

REQUEST FOR PROPOSALS

Hotel Capacity/Market Study



ISSUE DATE: June 12, 2015

DUE DATE: June 26, 2015 (4pm)

SUBMIT TO: City of West Hollywood
Office of the City Clerk
8300 Santa Monica Blvd
West Hollywood, CA 90069



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1. General Information

The City of West Hollywood is located in an urban and vibrant part of Los Angeles County, with Beverly Hills to the west, Hollywood to the east, the Hollywood Hills to the north, and the Fairfax District to the south. The City includes national destinations and landmarks such as the Sunset Strip, the West Hollywood Design District, the Pacific Design Center, and a gay and lesbian nightlife area. The City is 1.9 square miles in size and home to approximately 35,000 residents. However, the City's population increases significantly each day as visitors stay in the City's hotels, and others come to the City's restaurants, bars, nightclubs, live music venues, and galleries. On some weekends the City's population can increase to well over 100,000.

Annually, over 1.35 million visitors come to the City and spend nearly \$1 billion dollars in the City. Many of these visitors stay in one of the City's eighteen hotels (2,058 rooms), which have some of the highest average daily rates in the Los Angeles region, at over \$300 (most recent month), as well as a very healthy occupancy rate of 86% (during summer months this can approach 95%). The City is home to some of the most popular hotels in the Los Angeles region, including The Standard, Andaz, Mondrian, Sunset Marquis, Sunset Tower Hotel, and The London.

There are also seven new hotels either under construction or planned in the City (see Appendix D), which in total would include 1,184 new rooms; over 50% of the City's current inventory. Three of these hotels are currently under construction; a 286-room James Hotel, 105-room Kimpton, and a 148-room Marriott EDITION which will serve as the west coast flagship location for the EDITION brand.

Every two years the City adopts a two year operating budget and five year capital work plan. The City's General Fund Budget for the current fiscal year is approximately \$83 million. Of this revenue, approximately 25% comes from Transient Occupancy Tax ("TOT").

Requested Scope of Services

The consultant will be required to provide the City with a report that documents the estimated total number of hotel rooms the West Hollywood market could support (capacity). The estimated capacity should be based on research and analysis of the West Hollywood hotel market, as well as the consultant's overall knowledge of the regional hotel market. The consultant will also be required to provide transient occupancy tax revenue projections for the fiscal years 2016-17 through 2020-21. These projections should include the new hotels currently under construction or planned in the City, as well as any decreases in TOT revenues that may be experienced by the existing hotels in the City, as the new hotels open. More details regarding the required scope of services is provided below.

Hotel Room Capacity and Market Analysis

The City of West Hollywood has a number of high-end hotels and is often considered one of the top travel destinations in southern California. In total the City has 18 hotels which include 2,058 rooms. Over the last several years, occupancy and average daily room rates in the City have reached record highs as tourism across the Los Angeles region has increased. At this time, there are a number of new hotels under construction, entitled, or being reviewed in the City. Due to the large number of projects in the pipeline and interest in additional projects, the City is seeking an analysis and report that will estimate the total number of hotel rooms the West Hollywood market could support (capacity) broken out by hotel type, price point, target market (consumer types), and geographic areas in the City (Sunset Strip, Design District/Western Santa Monica Blvd, Mid-City, and Eastside). The City envisions the analysis would establish the current capacity and the remaining capacity once the hotels that are under construction or planned are complete. The consultant should examine whether any saturation is occurring in the market, or will occur, once the new hotels are completed. If the consultant believes that saturation is occurring, or may occur, they should examine the impacts of it and any cannibalization that may occur in the market. The City is also seeking recommendations regarding specific hotel amenities (and scale, where applicable) that are lacking in the City's hotels (for example, conference or meeting space).

Transient Occupancy Tax Revenue Analysis

The consultant will also need to provide occupancy, ADR, and transient occupancy tax (TOT) revenue projections for the new hotels under construction or planned in the City for the fiscal years 2016-17 through 2020-21 (see Appendix D). Additionally, the consultant will need to provide TOT revenue, occupancy, and ADR projections for all other major hotels in the City (13 hotels – Andaz, Mondrian, The London, Sunset Marquis, The Standard, Ramada, Le Parc, Le Montrose, Chamberlain, Grafton, Best Western Sunset Plaza, Le Petit Ermitage, Sunset Tower) for the fiscal years 2016-17 through 2020-21; these projections shall take into account any impacts the new hotels will have to the City's existing hotels. Note – The TOT revenue projections for each of the existing hotels will be provided to the City, however, the revenues will be combined in any public reports, for confidentiality.

