Statler Tech

Cornell University New York City

AlvarInvestments

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EXECUTIVE SUMMARY

Cornell University is living an unprecedented expansion to Roosevelt Island. It is a great opportunity for the Cornell community to pioneer the advancement of science and technology, while simultaneously strengthening the university s presence in New York City. Currently, the hospitality industry is still recovering from the recession and most properties are skeptical to embrace any significant technologic additions to their facilities or operations.

The Statler Hotel in NYC Tech Campus, Statler Tech, will serve as an experimentation platform for the hospitality field. It will be an extension of the Cornell School of Hotel Administration in New York City, offering students and faculty the opportunity to apply their knowledge in an urban-professional context. Statler Tech will function as a normal hotel, but unlike other properties, it will be a platform for innovation and technology advancement through research and praxis.

This property will provide guestroom and amenity spaces, remaining flexible to the ever-changing needs of visitors and understanding that most guests will be business travelers and students families. The Statler Tech will capitalize on the historic importance of its founder s name, Ellsworth Milton Statler, and the thirst for learning from the Cornell community. A significant challenge, however, will be the site construction and government approvals.

The hotel s area of focus will not be limited to Cornell Tech visitors, but also those who want to enjoy Roosevelt Island, acting as a bridge between the campus and the community on the other side of the Queensboro Bridge. This means that the Statler Tech must remain flexible and easily adaptable to business, leisure, and group markets.

The first action will be to assemble the appropriate team; individuals who are as enthusiastic and innovative as the hotel itself. These individuals will represent the needs of Cornell University, New York City, and the financing institutions, as well as the operative brand and Roosevelt Island community members. Just as the hotel will challenge the standards of hospitality, it will challenge how information is communicated to the public; the notion of marketing, by attracting the appropriate clientele and identify those who will benefit the most from our services.

This proposal outlines the necessary financing based on reliable feasibility reports realized by various entities, as well as revenue income for the next projected six to eight years. Funding will be requested from Cornell University, the Statler Foundation, and banks in the form of loans, with the goal of opening the property by 2017. Finally, the Statler Tech will receive operating revenue from the leasing of guestrooms, amenity spaces, and the commercialization of patented technologies created by Cornell students, sold to other properties.

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MISSION & VISION

50% of US jobs are expected to be computerized by 2035 including the hospitality industry. As exciting as this labor revolution may be, more and more hotel operators are exaggerating their responses by erroneously inferring that this change equates to replacing humans with machines. These technological advancements should be embraced as an opportunity to merge humans and machines in order to improve labor, not to have one replace the other.

Few hotels attempt to explore the role of technology in their operations because of financial fears. The recession has de-motivated properties from thinking outside the box and trying new practices, thus keeping their lodging prices the same or being forced to raise them. This has allowed companies such as AirBNB to capitalize on more financially-conscious guests.

49% of AirBNB travelers would not have made the trip if it had not been for the innovative, affordable option of staying in someone else s residence. Presently, there are more millennial consumers than baby boomers in today s lodging market and 40% of those millennials look at reservations online.

Change in hospitality is inevitable; we must be proactive, not reactive. The mission of the Statler Tech is to embrace the need for technology and act as a testing laboratory for those advancements that will benefit the entire lodging industry. It will not settle for hospitality standards; instead, it will continue to challenge the norm in ways no other hotel venue would dare.

The vision for Statler Tech goes beyond the next 25 years. The Statler School of Hotel Administration is already the leader in hospitality academia and research this new property on Roosevelt Island will place Statler as the leader in professional innovation; instead of competing against others, it will contribute to the industry with the fundamental goal of always improving the guest experience.

STATLER TECH
Philosophy & Logistics

The Statler Hotel in NYC Tech Campus will be located on a 260,000 square foot site underneath the Queensboro Bridge, on Roosevelt Island. It will be a 600-key property, with guestroom and amenity spaces for Cornell Tech campus and Roosevelt Island visitors. Statler Tech s philosophy is to provide service through innovation and create a memorable guest experience.

