



REQUEST FOR PROPOSALS ADDENDUM

Request for Proposals Title:	Independent Hotel Management Services for the Inn at the Convention Center
Solicitation Number:	#17-29
Addendum Number:	1
Solicitation Coordinator:	Kelly Hartle, Procurement Services Coordinator
Contact Information:	503-823-3298 (direct) or HartleK@prosperportland.us
Issue Date of this Addendum:	June 15, 2018

1.0 PURPOSE OF THIS ADDENDUM

The Portland Development Commission d/b/a Prosper Portland (“Prosper Portland”) is issuing this Addendum to the Request for Proposals named-above (the “RFP”) in order to maximize participation in this process based on feedback received from potential respondents.

2.0 REVISIONS TO THE RFP

2.1 Prosper Portland’s revisions to the On-site Hotel Tours and Pre-Proposal Meeting are stated below:

Section 1.3.2 On-site Hotel Tours and Pre-Proposal Meeting (Page 5)	<p>Dates and times are revised below. Phone or email Kelly Hartle to schedule as soon as possible.</p> <p>Wednesday, June 20, 2018 Tours: 10:00am PT or 3:00pm PT</p> <p>Thursday, June 21, 2018 Tours: 10:00am PT or 3:00pm PT Pre Proposal Conference: 1:30pm PT</p>
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2.2 Responding to feedback on the level of detail required to respond to this RFP, Sections 5 and 6 of the RFP are hereby amended and restated on the following pages. Deleted submittal requirements are noted in ~~red strike-through~~; additional text is noted in **bold blue**.

5 Proposal Format

Proposals must be in the following order:

- a) Tab 1 – Letter of Introduction and Executive Summary
- b) Tab 2 – Experience and Past Performance
- c) Tab 3 – Market Compatibility and Project Understanding
- d) Tab 4 – Operations Plan
- e) Tab 5 – Operating Projections
- f) Tab 6 – Staffing Strategy, Compensation Package and Training
- g) Tab 7 – First Floor Renovation and Exterior Refresh Plans
- h) Tab 8 – Engagement of Certified Firms and Diversity in Hiring Plan
- i) Tab 9 – Proposed Fees and Cost of Transition
- j) Tab 10 – Key Business Terms
- k) Tab 11 – Addenda

The Respondent’s proposal must include all information requested herein. The proposal should not simply rephrase or restate Prosper Portland’s requirements, but rather must provide convincing rationale to address how the Respondent intends to meet these requirements. Respondent should assume that Owner has no prior knowledge of their capabilities and experience.

5.1 Tab 1 – Letter of Introduction and Executive Summary

Submit a letter of introduction and executive summary outlining key elements of your proposal. The letter must be signed by a person authorized to obligate the Respondent to executive the commitments made in the proposal.

5.2 Tab 2 – Experience and Past Performance

Respondent must provide:

- a) Overview of its organization including:
 - a. Its history and overall qualifications;
 - b. A statement about how its experience and qualifications align with Prosper Portland’s goals for the Hotel;
 - c. A summary of its current portfolio of hotels in the Pacific Northwest in which the Respondent is active, indicating whether the hotel is managed as a third-party service provider, or whether Respondent has an equity interest in the property;
 - d. Recognizing that the individual hotel performance for other managed hotels is confidential, provide some indication of the revenue per available room (“RevPAR”) indexing for up to five (5) of the most comparable hotels in Respondent’s portfolio;
 - e. Experience working with public sector agencies, with particular focus on managing publicly owned hotel assets;
 - f. Environmental sustainability initiatives;
 - g. Community service programs at the corporate and hotel levels; and
 - h. Industry accolades, awards, or other relevant commendations indicating superior performance and service;

