislation to any committee(s) other than those shown in the title, pursuant to his authority under 2 N.N.C. §164(A)(5).

If you find anything unacceptable, please let me know immediately and advise me of your desired changes. I can be reached at phone no. (928)871-7166 or by email at: LuraleneTapahe@navajo-nsn.gov

Thank you for your cooperation.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0057-23_

SPONSOR: Danny Simpson

TITLE: An Action Relating to the Budget and Finance, Resources and Development, and Naabik'iyáti' Committees, and the Navajo Nation Council; Approving \$9,845,000 from the Síhasin Fund to the Eastern RBDO for the Crownpoint Hotel and Conference Center Project; Approving the Related Expenditure Plan

Date posted: April 05, 2023 at 10:15PM

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*