The consultant will be required to work with the City throughout the preparation of the report. The consultant should be prepared to provide the City with 15 printed color copies of the final report, excel files of all projections and analysis, and PowerPoint files for any presentations. The consultant may be required to make up to 3 presentations of the report findings, which may include presentations to staff, the City Council, or others. The consultant should also be prepared to meet with City staff up to 3 times, and provide staff the opportunity to review draft data and the draft report, in order to provide comments on the work product.

The City will be able to provide the consultant with historic TOT data, however, the data is confidential and the consultant will be required to only use the data for the analyses detailed in this RFP. The City will also be able to provide the consultant further information about the entitled and "under review" projects listed in this RFP, such as anticipated hotel type.

2. Proposal Instructions

2.1 Access to RFP:

An electronic copy of the RFP can be found on the City's website:

<http://www.weho.org/city-hall/city-clerk/public-notices/rfp-rfq-bid-notices>

2.2 RFP Communication and Questions:

The City's principal contact for this proposal will be John Leonard, Revenue Management Division Manager, (323) 848-6446, jleonard@weho.org.

Communication or solicitation with other City of West Hollywood Officials or Employees regarding any aspect of this RFP is expressly prohibited and may result in disqualification.

2.3 Schedule of Events:

The timing of the proposal's review and selection process is subject to change, depending on the needs of the City, but is anticipated as follows:

Request for Proposal Issued	June 12, 2015
Proposals Due at City Hall (By 4:00 pm)	June 26, 2015
City Review of Proposals	Two Weeks (maximum)
Implementation Start Date	August 1, 2015 (latest)

2.4 RFP Amendments:

The City reserves the right to change the RFP schedule or issue amendments to the RFP at any time. The City also reserves the right to cancel or reissue the RFP.

2.5 Procedure for Submitting Proposals:

Failure to comply with the requirements of this RFP may result in disqualification. Proposals must include all the sections listed in the "format and contents" section. Five hard copies and one electronic copy of the proposal must be submitted to the City Clerk's Office at 8300 Santa Monica Boulevard, West Hollywood, CA 90069, no later than 4:00 pm on Friday, June 26th. Proposals received after the deadline will be rejected, proposals must be received in person at the City Clerk's Office by the deadline; postmarks will not be accepted. Proposals should be as concise as possible and must not contain any promotional, advertising or display material.

2.6 Format and Contents:

The content and sequence of the information contained in each copy of the proposal shall be separated into sections as follows:

- A. Summary Sheet – Include a fully completed copy of Appendix B.
- B. Table of Contents
- C. Letter of Transmittal (limit to one or two pages)
 - a. Briefly state the proposer’s understanding of the work to be done and commitment to perform the work.
 - b. State why you believe you are the best qualified to perform the requested services.
 - c. State that your firm has reviewed all of the general requirements of the RFP and can fully comply with those requirements.
- D. General Consultant Information
 - a. Name and address of your firm and the individual/corporate officer authorized to execute this agreements;
 - b. A brief description of your firm’s history, ownership, organizational structure, location, and licenses to do business in the State of California.
 - c. The names, experience, qualifications and applicable licenses held by the individuals primarily responsible for servicing the City and any other person(s), with specialized skills that would be assigned to service the City.
 - d. A listing of clients for which you have performed similar work.
- E. Experience
 - a. Describe your firm’s knowledge of the Los Angeles hospitality market.
 - b. Describe your firm’s experience performing hospitality market analysis and estimating the market capacity for new hotel rooms.
 - c. Describe your firm’s experience preparing transient occupancy tax revenue projections, occupancy projections, and ADR projections.
 - d. Describe any experience your firm has working on projects for governmental agencies.
- F. References – The proposer shall provide three references for similar projects within the last three years.
- G. Project Approach/Scope of Services – Describe in detail your proposal to fulfill the requirements of the scope of services, including your firm’s proposed timeline for completing the scope of work.
- H. Certification of Proposal – Include a fully completed copy of Appendix A.