- b) An overview of hotels it has operated that are directly comparable to the Hotel that demonstrate experience with midscale hotels;
- c) A narrative that summarizes the experience and qualifications of its corporate management team, with short bios for each member;
- d) As Addendum A, include resumes outlining the experience, education, and performance record of individuals who would be instrumental in fulfilling the Statement of Work in Section 3;
- e) ~~As Addendum B, include three (3) references of similarly positioned hotels operated in similar markets;~~
- f) ~~A statement regarding its financial credit worthiness and past experience including as Addendum C the names and addresses of at least three commercial or institutional credit references and a letter authorizing each to respond to credit inquiries from Prosper Portland;~~
- g) ~~Include current consolidated financial statements (balance sheet, income and expenses and statement of cash flows) and past three (3) years audits or CPA prepared financial statements marked as Addendum D;~~
- h) Responses to the deleted items above are not required for RFP submission, but may be required of the apparent successful respondent as part of our due diligence and as a condition of contract award.
- i) Disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals that might materially affect the viability or stability of Respondent at the time of responding to this RFP or the prior four (4) years or warrant that no such conditions exist; and
- j) If Respondent has had a contract terminated for default during the past four (4) years, describe all such incidents. Termination for default is defined as a notice to stop work due to Respondent's non-performance or poor performance. For each, indicate whether or not each incident was (1) not litigated or (2) litigated and such litigation determined the Respondent to be or not be in default.

5.3 Tab 3 – Market Compatibility and Project Understanding

Respondent must provide a **1 – 3 page** narrative **overview (not a detailed market analysis)** that:

- a) Discusses Respondent's understanding of the Portland market; hotels in this value conscious category and Respondents ability to penetrate the business, transient, meetings and group, and leisure segments of the market;
- b) Describes Respondent's understanding of the Oregon Convention Center future bookings and the Moda Center calendar;
- c) Indicates any prior hotel operating experience in the Lloyd Center area, and any affiliations/relationships with the Oregon Convention Center or local business associations;
- d) Describes the Hotel's primary competitors both now and in the future, if different at the completion of the envisioned renovation;
- e) Describes how Respondent would position this property within the midscale-lodging market and differentiate the Hotel from its market competitors, with particular attention to differentiation from any other hotel Respondent (or its affiliates) may operate in the central Portland market;

- f) Identifies the factors that are likely to impact operational performance, guest satisfaction and employee satisfaction; and
- g) Identifies any concerns you have about this opportunity.

5.4 Tab 4 – Operations Plan

Respondent must provide a thorough outline of how it intends to fulfill the scope of work outlined in Section 3 of this RFP. In one to five sentences per bullet, Respondent must also provide:

- a) Briefly describe Respondents fiscal management policies and practices.
- b) Describe the staffing of the revenue management and sales and marketing effort, and whether staff is to be shared with other hotels and the cost sharing mechanism;
- c) Describe the revenue management process Respondent intends to employ with particular attention to the compression opportunities created by the Oregon Convention Center and the Moda Center;
- d) Briefly describe the online marketing campaigns and in-person strategies you intend to employ and their approximate quarterly or annual cost;
- e) Describe any unique marketing techniques you use for an independent that are not necessarily used in a branded hotel marketing strategy;
- f) Describe Respondent’s approach to food and beverage operations and how that would be applied to the Hotel; and
- g) Describe Respondent’s approach to furniture, fixtures and equipment (FF&E) purchasing/installation.

5.5 Tab 5 – Operating Projections

Using the information provided in Section 2, Appendix A and elsewhere in this RFP, including the anticipation that the first floor and exterior improvements will be complete within 9 months of the initiation of the Agreement, please provide a 5-year proforma projection of departmental revenues and expenses as well as undistributed operating expenses, and profits from operations of the Hotel, together with all material assumptions used to prepare the projections. Attach the projections as Addendum H. The projections should be accompanied by a **brief** narrative that explains:

- ~~a) The specific room revenue increase from your recommended first floor and exterior renovations, in terms of points and dollars, or RevPAR penetration, assuming the re-forecasted 2017/18 FY as a base line (see Appendix A);~~
- ~~b) The impact to occupancy from the demand generated by the Oregon Convention Center and Moda Center;~~
- c) Assumptions regarding food and beverage and sundry sales based upon Respondent’s proposal F&B and retail strategies; and
- d) Assumptions regarding sales efforts to improve property utilization/performance during periods when there are no events at the Convention Center or Moda Center.

