

City of Tucson



Downtown Revitalization Development Opportunity
Convention Center Headquarters Hotel

REQUEST FOR PROPOSALS (RFP)
FOR
CONVENTION CENTER HEADQUARTERS
HOTEL DEVELOPMENT

Issued July 2nd, 2007

CITY OF TUCSON
REQUEST FOR PROPOSALS FOR A

CONVENTION CENTER HEADQUARTERS HOTEL

The City of Tucson invites written proposals for the development, financing, design, construction, and operation of a Convention Headquarters Hotel proximate to the Tucson Convention Center (TCC) in Tucson, Arizona. Proposals are solicited in accordance with the terms, conditions, and instructions as set forth in this Request for Proposals (RFP) and for teams shortlisted as part of the Request for Qualifications performed earlier this year. **The deadline for submitting the response to this RFP is 2:00 p.m. PST on September 7th, 2007** (If mailed, the proposal must be **received** by The City of Tucson by this date and time).

Proposals must be time stamped in at:

**City of Tucson City Manager's Office
255 W Alameda St, 10th Floor
Tucson, AZ 85701**

Late proposals will not be accepted.

Respondents must submit:

1. Original proposal clearly marked as "Original" in sealed package with ten (10) copies;
2. Proposal on compact disc (CD) in PDF Format in sealed package with proposal;
3. Financial and budget information in EXCEL Format in sealed package with proposal;
4. Ten (10) copies Forms B1, B2, B3 and B4, specified herein, sealed in a separate package by themselves (To help maintain the confidentiality of the requested information, ten copies of these forms are to be submitted in a separate envelope from the remainder of the proposal.); and
5. Additional or alternative proposals clearly marked "Additional or Alternate Proposal" and sealed in a separate package.

Questions regarding this RFP may be submitted in writing to Jaret Barr, City Manager's Office by August 17th, 2007. City of Tucson will issue responses to such questions and made available to all on the RFP website <http://www.tucsonaz.gov/tcc>, by August 24th, 2007. City of Tucson reserves the right to conduct a mandatory pre-submittal meeting. City of Tucson reserves the right to reject any and all proposals or to accept any proposal deemed to be in its best interest. City of Tucson shall not be obligated to enter into any contract with any Respondent on any terms or conditions.

Questions regarding this RFP should be directed to:

**Jaret Barr, Project Manager
City Manager's Office
255 W Alameda St, 10th Floor
Tucson, Arizona 85701
Main 520-791-4204**

Jaret.Barr@tucsonaz.gov

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1. PURPOSE

The purpose of this Request for Proposal (RFP) is to identify a highly capable development team(s) to incorporate at a minimum a Convention Center Hotel into the larger redevelopment plans of the City of Tucson (City). Upon recommendation from City Staff and a Selection Committee (Committee), the winning team will enter into a Memorandum of Understanding (MOU) and begin negotiation of related agreements for the services selected and agreed upon by the City. The selected team will be required to perform all duties as agreed upon in the MOU and follow all procedures of the City and the State of Arizona.

The eventual recommendation by the City and Committee is envisioned to fall under one of the following scenarios:

1. Selection of a team to develop a Hotel
2. Selection of a team for development of a Hotel and other related development(s).
3. Selection of elements of different proposals
4. Selection of part of a proposal

Although proposals are expected to range in scope and scale, proposals will be judged and compared against each other by the City and the Committee according to the listed criteria to achieve the best economic proposal that achieves the larger redevelopment goals of the City. The best economic proposal is not necessarily the largest, nor the proposal with the least amount of public investment, rather the proposal that best leverages public and private resources to maximize the opportunity of the site and builds upon other existing and future developments in the Downtown area. Proposers are encouraged to interact with other property owners and proposers to achieve these goals.

Proposers should expect to participate in forums with the general public, interviews with the Committee and pre-negotiations with City Staff in between the RFP submittals and the development team selection by the Mayor and Council. A development team will be able to adjust their proposal in accordance to information received in these sessions. The City will adjust and post the schedule as needed during the process. This RFP is not being conducted as a design/build process. This public process is intended to provide flexibility and to factor all elements of a proposal into the selection, including the creativity, design and level of financial participation and benefit provided by the proposals.

- 1.1. The City solicits responses to this Request for Proposals (RFP) from selected qualified Developers ("Developers" or "Respondents") interested in providing development services for the financing, design, construction, and operation of a convention center hotel and related off-site infrastructure (the "Project") in Tucson, Arizona. Developers were selected based on evaluation of responses received through a public Request for Qualifications (RFQ) process.