STATLER TECH
Owners, Brands, & Operators

The property will be owned by Alvar Investments. It will be developed and designed by AlvArchitects, headquarter in New York City. The brand will remain Statler Hotels and will be exclusively operated by the Cornell School of Hotel Administration, which has already committed to the project.

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AREAS OF FOCUS &
SERVICES
Innovationt

Innovation begins in the design studio as this property is developed. Sustainable design will include:

Solar panels
LEED Certification
Thermal Glazing
Insulation
Construction Materials
Motion-sensor lighting technologies
Water conservation/landscapes
Natural ventilation

Operations will also promote the practice of sustainable technologies, starting with, but not limited to:

Energy waste management
Employee training
Green disposal of products for sale/use/donations
Housekeeping energy conservation

Though the construction process will begin to explore innovative methods of design, the discovery of useful technologies will continue to be a part of the Statler Tech s operations. Students and faculty from the School of Hotel Administration, as well as other Cornell University students, will have the opportunity to develop their own innovative technologies and exercise them at the Statler Tech, with the mission of improving guest service, energy conservation, health and wellbeing, and even social and community services.

AREAS OF FOCUS &
SERVICES
Program

Statler Tech s bays will have Net Gross Area of 300 square feet each, with a 60% Guestroom Floor Efficiency, which will also be translated to the rest of the hotel. The guestroom will be as flexible as the rest of the hotel, promoting shared living spaces for groups of four to six into one space as they attempt to save money, while also offering single suites for one to two guests.

Typically in a hotel program, there is a distinction between back of house and front of house. In the Statler Tech, the inner workings of the hotel would be revealed to the public, showcasing how the building operates and what technologies are being applied.

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These are some of the back of house components which would be exposed to the public:

- Administration
- Housekeeping
- Employee common areas
- Food & Beverage Support
- Engineering/Mechanical

The following are the amenities which will be offered to guests:

- Dining*
- Bar, lounge, & caf
- Ballroom/pre-function
- Banquet/meeting spaces
- Fitness center, open to guest and members of the
      Cornell Tech Campus community
- Beauty, Spa, and Medical center
- Grocery shopping for guests

*In addition to the limited dining amenities being offered, every floor would have a communal kitchen for guests to buy groceries and cook for themselves.

The following table indicates the partial breakdown of the amenity spaces:

F&B Seats	Seat Ratio	Guestrooms	Occupancy
Dining	0.75	600	450
Bar/Lounge/Café	0.5	600	300

F&B Dim.	SF/Seat	Seats	Total Dim. (sqft)
Café/Bar	10	300	3000
Casual/3 meal/Buffet	15	200	3000
Specialty Dining	15	75	1125
Fine Dining	22	75	1650

Events	Ratio	Guestrooms	Occupancy
Ballroom	2	600	1200
Pre-Function	0.25	600	150

Events	Ratio	Ballroom Capacity	Occupancy
Banquet	0.3	1200	360
Meeting	0.3	1200	360

B.O.H	SF/GR	Guestrooms	Total Tim. (sqft)
Front Office	3	600	1800
Housekeeping	10	600	6000
Employee	6	600	3600

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STRATEGY
Schedule

Task	2015 Spring	2015 Summer	2015 Fall	2015 Winter	2016 Spring	2016 Summer	2016 Fall	2016 Winter	2017 Spring	2017 Summer	2017 Fall	2017 Winter
CONCEPT												
ID Site	▓											
ID Concept	▓											
Project Team	▓											
ID Fund Sources	▓											
Deliver	▓											
FEASIBILITY												
Market Outlook	▓	▓										
Financial Outlook	▓	▓										
Program		▓										
Deliver		▓										
DESIGN												
Program Reqs		▓	▓									
Square Footage		▓	▓									
Consultants		▓	▓									
Deliver			▓									
IMPLEMENTATION												
Contractor		▓										
Site Work			▓									
Structure				▓	▓							
Systems					▓	▓						
Interior							▓	▓				
FF&E						▓	▓					
Landscaping							▓	▓				
Punch List									▓			
Inspection									▓			
Certificate of Occupancy									▓			
OPERATIONS												
Pre-Opening									▓			
Marketing							▓	▓	▓	▓		
Staffing									▓	▓		
Training									▓	▓		
Stocking									▓	▓		
System tests								▓	▓	▓		
Opening											▓	▓
1-year warranty											▓	▓

STRATEGY
Stakeholders

The development process will include close relationships with the brand-operators and lenders.