5.6 Tab 6 – Staffing Strategy, Compensation Package and Training

Please provide:

- a) A narrative describing Respondents overall management philosophy and staffing strategy, paying particular attentions to its diversity in hiring plan;

- b) As Addendum E, include an organizational chart that:
 - a. identifies each member of the hotel-level management and supervisory teams;
 - b. includes the proposed staffing plan with lines of reporting and communications indicated; and
 - c. identify all full- part-time positions, and shared positions to be provided in Appendix F;
- c) In Addendum F include:
 - a. a current salary/hourly schedule for each position identified on the organizational chart; and
 - b. Provide a budget for the hotel-level managerial payroll cost overhead summarizing each position's budgeted compensation.
- d) Provide a detailed description of Respondent's overall compensation package, including all benefits, bonuses and employee reward programs and how they are earned/awarded;
- e) Describe your employee training program and other methods used to ensure staff is provide appropriate training;
- f) Describe how quality of services is measured, how staff is evaluated and how corrective action and severances are dealt with;
- g) Identify any positions that will be shared with other hotels in the area and the means of allocating costs; and
- h) Indicate any third-party services to be procured that cost in excess of \$1,000 per month.

~~5.7 Tab 7 – First Floor Renovation and Exterior Refresh Plans~~

~~Please provide a narrative:~~

- ~~a) With Respondent's evaluation of the first floor renovation alternatives and the exterior refresh plans as described in Section 2;~~
- ~~b) That prioritizes the improvements based upon which components Respondent believes will add the greatest return on Owner's investment;~~
- ~~c) Includes recommendations for changes to the current plans that would improve the overall guest experience and result in additional revenue to the Hotel;~~
- ~~d) Describes strategies Respondent would employ to reduce guest disruptions during renovation; and~~
- ~~e) Provide a recommendation as to whether the hotel should be re-named after the renovation.~~

5.8 Tab 8 – Engagement of Certified Firms and Diversity in Hiring Plan

Respondents must address the following:

- a) Indicate whether Respondent is a Certified Firm or has recently applied for certification with the State of Oregon's Certification Office of Business Inclusion and Diversity ("COBID")? If so, provide a copy of the COBID's approval letter or a copy of the letter confirming receipt of your application;
- b) Indicate whether Respondent intends to subcontract any element of the work described in this RFP to a Certified Firm? If so, provide:
 - a. The name of the Certified Firms(s); and
 - b. A description of the work that will be subcontracted to Certified Firm(s).

- c) Describe Respondent's experience subcontracting or partnered with Certified Firms on any project within the past thirty-six (36) months. Include a description of the project and the role the of Certified Firm;
- d) Describe Respondents diversity in hiring plan paying specific attention to its management diversity strategy; and
- e) Describe any innovative approaches Respondent will employ to help Prosper Portland impact its Social Equity Commitment included in Section 2.3 of this RFP.

5.9 Tab 9 – Proposed Fee and Cost of Transition

Respondent should provide a narrative explanation of its fee proposal and summarize that proposal in the format provided in Appendix E to this RFP. The Respondent's completed summary should then be title Addendum G in Respondent's proposal. The objective is to identify all major deal points, including, but not limited to, management fees, shared services fees, financial incentives and transition costs. The fee descriptions should include an enumeration of any fees for service provided at the corporate or regional level, such as for revenue management, accounting, IT or HR services, and any charge backs for central reservations or marketing guidance/programs. It should also include all costs associated with converting to the Respondent's property management system (hardware and software), any anticipated relocation of management personnel, any fees for managing the first floor or exterior renovation, and any fees for purchasing services.

5.10 Tab 10 – Key Business Terms

In this section of the proposal, Respondent should describe the key business terms that it is offering for its management services and summarize those terms in the format provided in Appendix F to this RFP. Respondent's completed summary should then be titled Addendum I in Respondent's proposal. Respondent's narrative should include a list of any exceptions to the form of Agreement. Respondents should identify the specific section of the Agreement, describe the nature of the exception and an explanation as to why the exception is requested. If respondent is suggesting modifications to the Agreement language, a redlined version of its proposed adjustment/change should be included. If no exceptions are identified and Respondent's proposal is accepted, the selected Respondent is expected to conform to all of the requirements specified herein including, in particular, execution of Agreements substantially in the form of Appendix B.

5.11 Tab 11 – Addenda

Respondent must include addendum to their proposal, marked as follows:

Addendum A – Resumes of Key Staff at the Respondents' Corporate Level

~~Addendum B – Hotel Operating References~~

~~Addendum C – Credit References~~

~~Addendum D – Financial Statements of Respondent/Parent Entity~~

Addendum E – Organizational Chart

Addendum F – Budgeted Salary/hourly Rate Schedule by Position

Addendum G – Completed Fee Proposal (in the format of Appendix E of this RFP)

Addendum H – 5 Year Proforma Projections

Addendum I – Details on Key Business Terms (in the format of Appendix F of this RFP)

Addendum J – Respondent's Certification

5.11.1 Respondent Certification

All Respondent proposals must include a completed and sign Respondent's Certification in the format provided in Appendix G. Once completed the form should be retitled and included in Respondents proposal as Addendum J.