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- 1.2. The RFP evaluation process will begin with a review of the proposals received, followed by interviews and a ranking of the developers. The City intends to enter into a Memorandum of Understanding (MOU) with the top-ranked Developer, at which time the two parties will negotiate agreements as necessary to procure all of those services necessary for the development of the Project within an established development plan, timeline, and financing plan. Respondents are to propose a development team that includes a developer, a hotel operator, and other parties as may be required for completion of the Project. Project Teams may include financing participants, however the City will procure underwriters in a separate process.
- 1.3. The City reserves the right to modify and approve any of the members of the final development team for the Project.
- 1.4. The City is very interested in developers and/or operators who can show experience and success in bringing entertainment, retail or other major “destination” land uses to downtown environments. The City wants to maximize the development opportunity with uses complimentary to the urban entertainment district surrounding the property. Proposals may include only a hotel or a hotel with a mix of surrounding uses, such as residential, office and commercial projects.
- 1.5. The developer and hotel operator selected to manage the property must:
 - Have a prominent national sales office network and sales force positioned to primarily pursue convention and group meeting demand,
 - Have a series of convention center hotels in its portfolio in other U.S. major convention destinations,
 - Make a financial commitment to the Project and the Community.

2. PROJECT SCOPE

- 2.1. The City seeks the development of a full-service, chain-affiliated convention center hotel with a minimum of 700+ rooms and related function space. The hotel will be located in Downtown Tucson in the City’s Rio Nuevo Revitalization District. This district is a Tax Increment Financing (TIF) District in which the city has programmed the investment of approximately \$600 million dollars in public improvements, infrastructure, and attractions to leverage private sector development. The City controlled property is +/- 40.8 acres of vacant land and existing Convention Center. It is adjacent to the City’s central business district and Interstate 10, and is conveniently located one and a half miles from the University of Arizona and surrounding Main Gate and 4th Avenue shopping districts.
- 2.2. The City’s larger goal through the development of this catalytic Project is to provide a positive economic impact resulting in income to the City, contribute to the urban fabric of the City, add quality jobs to the City workforce, increased tax revenues,

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provide opportunities for minority- and women-owned business enterprises (M/WBE) to participate in the Project development and operation, and contribute to the City's long-term economic growth. Please visit the website for more details. (<http://www.tucsonaz.gov/eoo/MWBE/mwbe.html>)

- 2.3. The selected Developer is expected to construct a minimum 700-room full-service, upscale convention center hotel(s) with a major national full-service lodging brand with related amenities and facilities. Such amenities and facilities should at a minimum feature function and meeting space, a full-service, three-meal restaurant, extended-hour room service, fitness center, pool and a bar/lounge.
- 2.4. The above is not intended to limit Respondents' creativity or ability to propose an alternative scale or set of features and amenities deemed to better suit the goals of the City through this Project. The City is open to proposals that offer distinctive features and amenities that go above and beyond those outlined above and set Tucson apart from other destinations. The City reserves the right of final approval of the Project scale, features and amenities.
- 2.5. The City will require a roomblock agreement to be signed with the Tucson Convention Center.
- 2.6. Respondents are to assemble all of the necessary parties for the design and construction of the project with proven track records in the development of hotels similar in scope to the Project (the "Development Team"), including but not limited to architectural and engineering firm(s) and related sub-consultant(s) (including, without limitation, mechanical, electrical, civil and structural engineers), a highly qualified and financially capable general contractor, and a hotel operator (the "Operator"). If the proposal is funded using public money, the developer will have to procure their general contractor, design professionals and sub-contractors using the City's procurement process where appropriate. You may consult with the City before submittal if need be.
- 2.7.

3. OBJECTIVES

- 3.1. Through this RFP process, the City seeks to enter into a Memorandum of Understanding (MOU) and subsequently negotiate all agreements as necessary with a highly qualified, financially capable development firm for the services needed to develop the Project.
- 3.2. The City is seeking at a minimum a hotel in accordance with the provided studies. The City will actively consider proposals encompassing the entire site, additional sites or with changes to the City's site and development plans. The greatest weight given to a proposal will be based on a cost-benefit analysis that will weigh scope,

timing, financial costs and risks, revenue generation, design and lifestyle amenities and level of quality and creativity.

- 3.3. The development shall be environmentally sensitive and use as much sustainable techniques and technology as is feasible. Certification at a minimum of a LEED standard is expected for the hotel as well as any other proposed structure(s) seeking public monies and/or subsidies.
- 3.4. The City and the Committee reserve the right to recommend the City Council accept a combination of proposals, multiple proposals, or any portion of a proposal for the City's consideration. Respondents to the RFP process will be evaluated and ranked by the City staff and Committee and their proposals presented to the City Council following the recommendations of the committee. Following this, a proposal(s) will be selected and will be entered into a MOU leading to formal negotiations for a development and operating agreements with the City of Tucson.

