

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
ECONOMIC DEVELOPMENT DEPARTMENT**

TO: Mayor and City Council

FROM: Ramiro A. Cavazos, Director, Economic Development

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono; Christopher J. Brady; Roland Lozano; Melvin Tennant; Michael Sawaya; Milo Nitschke; Trey Jacobson; Manuel Longoria; Andrew Martin; Veronica Zertuche; File

SUBJECT: Ordinance authorizing the City Manager or her designated representative to negotiate and execute a professional services agreement in an amount not to exceed \$60,000 with HVS International to conduct a market and financial feasibility report and other hotel consultant services in support of the Convention Center Hotel Project

DATE: March 25, 2004

SUMMARY AND RECOMMENDATIONS

This ordinance authorizes the City Manager or her designated representative to negotiate and execute a professional services agreement, in an amount not to exceed \$60,000, with HVS International to conduct a market and financial feasibility report and other hotel consultant services in support of the Convention Center Hotel Project.

Staff recommends approval.

BACKGROUND INFORMATION

The City is pursuing the development of a 1,000-room convention center hotel adjacent to the Henry B. Gonzalez Convention Center. In 2002, the City issued a Request for Qualifications (RFQ) to a broad list of nationally recognized development companies. Five developers initially responded to the RFQ. However, one developer subsequently requested to be removed from further consideration, leaving four respondents in the competition.

In February 2003, the City Council established the Convention Center Hotel Advisory Board (CCHAB), which is composed of seven local representatives from Finance/Banking, Real Estate/Corporate, and Hotel/Tourism business sectors, as well as a community representative. Over the last year, the CCHAB has become familiar with the project and financing issues, and it is expected that the CCHAB will make recommendations to the City Council pertaining to the financing structure for the hotel, as well as the degree of municipal support required to ensure completion of the project.

In support of these efforts, the City has retained consultant services of bond counsel and bond underwriters. In January 2004, the City issued a Request for Qualifications (RFQ) for a Hotel Consultant to assist the CCHAB in formulating its recommendation to City Council. In February 2004, five nationally recognized firms submitted responses to the RFQ:

- Horwath Hospitality Investment Advisors (San Francisco/Dallas)
- HVS International (Chicago)
- PKF Consulting (Houston)
- PriceWaterhouseCoopers (Philadelphia)
- Strategic Advisory Group (Duluth, GA)

To evaluate the responses, an Evaluation Panel was convened consisting of City Staff from the City Manager's Office, Economic Development, Convention & Visitors Bureau, Convention Facilities and Finance Departments. The panel also included Mr. Henry Feldman, General Manager, La Mansion Hotel, as a representative from the CCHAB. Each panel member reviewed the responses according to the following evaluation criteria on a 100-point scale:

- Consultant's Background and Capability (50 points)
- Responsiveness to the Request for Qualification (10 points)
- Evaluation of the Proposed Pricing Schedule (20 points)
- SBEDA (Small Business Economic Development Advocacy) Policy Compliance (20 points)

(The Evaluation Panel Score Sheet is attached to this memo as Attachment A.)

HVS scored higher than the four other firms in each evaluation factor and achieved a total score of 76.1 points. Based on this evaluation, Staff recommends HVS International be selected as the City's Hotel Consultant for the Convention Center Hotel Project.

Once engaged by the City, HVS International is expected to immediately conduct an investment feasibility study and provide advisory services on an as-needed basis until the City enters into a contract(s) with a preferred hotel developer. The local accounting and professional services firm of Garza/Gonzalez and Associates will assist HVS with up to 30% of the feasibility analysis.

POLICY ANALYSIS

In selecting a Hotel Consultant for the Convention Center Hotel Project, the City continues with its deliberate process of engaging experts in assisting the City with its selection of a hotel developer. Following completion of the consultant's work, Staff anticipates that the CCHAB and financial team will be prepared to recommend a project financial structure and developer selection process to City Council by June.

FISCAL IMPACT

Funding for this contract was previously allocated by City Council, by Ordinance No. 98339 on October 23, 2003.

COORDINATION

This item has been coordinated with the City Manager's Office, City Attorney's Office, Convention & Visitors Bureau, Convention Facilities and Finance Departments.

SUPPLEMENTARY COMMENTS

City's Discretionary Contracts Disclosure Form is provided in Attachment B.

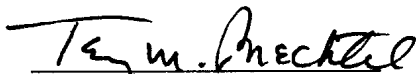


Ramiro A Cavazos, Director
Economic Development Department

Approved:



J. Rolando Bono
Deputy City Manager



Terry M. Brechtel
City Manager

Attachments

Attachment A
HOTEL CONSULTANT SERVICES FOR CONVENTION CENTER HOTEL PROJECT
Evaluation Panel Score Sheet

EVALUATION FACTOR	HORWATH HOSPITALITY	HVS INTERNATIONAL	PKF CONSULTING	PRICE- WATERHOUSE- COOPERS	STRATEGIC ADVISORY GROUP
<u>For Up to 50 Points</u> Consultant's background and capability: * Relevant experience (20 points) * Support personnel, professional qualifications and length of time working with firm. (10 points) * Specific experience with public entity clients, especially with large municipalities. (15 points) * Resources available for project (i.e., number of employees, office location(s), equipment), (3 points) * References (2 points)	36.7	42.4	38.9	38	40.7
<u>For Up to 10 Points</u> Responsiveness to RFO: * Request information included and thoroughness of response. * Understanding and acceptance of scope of services. * Acceptance of the RFO terms. * Clarity and conciseness of response.	7.4	9.1	8.3	7.4	9
<u>For Up to 20 Points</u> Evaluation of the Proposed Pricing Schedule. Check for billing protocol, payment schedules, retainer requirements and any other terms and conditions. (15 points for fee/cost, 5 points for other factors)	12.6	16.6	11.6	13	14.7
<u>For Up to 20 Points</u> SBEDA (Small Business Economic Development Advocacy) Policy Compliance. Evaluation Panel does not score this section. Only EDD reviews and scores.	3.87	7.95	0	0	0
GRAND TOTAL (All Scores Are Rounded)	60.6	76.1	58.8	58.4	64.4

ATTACHMENT B

**City of San Antonio
Discretionary Contracts Disclosure***

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

** This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.*

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

None

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

None

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

None

¹ A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
Not applicable		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature:	Title:	Date:
Thomas Hazinski	Managing Director Company: HUS International	3-15-04

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.