2.7 Proposal Evaluation and Selection:

- A. Proposals shall be examined and evaluated by the City to determine whether each proposal meets the requirements of this RFP. No single criterion, including price, will dictate the City's ultimate selection. The relative importance of these factors involves judgment on the part of the City staff and will include both objective and subjective analysis. The selected consultant will be based on the following criteria:
- a. Demonstrated knowledge and experience with similar projects.
 - b. Qualifications, capacity and technical capabilities.
 - c. Project approach and proposed work plan.
 - d. Firm's reputation and its staff qualifications and experience
 - e. Cost of services
 - f. How well the overall response meets the City's needs
- B. A proposal that fails to address any one or more critical specifications of the RFP will not be considered.
- C. A Notification of Intent to Award may be sent to any Firm selected. Award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing Firms unless an agreement is reached. If contract negotiations cannot be concluded successfully, the City may negotiate a contract with next best proposer (as determined by the City) or withdraw the RFP.

2.8 Firm Interviews and Presentations:

The City may request that firms make an oral presentation of their proposal to City during the RFP evaluation period. This presentation will provide Firms the opportunity to detail their work plan, experience and approach to ensure thorough and mutual understanding. All expenses incurred by the Firm for participating in the oral presentations, will be the responsibility of the Firm.

2.9 General Requirements:

- A. Inclusion of Proposal - The proposal submitted in response to this RFP may be incorporated as part of the final contract with the selected Firm.
- B. Right to Reject Any or All Proposals - The City reserves the right to reject any or all proposals, to waive technicalities or formalities, and to accept any proposal deemed to be in the best interest of the City. Where two or more firms are deemed equal, the City reserves the right to make the award to one of the two firms.
- C. Proposal Validity Period - Submission of a proposal will signify the Firm's agreement that the proposal is valid for 180 days from the Proposal Due Date specified in Section 2.3.

- D. Expenses of Proposal Preparation - Each proposal prepared in response to this RFP shall be done at the sole cost and expense of each proposing Firm and with the express understanding that no claims against the City for reimbursement will be accepted.
- E. Public Records and Right to Submitted Proposals - All proposals, inquires, responses, or correspondence related to or in reference to this request for proposals, and all reports, charts, displays, schedules, exhibits, and other documentation submitted by the Firm will become the property of the City when received.

The City of West Hollywood is subject to California law regarding the disclosure of public records. Firms must clearly identify any information they regard as proprietary in the proposal. Any such information should be marked "Proprietary" or "Confidential." Information that is proprietary within the meaning of California law will be withheld from any public records requests. All other information is subject to disclosure.

- F. Assignment - The successful proposer will not assign, transfer, convey, or otherwise dispose of the contract, or right, title of interest, or power to execute such a contract to any person, any other firm, or corporation without previous consent in writing from the City.
- G. Termination of Contract - The contract will provide that the City reserves the right to terminate the contract at any time upon sixty (60) days prior written notice of the City's intent to terminate the contract. Causes for termination of the contract may include, but are not limited to any one of the following: failure to promptly and faithfully provide the services required in this RFP; violation of any law; failure to cooperate upon receiving any reasonable request for information or service; and improper actions of the firm officers or employees which, in the opinion of the City, would adversely affect the City's interest. The contract may be terminated by the firm upon a 180 day written notice.
- H. Right to Request Additional Information - During the evaluation process, the evaluation committee reserves the right, where it may serve the City's best interest, to request additional information or clarifications from Proposers, or to allow corrections of errors or omissions. At the discretion of the evaluation committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.
- I. Additional Services - The general service requirements outlined above describe the minimum work to be accomplished. Upon final selection of the firm, the scope of service may be modified during negotiations with the City.
- J. Undue Influence - The firm declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the City in connection with the award of this RFP, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City will receive compensation, directly or indirectly, from

Consultant, or from any officer, employee or agent of Consultant, in connection with the award of the Agreement or any work to be conducted as a result of the Agreement. Violation of this Section shall be a material breach of the Agreement entitling the City to any and all remedies at law or in equity.

- K. Contracts and Insurance Requirements - The selected Firm must provide and maintain in force at all times during the term of the services contemplated herein insurance for Workers' Compensations, Commercial General Liability, Professional Liability, and Automobile Liability, in amounts consistent with the services provided and as determined jointly by the City and the firm. Such policies should be issued by companies admitted in the State of California.