Interested parties are encouraged to review plans for the area. These include:

- Rio Nuevo Master Plan
- Tucson Origins Cultural Campus and West Side Development
- I-10 Construction Plans and Schedules
- Rio Nuevo Overlay District
- Infill Incentive District
- Tucson Convention Center Planned Area Development (PAD)
- Downtown Infrastructure Master Plan
- Modern Streetcar Maps and Typical Cross Section
- El Paso Greenway Plan and Typical Cross Section
- Rio Nuevo and Downtown Overlay Development Standards

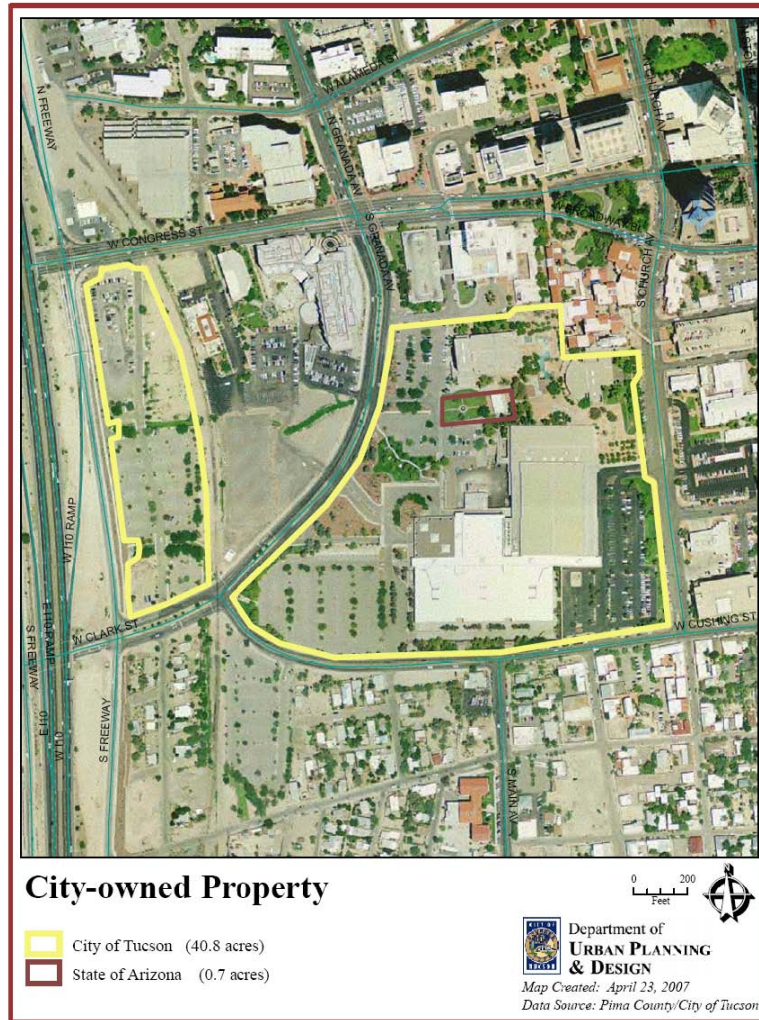
While these plans do not necessarily establish regulatory guidelines, they may provide context for site planning and design development. Copies are available at the City of Tucson website: www.tucsonaz.gov/planning and www.tucsonaz.gov/rionuevo and www.tucsontransitstudy.com. Posted on the City's website is the Convention Center Redevelopment Feasibility Analysis and related arena studies at www.tucsonaz.gov/tcc.

4. SITE AND MASTERPLAN

- 4.1. As noted above, the site consists of an approximately 40.8-acre site with an existing Convention Center, Arena, Tucson Music Hall and Leo Rich Theatre (Exhibit A). The site is in the Rio Nuevo TIF district, and is adjacent to the City's central business district and Interstate 10.

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EXHIBIT A



- 4.2. Developer teams are required to provide a concept Master Plan, via their architectural partner(s), making a strong urban statement addressing the convention center, hotel, related parking, street level parking space, and other. As this is an underdeveloped parcel, respondents have the opportunity to contribute their creative vision to a lasting piece of the City's development.
- 4.3. Respondents should generally assume the City-owned land in Exhibit "A" is in public control and on- and off-site improvements will be generally developed to the scale required to support the hotel, as proposed.

- 4.4. A proposal for only a hotel and related hotel amenities should describe how the hotel will interact with the surrounding urban framework and current/future projects. A Master Site Plan proposal should dictate the coordination and vision proposed. Alternative concept Master Plans will be accepted as part of the RFP.