6 Evaluation

Using the Evaluation Criteria outlined below, evaluators will use their independent judgment to score the quality, completeness, and appropriateness of each Respondent's written response as well as any relevant information that Prosper Portland may subsequently request or discover. Prosper Portland will then add individual committee members' scores to produce an initial ranking. The highest-ranked Respondent(s) will be considered the Finalist Respondent(s).

If interviews are not conducted or best and final offers not requested, Prosper Portland will award the Agreement to the highest-ranked responsive Respondent. If interviews are conducted, Prosper Portland reserves the right to either re-score the Finalist Respondent(s)' proposal(s) based on the interview(s) or use the original scores solely as the basis to determine the Finalist Respondent(s) and re-rank the proposals based on the combined strength of the Finalist Respondent(s)' proposal and interview.

6.1 Consent to Investigate

Owner's determination as to whether the Respondent is qualified and responsible will be based on information provided by the Respondent in its proposal and other sources the Prosper Portland deems valid. The Agreement will not be awarded until all investigations of Respondent and its constituent entities', subtenants', owner' and officers' (collectively, the Responding Parties") business experience, financial responsibility and character that the Prosper Portland deems necessary are completed. By submitting a proposal, the Responding Parties agree to permit and cooperate with such investigations.

6.2 Mandatory Minimum Qualifications

Respondents' proposals must demonstrate how it meets the mandatory minimum qualifications listed below. Any Respondent that does not will be considered non-responsive and ineligible for award of the Agreement.

- a) Respondents may not manage any other hotel within a 1-mile drive radius of the ICC Hotel;
- b) Respondents may not own a financial interest in a potentially competitive hotel within a 2.5-mile drive- radius of the Hotel (competitive hotels are defined as any hotel designated as a 2-star or 3-star hotel by Expedia);
- c) Respondent's principals and/or executive management must have ten (10) years of experience in operating hotels;
- d) Respondent must have managed at least one (1) independent (non-franchised) hotel in the ten (10) years relied upon for experience;
- e) Respondent must have at least one (1) hotel under management in Oregon and Washington;
- f) Respondent must meet all insurance and indemnity requirements outlined in the form of Agreement (see Appendix B); and
- g) Respondent must provide all employees that work more than 30 hours a week with market-standard medical benefits.

6.3 Preferred Qualifications

In addition to the mandatory minimum requirements, Respondents with the following qualifications are desired:

- a) Respondents with five (5) or more years of experience providing third-party hotel operating/management services; and
- b) Respondents that have the ability to qualify for and obtain an Oregon State liquor license to enable on-site sale of alcohol at the Hotel.

6.4 Evaluation Criteria

The areas of Prosper Portland’s evaluation and the corresponding point values are summarized in the table below. More specifically described of the elements of that evaluation are described in the balance of this section.

Evaluation Criteria summary	
Evaluation Criteria (Scored)	Maximum Points
Experience and Past Performance	20 30 Points
Market Compatibility and Understanding	10 Points
Operations Plan	20 Points
Staffing Strategy	20 Points
Renovation Plan	10 Points
Engagement of Certified Firms and Diversity in Hiring Plan	5 Points
Proposed Fees	15 Points
Total Available Points	100 Points

6.4.1 Experience and Past Performance (20 points)

This element of the review will evaluate:

- a) The Respondents overall qualification, past performance and demonstrated ability to operate and manage an affordably priced hotel in the 2- to 3-star category consistent with the Owner’s goals set out in this RFP;
- b) The Respondents ability to implement tailored, innovative approaches to general operations, repairs and maintenance, sustainability, guest services, sales and marketing, and other key management areas;
- c) Respondent’s experience with operating hotels for public agencies;
- d) How well Respondent’s most comparable hotels are performing within their respective markets, for example by RevPAR indexes as measured and provided by STR as provided in respondent’s Tab 2;
- e) The quality of references and the results of Owner’s investigation of Responding Parties; and
- f) Respondent’s financial credit worthiness and past experience.