It is recognized that the formal basis of any agreement between the Firm and the City will be a contract rather than a proposal. The City maintains various policies related to contractual service providers. Among these are anti-discrimination, a living wage, and equal benefits policy. By submitting proposals, Firms are indicating that they are prepared to comply with City ordinances and policies. As part of the contract or during contract negotiations, the City may request that the selected firm sign a statement affirming its compliance with these policies.

Appendix C includes sample contract provisions and insurance requirements.

Appendix A
Certification of Proposal to the City

1. The undersigned hereby submits its proposal and, by doing so, agrees to furnish services to the City in accordance with the Request for Proposal (RFP), dated June 12, 2015 and to be bound by the terms and conditions of the RFP.
2. The Firm has carefully reviewed its proposal and understands and agrees that the City is not responsible for any errors or omissions on the part of the Firm and that the Firm is responsible for them.
3. It is understood and agreed that the City reserves the right to accept or reject any or all proposals and to waive any informality or irregularity in any proposal received by the City.
4. The proposal includes all of the commentary, figures and data required by the Request for Proposals, dated June 12, 2015.
5. This Firm has carefully read and fully understands all of the items contained in the General Requirements. The Firm agrees to all of the General Requirements except for those listed on an attachment.
6. The proposal by this proposer is an irrevocable offer and shall be valid for 180 days from **June 12, 2015**.

Name of Firm: _____

By: _____

(Authorized Signature)

Type Name: _____

Title: _____

Address: _____

Telephone Number: _____

Fax Number: _____

Email: _____

Date: _____

Appendix B
Summary Sheet

Firm Name: _____

Address: _____

Telephone: _____ Fax: _____

Federal TIN _____ State TIN _____

Number of years in existence: _____

Number of employees: _____

Employees at the location responsible for this engagement: _____

Management person responsible for direct contact with the City and services required for this Request for Proposal (RFP):

Name: _____ Title: _____

Telephone: _____ Fax: _____

Email: _____

Person responsible for day-to-day servicing of the project:

Name: _____ Title: _____

Telephone: _____ Fax: _____

Email: _____

Location (address) of closest office to the City of West Hollywood

Appendix C
Sample Contract and Insurance Provisions

“INDEMNIFICATION. CONSULTANT shall indemnify, defend with counsel approved by CITY, and hold harmless CITY, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorney’s fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with CONSULTANT’s performance of work hereunder or its failure to comply with any of its obligations contained in this AGREEMENT, regardless of CITY’S passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the CITY. Should CITY in its sole discretion find CONSULTANT’S legal counsel unacceptable, then CONSULTANT shall reimburse the CITY its costs of defense, including without limitation reasonable attorney’s fees, expert fees and all other costs and fees of litigation. The CONSULTANT shall promptly pay any final judgment rendered against the CITY (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

“EQUAL BENEFITS ORDINANCE, No. 03-662. The CONTRACTOR shall abide by the provisions of the West Hollywood Equal Benefits Ordinance. During the term of this Agreement, the CONTRACTOR shall keep on file sufficient evidence of its employee compensation and any applicable benefits packages, as those benefits relate to the coverage of the domestic partners of contractor’s employees, which shall include; bereavement leave; family medical leave, and health insurance benefits, to enable verification of compliance with the West Hollywood Equal Benefits Ordinance.”

“LIVING WAGE ORDINANCE, No. 97-505. The CONTRACTOR shall abide by the provisions of the West Hollywood Living Wage Ordinance. During the term of this Agreement, the CONTRACTOR shall keep on file sufficient evidence of its employee compensation to enable verification of compliance with the West Hollywood Living Wage Ordinance.”

“NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY. The CONTRACTOR represents and agrees that it does not and will not discriminate against any employee or applicant for employment because of race, religion, color, medical condition, sex, sexual orientation and/or gender identity, national origin, political affiliation or opinion, or pregnancy or pregnancy-related condition.”

“RESTRICTIONS: Arab League Boycott of Israel. The CONTRACTOR hereby affirms it does not honor the Arab League Boycott of Israel.”

GOVERNING LAW This Agreement shall be governed by the laws of the State of California.

ARBITRATION The City does not accept clauses that include arbitration.

LIABILITY The City does not accept clauses that limit either party's liability to the contract amount.