5. FINANCING

- 5.1. It is the City's goal to minimize the level of public financial participation in the Project and to attain the most distinctive, highest-quality and marketable project possible. Respondents will be expected to provide information regarding sources of debt and equity, and are urged to consider creative development and financing structures that will accomplish these ends.
- 5.2. Preference will be given to those developers that minimize the use of public financing, emphasize private sector financing and/or participation and provides the greatest economic opportunity for the City.
- 5.3. Respondents must state a single value for the present value of any and all subsidies requested to be provided by any public body, including cost of land. Required funds should be broken out between immediate subsidies (payment for any portion of the project, waived fees, etc.) and the present value of streams of subsidy over time, such as tax rebates.
- 5.4. Proposals should include a financial plan that details the assumptions used in the recommended development. The assumptions should include operating projections that are supported by market research, such as a Smith Travel Research report. In addition, a financing plan and Project schedule must be submitted. As part of the submission, the developer shall identify practical financial sources that could be considered to support the project.
- 5.5. Proposals should break down all financial assumptions for the project, including price offered for any public land included.
- 5.6. The City will give weighted consideration to the Development Team with significant experience in developments similar in scope and quality to the proposed Project, and who also demonstrate that it has significant financial resources to support a guaranty of completion in accordance with a fixed schedule.
- 5.7. The City generally understands the economics of the hotel market and will consider various finance options to best meet the needs of the Project. The City has the following financial objectives:
- 5.7.1. Limit financial participation by and risk of the City.
- 5.7.2. Ensure that the hotel is operated with the benefit of the Convention Center and community in mind, and results in an appealing urban addition to the community.

- 5.7.3. Leverage economic gains of the Project for the general benefit of the Rio Nuevo district.

The City will choose a development team that can creatively deliver a project that will accomplish the above stated goals.

6. PROPOSAL CONTENT

- 6.1. Transmittal Letter, addressed to the Project Manager. The letter is not to exceed one page in length and should include:
 - 6.1.1. An offer to negotiate, indicating the Respondent's understanding and agreement to comply with the terms of this RFP and all related addenda, and stipulating that the proposal set forth remains effective for a minimum period of 180 days.
 - 6.1.2. Identification of the Respondent's firm, its ownership, officers, directors or partners, as well as a single contact person for all correspondence and notifications and its legal counsel. Full and complete disclosure of the Respondent and its ownership and control is mandatory.
 - 6.1.3. In at least one copy, an original signature of a partner, principal, or officer of the Respondent, with a statement that the signatory is authorized to submit the proposal.
- 6.2. Development Team Qualifications
 - 6.2.1. Legal name and officers, directors or partners of each member of the Development Team, at a minimum, including the developer, architect, construction manager or general contractor, hotel operator, and all other known team members.
 - 6.2.2. A summary of qualifications, relevant experience and references for each Development Team member, specifically addressing matters related to the Project Scope and Objectives expressed in this RFP, as well as providing detailed descriptions of three hotel projects comparable to the proposed Project completed among the Development Team members.
 - 6.2.3. A description of the type of entities that will develop and operate the Project (e.g., corporation, LLC, joint venture, etc.) and a list of other owners of interest that may provide equity to the ownership entities and the estimated percentage of ownership of each. The City expects competent, efficient management to operate and market the Project.
- 6.3. Physical Development Proposal - The City expects the Project to possess the quality and level of finishes consistent with similar convention center hotels of high quality in other North American cities. Respondents shall provide a design concept,

including conceptual drawings, elevations, and/or models, for the proposed development program, inclusive at minimum of the following:

HOTEL:

- 6.3.1. An overall conceptual diagram for the convention center, hotel, parking and related development and amenities.
- 6.3.2. Breakdown of the hotel room mix by category and the size of the rooms by category (king, double, suite, etc.).
- 6.3.3. The Hotel Brand intended for the proposed Hotel.
- 6.3.4. Amount (square feet) and distribution of meeting and ballroom space.
- 6.3.5. Description of facilities for food and beverage services.
- 6.3.6. Total gross hotel building area, footprint, and number of stories.
- 6.3.7. Potential hotel expansion options.
- 6.3.8. Links between Project elements and parking structures, description of concierge space and services.
- 6.3.9. Proposed hotel room rate structure (in 2007 dollars).
- 6.3.10. Number of parking spaces required/provided for the Hotel.
- 6.3.11. Visual and physical relationship with the area, downtown Tucson, and other commercial, residential, and recreational developments.
- 6.3.12. A general transportation plan, showing the flow of traffic in, throughout, and out of the Project, with comments on the sufficiency of primary access roads to serve a hotel and convention center project.
- 6.3.13. A description of any additional amenities.
- 6.3.14. A description of the level and commitment to using green technologies including goals of LEED certification.
- 6.3.15. An option, sale or related agreement showing control of any non-city owned piece included in the Proposal. The City and the Committee reserve the right to disqualify any proposal containing non-city owned land without proper agreements by the property owner.
- 6.3.16. Conceptual Elevations, 3-diminsional massing, and other appropriate design and architectural elements to help present the project.
- 6.3.17. Explicit information on any other related needs to the hotel.

TRANSPORTATION:

- 6.3.18. Proposed financing, ownership and related needs and agreements for parking.
- 6.3.19. Interaction needs and proposals related to the Modern Streetcar system.
- 6.3.20. Identify any proposed changes to the public right-of-way and road system and expectations of timing of changes and costs.
- 6.3.21. A preliminary Traffic Impact analysis.