The following are the proposed collaborators:

Owner-Developer	Alvar Investments
Brand-Operator	Cornell University School of Hotel Administration
Lenders	Bank of America
Community	Representatives from Roosevelt Island
Cornell Tech	Dan Huttenlocher

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STRATEGY
Stakeholders

The building design, commercial image, and operations process will include collaborations with architects, engineers, interior designers, energy system consultants, choreographers, neuroscientists, and even physicists, to include the brightest and most innovative ideas during the design and construction phases of the project.

The following are the proposed collaborators:

Architect	AlvArchitects
Engineers	Tishman/Aecom
Interior Designers	Rockwell Group
Energy Systems	USGBC/Buro Happold Engineering
Choreographer	Cirque du Soleil
Neuroscientists	Academy of Neuroscience for Architecture
Physicist	National Aeronautics & Space Administration

STRENGTHS & WEAKNESSES

One of the many strengths of the Statler Tech is the renaissance of its brand, founded by an innovator himself, Ellsworth Milton Statler. His name conveys out-of-the box design thinking and the fundamental idea that service should be equal to all, whether they were royalty or a shoe salesman. Unfortunately his properties decayed in the mid-20th century, either being bought out or demolished. The Statler legacy remained alive through Cornell University and it is now an opportunity to revive the name on the global pedestal that is New York City.

Though the Statler property will be associated with excellence in hospitality, a significant amount of pressure remains to attract travelers to the island. An important weakness in this project is the remoteness from the rest of Manhattan; which may also affect the Cornell Tech Campus. Though our business would be primarily serving the campus, we must remain flexible to endure the competition from informal mediums of lodging, such as AirBNB, which might be offered in various apartments in Roosevelt Island.
One way to mitigate this problem is by offering competitive prices to guests, and the option of sharing one bedroom the same way hostels do in Europe and other parts of the world. We would also offer guests the opportunity to cook inside the hotel if they stay for a certain number of nights, having communal kitchens on every floor, the same way a dormitory would do in a college campus. These tactics, however, are not the norm   they are flexible solutions to attract financially-conscious guests with a limited budget.

OBSTACLES   Obstacles are often inevitable with large projects like this one. Potential issues might be legal, economic, labor, weather, and site conditions. We will rely on a contingency budget for unexpected scenarios and always spend less money than needed. We understand that other ways the development process might be affected is through changes in the market, financing, strikes, natural/political disasters, costs in materials, or changing interest rates. For these same reasons, we will count with insurance and contingency budgets which will allow us the flexibility to continue construction without interruption.

We will also need to coordinate with Roosevelt Island authorities as well as Cornell University representatives to determine if easements are needed as the site sits below the Queensboro Bridge and is, in a sense, a gateway to the Tech campus.

We anticipate there will be citizens from the surrounding community expressing concern about the Statler Tech project so close to their neighborhoods. We will effectively express our intentions to them through public relations campaigns, a strong portrayal of transparency, and include representatives from their community in the design and development process.

THREATS   Nearby competitors include the following:
        Manhattan:
                Sutton Court Hotel Residents
                Bentley Hotel
                ONE UN New York
        Queens:
                Ravel Hotel
                Wyndham Garden
                Howard Johnson Long Island City

These are all various concept-type properties and none of them are in the island, giving us the advantage of being located immediately next to the Tech Campus.

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THREATS

COMMUNICATIONS

Despite the various markets that the Statler Tech will attract, even though our primary forecasted guest-type is business-travelers, the hotel property must portray a solid, unified image to the public. The design of the hotel will attempt to celebrate sustainability while merging it with the more industrial appearance of the Queensboro Bridge steel. In essence, Statler Tech will convey the image of a framework which has the capacity to shelter different content.