6.4.2 Market Compatibility and Understanding (10 points)

This element of the review will evaluate:

- a) How well Respondent demonstrate a nuanced and comprehensive understanding of the central Portland hotel market, the Lloyd Center submarket, and the ICC Hotel's position within it;
- b) The Respondent's knowledge of the pace and activity levels of the Oregon Convention Center and the Moda Center;
- c) The Respondent's proposed competitive set (after the first floor and exterior renovation) to be used for weekly and monthly STR report indexing;
- d) The specific marketing and sales strategies and tactics that the Respondent intends to deploy; and
- e) How well Respondent's marketing approaches are compatible with and likely will achieve the Owner's goals.

6.4.3 Operations Plan (20 points)

This element of the review will evaluate the quality and thoroughness of Respondent's:

- a) Proposed operating plan that underpins the 5-year pro-forma;
- b) The operating projections and how well they align with the overall operations and marketing approach;
- c) Approach to guest services, technology deployment, sustainability, and innovation in all aspects of hotel operations;
- d) Proposed marketing plan and process for evaluation and adjustment to strategies;
- e) Approach to food and beverage offering and management;
- f) Approach to FF&E purchasing/installation; and
- g) Cost to transition to the Respondent's Property Management system and reservations software.

6.4.4 Staffing Strategy (20 points)

This element of the review will evaluate:

- a) The alignment between Respondent's stated management philosophy and its staffing, benefits and training plans;
- b) The practicality and cost effectiveness of the on-site management and supervisory payroll load and any shared positions as diagrammed in the proposed organization chart;
- c) The benefit package, including retirement benefits, to be offered to the Respondent's hourly employees, and thresholds at which employees are eligible for these benefits;
- d) The manner in which robust internal controls can be achieved in the most cost effective manner; and
- e) The level of investment Respondent makes in the training and development of all staff.

~~6.4.5 Renovation Plan (10 points)~~

~~This element of the review will evaluate:~~

- ~~a) The quality of Respondent's critique of Owner's capital improvement plan;~~
- ~~b) Respondent's diligence in ranking individual projects proposed, and any other improvements not currently envisioned, but which Respondent believes would provide a better return;~~

- ~~c) The thoughtfulness of the Respondent's evaluation and consideration of impact of its recommended improvements on Owner's ROI;~~
- ~~d) —~~
- ~~e) The experience of the Respondent in managing renovations similar scale on behalf of an owner; and~~
- ~~f) The logic of Respondent's interruption mitigation plan.~~

6.4.6 Engagement of Certified Firms and Diversity in Hiring Plan (5 points)

This element of the review will evaluate:

- a) Respondent's past experience and demonstrated commitment to engage with Certified Firms;
- b) Respondent's plan for continued engagement in the execution of this Agreement;
- c) Respondent's creative approaches to increasing economic opportunities for historically disadvantaged populations independent of a contracting relationship; and
- d) The alignment of Respondent's diversity in hiring plan with Owner's Social Equity Commitment.

6.4.7 Proposed Fees (15 points)

Information for this section should enable Owner to evaluate and calculate all fees of each Respondent and its impact on Owner's internal 5-year financial forecasts, as well as the 5-year Operating Proforma provided by the Respondent. This element of the review will evaluate the fee proposal will include:

- a) Monthly base fees;
- b) The proposed incentive fee structure, and the exact hurdle rates or absolute dollar amounts envisioned;
- c) The incorporation of a Owners anticipated \$18,600 per room capital investment into the hurdle in structuring of the incentive management fee calculations;
- d) Any charges for all centralized services and corporate office charge-backs;
- e) Fees for any services provided in managing the renovation of the first floor and exterior, and any purchasing service fees;
- f) Fees relative to the net operating income Respondent's forecast in the 5-year Operating Proforma;
- g) Anticipated relocation expense; and
- h) Any other costs/fees identified in Respondents Fee proposal.

3.0 GENERAL INSTRUCTIONS

This Addendum constitutes an integral part of the RFP and is to be read in conjunction with the RFP. Unless specifically changed by this Addendum, all other requirements and provisions of the RFP remain unchanged. Capitalized terms used in this Addendum without definition have the same meaning ascribed to those terms in the RFP. It is the responsibility of all Proposers to conform to this Addendum and modify their proposals accordingly.

END OF THIS ADDENDUM