RELATED DEVELOPMENT (if applicable):

- 6.3.22. Scope and scale of proposed uses including gross floor area, building height(s) and massing, lot coverage and location on the site and general design characteristics.
 - 6.3.23. Narrative description of how these additional developments conform to the overall goals of the City and overall vision for the combined project.
 - 6.3.24. Expected financial arrangements for the project, including proposed public investment, subsidies and land acquisition costs.
 - 6.3.25. Conceptual elevations and project schedules for each component.
-
- 6.4. Concept Description - As part of the Project Description, Respondents should include the gross floor area of each use at all elevations and major entrances and the interrelationship of the proposed Project with the surrounding area and amongst its components. A narrative statement shall accompany the diagrams and summarize their content, the factors taken into consideration in developing the layout, and other information that the Respondent believes would be helpful in understanding the presentation.
 - 6.5. Project Schedule - Respondents shall provide a project schedule that should run from authorization through negotiation, and to opening of the Hotel, assuming that an MOU is executed with the City by December of 2007.
 - 6.6. Project Financing - Exhibit B to the RFP contains Forms B1, B2, B3, and B4 that are to be completed by Respondents in Excel format and included in the response. If alternative project scenarios and financing approaches are considered, full information for each alternative is required. All financial assumptions including profit(s) must be identified.
 - 6.6.1. Respondents shall provide a detailed development budget in conformance with each of the line items provided in Form B1. Escalation of costs for inflation should be included and so identified in the projections.

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- 6.6.2. Respondents shall provide details of market assumptions that underlie projected occupancy levels and rates, as well as a five-year market history using Smith Travel Research data or alternatives, using Form B2.
 - 6.6.3. Respondents shall provide a statement of net operating income for the proposed project in conformance with each of the line items provided in Form B3, assuming completion of construction and opening of the Project in the appropriate year, based upon the project schedule submitted by the Respondent.
 - 6.6.4. Respondents shall provide an analysis of the Project's cash flows on the Form B4. In this schedule, cash flows from operations, project costs, debt service, profit requirements, and the residual value of the Project are used to calculate the net present value of the proposed project.
 - 6.6.5. Respondents shall provide a plan and demonstrate ability to obtain both equity capital and, as required, debt financing necessary to undertake the development, including the rates of return these sources are likely to require. Respondents are required to present evidence of equity capital and debt financing commitments from financial institutions, partners, and other resources, as part of the response.
 - 6.6.6. Respondents shall provide evidence of the concurrence of key participants in the development concept, site plan, and economics
- 6.7. Information requested in the RFP and deemed by the Respondent to be privileged and confidential must be marked "Privileged and Confidential Information." The City will endeavor to protect such information from disclosure to competitors to the extent allowable by law.

7. ADDENDA AND SUPPLEMENTAL INFORMATION

- 7.1. Addenda to the RFP shall be provided to all Respondents who received the initial RFP should it become necessary to make revisions, request additional information, or respond to written inquiries relating to the RFP.
- 7.2. It may be necessary for the City to request supplemental information from individual Respondents after proposals have been submitted and reviewed. Such information will be requested in writing to the specific respondent. This information will become a part of the original proposal submitted by the specific respondent and will be used by the City in evaluating the proposal and will not be shared with other respondents during the evaluation and award process.

8. GOOD FAITH EFFORT PLAN

- 8.1. It is the policy of the City to involve Minority and Women-owned Business Enterprises (M/WBE) to the greatest extent feasible. In the Proposal Statement, the Developer must provide their proposed method for M/WBE participation.
- 8.2. As a condition of the MOU with the City and to protect the City's economic interest, the successful proposer shall enter into a Labor Peace Agreement between the proposer and the hotel operator and any labor organization that has informed the proposer or its hotel operator that it seeks to represent the employees at the hotel. "Labor Peace Agreement" means an agreement between a the labor organization and the proposer and its hotel operator that, to the extent authorized by law, includes a promise by the labor organization not to take any economic action against the hotel. The Labor Peace Agreement shall not include any provision that would require or compel an employee to be a member of the labor organization.

9. AWARD PROCEDURES

- 9.1. The Committee will evaluate all proposals received in response to this RFP. The City shall make its recommendation to the City Council based on the committee's evaluation of the proposers' adherence to the goals, objectives, and evaluation criteria outlined in this RFP. All RFP submissions must be received by September 7th, 2007 2:00 P.M. PST.
- 9.2. Respondents who submit proposals will be required to make oral presentations to the City in interviews, to the public in forums and to the Mayor and Council for purposes of clarifying and presenting their proposal. The City will choose the number to be interviewed and schedule them accordingly.
- 9.3. From those presentations and interviews, the City will rank the proposals ordered by those that best satisfy the objectives and goals expressed by the City in this RFP. The City will pursue negotiations with the top ranked Respondent with the goal of a MOU by October/December of 2007. If a satisfactory agreement cannot be negotiated with the top-ranked Respondent, the City will formally end negotiations with that Respondent and pursue negotiations with the Respondent that next satisfies the objectives and goals expressed by the City in this RFP or end the process. The City will continue this process until either a MOU is executed, or until the City elects to end negotiations.
- 9.4. Upon recommendation of a proposal by the committee, the City will make the final decision for approval of the MOU. In its consideration of the proposal, the City may request additional information and presentation(s).
- 9.5. The selected Respondent must conform to zoning ordinances, subdivision requirements, and other applicable codes and ordinances of the City, County, or State. The City will assist in obtaining all necessary permits and land use approvals.