Public outreach will embrace the use of technology and virtual advertisement while learning from past tactics of sharing information. This will require an intense analysis on the best way to expose potential guests to our services, including the following venues:
    Technology/Science Conferences
    Online outlets
    Cornell events

We will collaborate with the Tech Campus, Cornell School of Hotel Administration, and which ever company purchases one of our patented technologies in order to make sure there is a mutually-beneficial marketing strategy. In other words, students who have the opportunity to showcase their work at the Statler Tech, as well as hotel companies which may purchase some of their work, will need to credit the Statler Tech hotel by incorporating it into their marketing strategies as a contributor.

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FINANCES

Every academic year, hundreds of students at the School of Hotel Administration research and develop ground-breaking, innovative ideas. While Cornell provides some venues for exposure, real praxis is hardly a part of that exposure and students do not get a chance to see if their work would work in a professional setting.

Statler Tech will pledge to every student from the School of Hotel Administration that if they have developed an innovative idea which would contribute to the service industry, and they have the appropriate funding for testing, it will allow its property to become a venue. Students can then easily request loans, fellowships, or grant-scholarships to put their ideas to the test, knowing they will have a serious environment for experimentation.

Statler Tech will partner with the following organizations to investigate means of funding for student projects:
> Cornell Hotel Society
> Cornell Center for Hospitality Research
> Hotel Ezra Cornell
> International Hotel Motel Restaurant Show
> Boutique Design Magazine
> *Private hotel companies willing to sponsor students

As the Owner-Developer of the Statler Tech, Alvar Investmet is requesting financing in the form of a loan to fund construction for this project. We are ready to provide the most updated feasibility report, up-to-date financial statements, construction costs breakdown, the names and back references of our collaborators and consultants, as well as a demonstration of our financial ability to fund the rest of the project.

FINANCES

Statler Tech s cost will be broken down into the three following:

15% Land
60% Hard Costs
25% Soft Costs
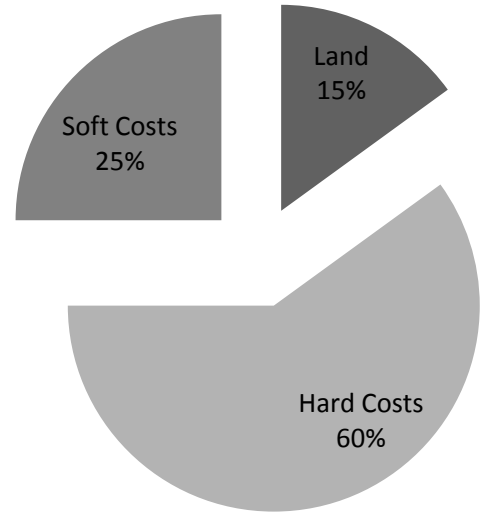
Including construction, the total development cost for this full service, 600-key hotel property is $90,000,000. 60% of this ($54,000,000) will be financed through loans, which means out of my $150 Average Daily Rate, $90 of them should be to repay the loans.

The following explains the distribution of the construction (hard) costs:

Foundations	4%
Structure (labor/materials)	18%
Interior Walls/Finishes	24%
Mechanical	35%
Electrical	14%
Elevators	5%