INSURANCE PROVISIONS

A) The CONSULTANT, at the CONSULTANT's own cost and expense, shall procure and maintain, for the duration of the contract, the following insurance policies:

1) **Workers' Compensation Coverage.** The CONSULTANT shall maintain Workers' Compensation Insurance and Employer's Liability Insurance for its employees in accordance with the laws of the State of California. In addition, the CONSULTANT shall require any and every subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractors' employees. Any notice of cancellation or nonrenewal of all Workers' Compensation policies must be received by the CITY at least thirty (30) days prior to such change. The insurer shall agree to waive all rights of subrogation against the CITY, its officers, agents, employees, and volunteers for losses arising from work performed by the CONSULTANT for City.

This provision shall not apply if the CONSULTANT has no employees performing work under this Agreement. If the CONSULTANT has no employees for the purposes of this Agreement, the CONSULTANT shall sign the "Certificate of Exemption from Workers' Compensation Insurance."

2) **General Liability Coverage.** The CONSULTANT shall maintain commercial general liability insurance in an amount of not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.

3) **Automobile Liability Coverage.** The CONSULTANT shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the CONSULTANT arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired, and non-owned vehicles, in an amount of not less than three hundred thousand dollars (\$300,000) combined single limit for each occurrence.

4) **Professional Liability Coverage.** The CONSUNTANT shall maintain professional errors and omissions liability insurance for protection against claims alleging negligent acts, errors, or omissions which may arise from the CONSULTANT's operations under this Agreement, whether such operations be by the CONSULTANT or by its employees, subcontractors, or subconsultants. The amount of this insurance shall not be less than one million dollars (\$1,000,000) on a claims-made annual aggregate basis, or a combined single-limit-per-occurrence basis.

A) The insurer waives all rights of subrogation against the CITY, its elected or appointed officers, officials, employees, or agents

B) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents, or volunteers.

C) The insurance provided by the policies cited in Sections Workers Compensation Coverage, General Liability Coverage, and Automobile Liability Coverage above shall not be suspended, voided, or reduced in coverage or in limits except after thirty (30) days' written notice has been submitted to the CITY and approved of in writing, except in the case of cancellation, for which ten (10) days written notice shall be provided.

D) **Deductibles and Self-Insured Retentions.** Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the CITY's option, the CONSULTANT shall demonstrate financial capability for payment of such deductibles or self-insured retentions.

E) **Evidence of Insurance.** Upon the request of the CITY, the CONSULTANT shall provide evidence of the insurance coverage required herein. Insurance shall be in force on or before commencement of performance of this Agreement. Upon the request of the CITY, current certification of insurance shall be kept on file with the CITY at all times during the term of this Agreement.

F) **Failure to Procure Insurance.** Failure on the part of the CONSULTANT to procure or maintain required insurance shall constitute a material breach of contract under which the CITY may terminate this Agreement.

The cost of such insurance shall be borne by the Firm. Specific insurance provisions will be delineated in the contract between Firm and City.

Appendix D
West Hollywood - New Hotel Developments

Under Construction (539 Rooms)

Kimpton

627 N La Peer

105 Rooms – Anticipated Opening: Late 2016

The James Hotel

SE Corner – Sunset and La Cienega

286 Rooms – Anticipated Opening: Late 2016

EDITION Hotel and Residences

SE Corner – Sunset and Doheny

148 Rooms – Anticipated Opening: Early 2018

Entitled - Awaiting Construction (152 Rooms)

San Vicente Inn

837-849 and 850 San Vicente Blvd

32 Rooms (net 3+ once renovations are complete)

Entitled – Litigation Pending on Approvals

Full renovation and expansion of existing hotel, new hotel will be a full-service boutique hotel with on-site restaurant

Sunset Time Project

8430 Sunset Blvd (House of Blues Site)

149 Rooms – Project Entitled (Operator Negotiations Occurring)

Under Review (496 Rooms)

8950 Sunset Project

8950 Sunset Blvd

165 Rooms – Extension of Project Entitlements Pending

Robertson Lane Project

Various Parcels between Robertson Blvd and La Peer

250 Rooms – Project in Environmental Review Process

7811 Santa Monica Project

7811 Santa Monica Blvd

81 Rooms – Project Under Review by City's Community Development Department