- 9.6. This RFP does not commit the City to procure or award a contract for the scope of work described herein.

10. EVALUATION CRITERIA

- 10.1. The City will rank the responding firms and their submittals based on the following criteria: (order of priority suggestion)
- 10.1.1. Demonstrated ability to arrange financing (equity and debt) within 60 days of execution of a Development Agreement.
 - 10.1.2. Quality of response, including clarity and completeness.
 - 10.1.3. Lowest financial and completion risk to the City.
 - 10.1.4. Creativity, Quality and logic in design and architectural concepts.
 - 10.1.5. Ability of design and site to achieve the goals of the Project.
 - 10.1.6. Historic ability to complete projects of a similar scale.
 - 10.1.7. Experience developing, owning, and/or operating hotels.
 - 10.1.8. Strength of hotel operator.
 - 10.1.9. Scope of room count and function space.

11. RIGHTS RESERVED BY THE CITY OF TUCSON

- 11.1. The City reserves the right in its sole discretion to recommend the approval of a MOU related to this RFP. All portions of this RFP will be considered part of the MOU and will be incorporated by reference.
- 11.2. The MOU will reserve to the City the right to review and approve the plans and specifications for development with respect to their conformance with the goals and requirements of this RFP. The City will also reserve the right to refuse or approve any such drawings, plans, or specifications that are not suitable or desirable, in its opinion, for aesthetic or functional reasons. These drawings, plans, and specifications may include, but are not limited to the suitability of the site plan, architectural treatment, building plans and elevations, materials and colors, construction details, access, parking, loading, landscaping, identification signs, exterior lighting, refuse collection features, and street and sidewalk designs.
- 11.3. The City reserves the right to request additional information from any and all prospective Respondents if necessary to clarify any information contained in the proposals.
- 11.4. The City reserves the right, at its sole discretion, to accept or reject any and all proposals or portions received as a result of this RFP, to waive minor omissions, and

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to conduct discussions with all responsible respondents, in any manner necessary, to serve the best interest of the City.

- 11.5. The City reserves the right to suggest modifications to the team and approve the members of the final development team for the Project.
- 11.6. The City reserves the right to keep all responses in connection with this RFP, without restriction on future use.

12. ADMINISTRATIVE INFORMATION

- 12.1. The issue date for this RFP is July 2, 2007. A schedule of events follows in Section 13 of this document. The City may modify the schedule at any time for any reason.
- 12.2. Questions and inquiries will be accepted via email at Jaret.Barr@tucsonaz.gov. The closing date for submitting all written questions is 2:00 p.m. (PST) on Friday, August 17th, 2007. A summary of all substantive questions and responses will be provided to all parties receiving the RFP document and registering for addenda.
- 12.3. The deadline for receipt of proposals is 2:00 pm (PST) on Friday, September 7th, 2007. Send ten (10) copies of the proposal to:

Jaret Barr
City of Tucson
255 W. Alameda Street
10th Floor, City Managers Office
Tucson, Az 85701

- 12.4. Proposals that are mailed or delivered by courier should allow sufficient time to ensure receipt by the City by the established deadline.
- 12.5. Interested developers must submit nine (9) photocopies of their proposal in addition to the original (labeled accordingly). A total of 10 (10) paper proposals shall be submitted. One (1) electronic copy of the proposal is also required in Adobe/Acrobat format on compact disc (CD) media. The original proposal must be the actual document received by the City and must be clearly marked "Original." Faxed and e-mailed responses are not acceptable.
- 12.6. A list of teams submitting proposals may be made public, however because this project is designated as a real estate negotiation and contents are confidential, actual proposal contents will not be made public, to the extent allowable by law.
- 12.7. Communication with City staff and/or members of the selection committee regarding this process is strictly forbidden. Communication regarding this process with other local officials is strongly discouraged in order to protect the integrity of the selection process.

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- 12.8. Development Teams acknowledge and agree that the City will not be liable for any costs, expenses, losses, damages (including damages for loss of anticipated profit), or liabilities incurred by the Development Team or any members thereof as a result of or arising out of, submitting a proposal, negotiating changes to such proposal, or due to the City's acceptance or non-acceptance of the proposal.
- 12.9. Proposals are to be valid and irrevocable for a minimum period of one hundred and eighty (180) days following final date for submission of proposals. This term may be extended by written mutual agreement between the City and the Respondent considered recommended for award.
- 12.10. Respondents should give specific attention to identifying any portions of their proposals they deem confidential, proprietary information, or trade secrets.
- 12.11. By submitting a proposal in response to this RFP, the Respondent selected for award represents that it will comply with all Federal, State and City laws, rules, regulations, and ordinances applicable to its activities and obligations under this RFP and the Development Agreement.