4%	Foundations
18%	Labor & Materials
24%	Interiors & Finishes
35%	Mechanical
14%	Electrical
5%	Elevators
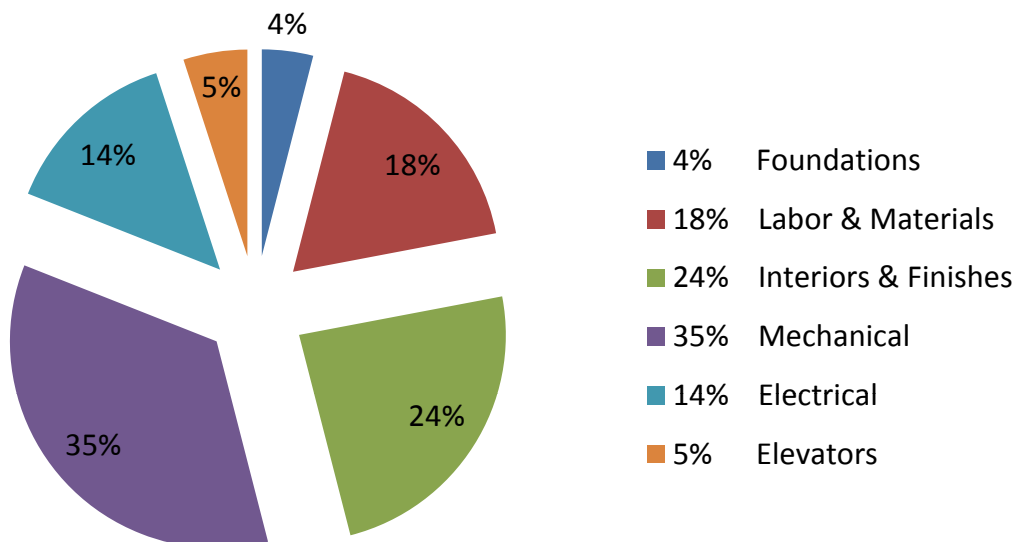
FINANCES

U.S. Occupancy Rates
(projected)

Year	Occupancy	Growth
2013	63.20%	2.30%
2014	65.50%	2.00%
2015	67.50%	2.50%
2016	69.50%	3.00%
2017	72.50%	0.50%
2018	73.00%	0.50%
2019	73.50%	0.50%
2020	74.00%	0.50%
2021	74.50%	0.50%
2022	75.00%	0.50%

Year 1
Average Occupancy Rate (projected): 72.5%
   Total Room Revenue: (600 rooms x $150/room x 72.5%) x 365 nights
   Year 1 RevPAR: $23,816,250.00

Year 2
Average Occupancy Rate (projected): 73%
Total Room Revenue: (600 rooms x $150/room x 73%) x 365 nights
Year 2 RevPAR: $23,980,500.00

Year 3
Average Occupancy Rate (projected): 73.5%
Total Room Revenue: (600 rooms x $150/room x 73.5%) x 365 nights
   Year 3 RevPAR: $24,144,750.00

   Year 4
Average Occupancy Rate (projected): 74%
Total Room Revenue: (600 rooms x $150/room x 74.5%) x 365 nights
Year 4 RevPAR: $24,473,250.00

Year 5
Average Occupancy Rate (projected): 74.5%
Total Room Revenue: (600 rooms x $150/room x 74.5%) x 365 nights
   Year 5 RevPAR: $24,473,250.00

   Year 6
Average Occupancy Rate (projected): 75%
Total Room Revenue: (600 rooms x $150/room x 75%) x 365 nights
   Year 6 RevPAR: $24,637,500.00

Out of the Statler Tech s revenue, 50% will be from guest rooms, which means that on the sixth year, it is forecasted to generate $49,275,000.00 in revenue. The additional 50% of the revenue will come from amenity spaces and the commercialization of technologies to private buyers.

CONCLUSION

The Cornell School of Hotel Administration was born because of the industry s need for an academic and research direction towards the future. The Roosevelt Island Tech campus is an unprecedented opportunity to expand the role of academics in the professional realm of hospitality by engaging the brightest minds with technological and mechanical resources needed to create innovative ideas serving the needs of guests.

Lodging is not the same as it used to be a century ago, certainly not the same as it was 50 years ago. Today s travelers are more informed, more flexible, and have different needs than previous generations. This will continue to be the case for the industry s future, so any new construction in the pipeline must understand that the future is unknown, and be willing to embrace change.

Statler Tech will be a pioneering hotel, contributing to hospitality with radical, avant-garde ideas of design, operations, and guest service. It will become a self-sustaining financial model by always seeking the most talented ideas and serve as a channel for exposure to properties in desperate need for change.