13. SCHEDULE OF EVENTS

- | | |
|---|---------------------------------|
| 13.1. RFP Release | July 2, 2007 |
| 13.2. Pre-Proposal Conference | July 18, 2007 |
| 13.3. Due date for all written questions | August 17, 2007 2:00 P.M. PST |
| 13.4. Proposals Due | September 7, 2007 2:00 P.M. PST |
| 13.5. Recommendation to City Council | October 2007 |
| 13.6. Interview of Shortlist, Presentations | TBD |
| 13.7. Development Agreement | Winter 2007 |
| 13.8. Complete MOU | October/December 2007 |

14. SPECIAL TERMS AND CONDITIONS

- 14.1. Reservation of Rights by City of Tucson

The issuance of this RFP and the acceptance of submissions do not constitute an agreement by the City of Tucson that any contract will actually be entered into by the City of Tucson. Any and all disputes arising under the RFP and any contract negotiated as a result of this RFP shall be governed by the laws of the State of Arizona. The venue for any action brought to enforce provisions of the contract shall be in Pima County, Arizona.

- 14.2. Form and Terms of Lease, or Sale, and Development Agreement

By submitting a submission in response to this RFP, each Team agrees that the development agreement and lease or sale and any other contract resulting from this RFP will be drafted under the supervision of the Tucson City Attorney. Teams may not insist on the use of standard contract agreements, documents or forms and waive any demand for the use of standard agreement forms. Selection of a team does not obligate the City of Tucson to accept all of the terms of the successful Team's submission.

14.3. Copyright and Patent Indemnification

By submitting a proposal in response to this RFP, each Team agrees to hold the City of Tucson, and their officers, agents, employees, and consultants free and harmless against any and all liability, including costs of claims, suit and attorneys' fees, arising from, growing out of, or incidental to the actual or alleged use of any copyrighted composition, secret or proprietary process, patented or unpatented invention, article or appliance.

14.4. No Partnership/Business Organization

Nothing in this RFP or in any subsequent development agreement, lease, or any other contract entered into as a result of this RFP shall constitute, create, give rise to or otherwise be recognized as a partnership or formal business organization of any kind between or among the City of Tucson or the Team.

14.5. Employment Restrictions and Indemnity

No person who is an officer, employee, contractor or consultant of a Team shall be an officer or employee of the City of Tucson. No rights of the City of Tucson's civil service, retirement or personnel rules accrue to Team, its officers, employees, contractors, or consultants. The successful Team shall have the total responsibility for all salaries, wages, bonuses, retirement, withholdings, worker's compensation, other benefits and taxes and premiums appurtenant thereto concerning its officers, employees, contractors, and consultant. Team shall save and hold the City of Tucson harmless with respect to any and all claims for payment, compensation, salary, wages, bonuses, retirement, withholdings, unemployment compensation, other benefits and taxes and premiums in any way related to Team's officers, employees, contractors and consultants.

14.6. Immigration and Naturalization

All Teams shall be required to be in compliance with the Naturalization Reform Act of 1986 and all rules and regulations promulgated thereunder.

14.7. Non-Discrimination Requirements

In its employment policies and practices, public accommodations and provision of services, Team shall comply with all relevant and applicable federal, state, and local

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laws, regulations and standards relating to discrimination, bias, and/or limitations, such as, but not limited to, Titles VI and VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Arizona Civil Rights Act, the Arizonans with Disabilities Act, the Human Relations provisions of the Tucson Code, and the Mayor and Council policy adopted on September 25, 2000, prohibiting the direct or indirect grant of discretionary City of Tucson funds to organizations that have a disability, national origin, sexual orientation, gender identity, familial status or marital status. Although the State of Arizona is a right to work state, the Committee in this review will look negatively upon a proposal that discriminates and/or other economic action at the hotel that might adversely affect the City's economic interest in retiring debt on the hotel.

14.8. Conflicts of Interest

This RFP and any award, development agreement, lease or other relationship resulting from this RFP are subject to the Arizona conflict of interest laws, A.R.S. § 38-501 et seq., including A.R.S. § 38-511, which provides for cancellation of contracts in certain circumstances involving conflicts of interest.

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Exhibit B: Project Financing – Form B1
 Schedule 1: Hotel Cost Assumptions

Estimated Total Project Budget									
	Hotel			Parking Structure			Grand Total		
	Gross Cost	% Budget	Cost/Key	Gross Cost	% Budget	Cost/Key	Gross Cost	% Budget	Cost/Key
Cost of Non-City Owned Land (if applicable)									
Site Preparation									
Soft Costs									
Architectural/ Engineering									
Other Consultants									
Developer Fee									
Permits/ Fees									
Bonds/ Ins/ Builders Risk									
Legal and Accounting									
Pre-Development Expense									
Construction Cost									
F F & E									
Marketing/ Pre-Opening									
Marketing/ Pre Opening									
Leasing Commissions									
Tenant Improvement Allow.									
Deposit/ Operating Reserves									
Contingency									
Total									
Total Project Bond Financing Cost									
Total Bond Issue under Tax Exempt Financing									

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Exhibit B: Project Financing – Form B2
 Schedule 2: Market Assumptions and Projected Occupancy

Define the Competitive Set Considered in projections:		
Hotel Name	Address	Number of Rooms

Assumptions for Projections	Competitive Set Rooms Supply	Occupied Rooms	ADR	RevPAR
Year				
2006				
2007				
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				

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Exhibit B: Project Financing – Form B4
 Schedule 4: Cash Flow Analysis

Assumptions		Construction		Operations														
		Yr 1	Yr 2	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15
Net Op Cash Flow (Sch 1)																		
	Less Equity Investment																	
	Less Interest Payments																	
	Less Principal Payments																	
	Less Debt Repayment																	
	Less Required Return on Equity																	
	Net Projected Cash Flows																	

PLEASE FORMAT TABLE TO FIT YOUR PROPOSED FINANCING SCENARIO

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EXHIBIT C: Tucson Convention Center Operating Statistics

The following two tables summarize the Tucson Convention Center's Impact on the Economy and its Projected Demand and Attendance.

Renovated Tucson Convention Center Summary of Annual and Incremental Impacts (in \$Millions)		
	Annual	Incremental*
Economic Impact		
Total Impact		
Total Direct, Indirect, and Induced Spending	\$203.9	\$102.3
Increased Earnings	\$69.0	\$34.6
Employment**	2,910	1,460
Net New Impact to Tucson Metro Area		
Total Direct, Indirect, and Induced Spending	\$113.6	\$54.3
Increased Earnings	\$38.4	\$18.4
Employment**	1,570	750
Net New Impact to Arizona		
Total Direct, Indirect, and Induced Spending	\$74.3	\$35.6
Increased Earnings	\$25.3	\$12.1
Employment**	940	450
Fiscal Impact		
General Sales Tax	\$9.30	\$4.66
Hotel/ Motel Tax	1.35	0.62
Business Privilege Tax	0.36	0.18
Auto Rental Tax	1.44	0.68
Total	\$12.44	\$6.14
TIF Revenues***		
At 60 percent capture rate	\$5.70	\$2.99
At 70 percent capture rate	\$6.53	\$3.37
*Reflects the difference between post-expansion impact and pre-expansion impact.		
**Employment shows full-time equivalent jobs.		
***Reflects sales tax revenues generated within the TIF District.		
****Meaning, 60 or 70 percent of spending is capture within the TIF District.		
Source: Johnson Consulting		

Renovated Tucson Convention Center Projected Event Demand and Attendance				
	Year 1 (2009)		Year 5 (2013)	
	# of Events	# of Attendees	# of Events	# of Attendees
Exhibit Events				
Conventions and Trade Shows	20	56,000	24	70,100
Consumer Shows	38	114,000	42	131,000
Sub-total Exhibit Hall	58	170,000	66	201,100
Non-Exhibit				
Banquets and Receptions	46	13,400	54	15,500
Corporate	20	9,400	24	11,500
SMERF Events	88	64,100	100	75,500
Miscellaneous	35	49,400	39	58,100
Sub-total Non-Exhibit	189	136,300	217	160,600
Total	247	306,300	283	361,700
Source: Johnson Consulting				

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EXHIBIT D: Property Tax Abatement

The schedules on the following page show examples of property tax abatement proforma showing a \$40-million, \$45-million, \$50-million project.

Comment [cj1]: Needs a discussion

Comment [AU2]: Shawn edits: and assumes a specific structure to the deal> need gov't (sic) ownership through a lease. Is Rio Nuevo already designated as a Downtown Redevelopment Area?

EXHIBIT E: Personal Property Tax Abatement

Arizona Statutes allow for the designation of economic revitalization areas for tax abatement on certain types of personal property. "Enterprise Zones." Types of property eligible for tax abatement include manufacturing equipment, research and development equipment, logistical distribution equipment and information technology equipment.

Deleted: Code

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Information technology equipment consists of equipment, including software, used in the fields of information processing, office automation, telecommunications facilities and networks, informatics, network administration, software development, and fiber optics.

For example, using a current personal property tax rate for the downtown area, potential property tax savings over a five-year period on a \$100,000 investment in information technology equipment designated for tax abatement would be almost \$4,000.

Conceivably, a hotel development may have investment in computers, office equipment, telephone systems, computer-based systems for handling reservations and in-room check-out that could be eligible for abatement.