

## **REQUEST FOR PROPOSALS**

For Branded Hotel Operator Management Services at  
Chicago O'Hare International Airport Hotels



Issued April 19, 2017

City of Chicago

Rahm Emanuel, Mayor

Department of Aviation

Ginger S. Evans, Commissioner

### **RFP Schedule**

RFP Release Date April 19, 2017

RFP Questions Due May 3, 2017

Proposal Due Date May 25, 2017

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### **DISCLAIMER**

The information contained in this RFP, any addenda, and the Data Room is provided to assist prospective respondents in the preparation of proposals. Respondents should satisfy themselves by personal investigation or such other means as they may think necessary as to the conditions affecting the offered Hotel Projects. The information shown herein has been obtained from sources thought to be reliable, but the City and its elected officials, employees, agents, consultants and contractors are not liable for the accuracy of the information or its use by prospective Respondents.

All costs incurred by Respondent in preparation of Respondent's proposal (including costs associated with interviews) and/or any fees, expenses, or commissions for brokers or their agents will be borne by Respondent. The City is not responsible for any costs associated with this project submission.

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## **I. Introduction**

The City of Chicago (“City”), through its Chicago Department of Aviation (“CDA”) is considering the renovation of an existing hotel (“Existing Hotel”) and development of a new hotel (“New Hotel” and, with the Existing Hotel, the “Hotels”), both of which would be CDA-owned and privately managed, to further enhance the overall offering of accommodations at Chicago O’Hare International Airport (“ORD”, “O’Hare”, or the “Airport”).

Accordingly, CDA is issuing this Request for Proposals (“RFP”), to which hotel operators or teams (each a “Respondent”) can propose to become the selected hotel operator for both hotels. Respondents must be in the hospitality industry and must offer: (i) world-class management expertise with (ii) global reservation system capabilities, and (iii) have experience in the management of hotels that are “Upper Upscale” or above as defined by STR, Inc.<sup>1</sup> The Respondent that is ultimately awarded a management services agreement (the “Operator”) shall provide the following:

1. Technical Assistance Services;
2. Purchasing and Installation of Furniture, Fixtures, & Equipment (“FF&E”)/Operating Supplies & Equipment (“OS&E”);
3. Pre-Opening Services, and;
4. Ongoing Management and Operations of the Hotels (collectively, “Management Services”).

In 2015, ORD was second nationwide in both passenger volume and aircraft movements serving as a gateway to one of the most diverse lodging markets in the world. The selected Operator will have an exceptional branding opportunity that offers:

- High-profile on-Airport locations with excellent visibility;
- Direct access to ORD’s terminals via the Airport Transit System (“ATS”);
- Active participation in development of the Hotels’ concepts and positioning;
- Immediate penetration of a high barrier to entry market;
- An opportunity for iconic design and LEED certification;
- Development with streamlined approvals,
- Establishment of a global marketing platform in a world-class city; and
- Management of ~1,200 guestrooms in a high-demand, supply constrained market.

Prior to the onset of Ongoing Management and Operations, as part of its Technical Assistance Services, a team (the “Technical Services Team”) provided by the Operator will work in coordination with a Design-Build (“DB”) and/or Design-Bid-Build (“DBB”) team(s) to support CDA staff in managing the programming, design, and construction of both the renovation of the

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<sup>1</sup> Formerly known as “Smith Travel Research,” STR, Inc. is a company that tracks performance and supply data for the global hotel industry. The firm is widely recognized by the industry as the source of chain scale definitions and market intelligence.

Existing Hotel (“Existing Hotel Project”) and construction of the New Hotel (the “New Hotel Project”) (together the “Hotel Projects”).

## **II. Purpose and Objective of the RFP Process**

The purpose of this RFP is to select a first-class Operator of Upper Upscale or better hotels to provide Management Services to the CDA for the Hotels. The CDA expects to reach an agreement with an Operator as to the terms and conditions of a Management Agreement providing Management Services. The selected Operator will be expected to perform the services outlined in Section VI, Scope of Management Services.

The objectives of this RFP are to identify an Operator that:

- Understands the CDA's Vision (defined below) for the two Hotels, and offers a suite of services and experience aligned with that Vision;
- Understands the nuances of the O'Hare hotel submarket and comprehends the unique opportunities and challenges related to operating on-airport hotels;
- Has successfully operated and managed Upper Upscale or above hotels in multiple markets;
- Provides and can demonstrate experience providing tailored, innovative approaches to hotel operations;
- Will compose and implement a comprehensive Operations Plan to ensure the highest level of services for the Hotels at the Airport; and
- Achieves and maintains MBE/WBE and ACDBE participation levels that meet or exceed City and CDA goals.

Further discussion as to how CDA will evaluate Respondent proposals against these objectives can be found in Section X. Evaluation and Selection Process.

### **III. Reference Material**

The CDA has established a database of reference material for prospective Respondents (the “Data Room”). To obtain registration and access instructions for this information, please visit <http://www.flychicago.com/ORDHotelMgmtRFP>. The following reference material is available in the Data Room:

1. Existing Hotel Historical Capital Expenditure Records
2. Summer 2013 Passenger Survey
3. Additional Copy of RFP
4. Sample Technical Services Agreement
5. Sample Management Agreement

In addition, the Sustainable Airport Manual is available at <http://www.airportsgoinggreen.org/documents/CDASAMv3.2.pdf>.

The CDA may add additional reference material to the Data Room throughout the RFP open bid period. Prospective Respondents are advised to frequently check the Data Room for additional reference material. ACDBE and local businesses interested in partnering with prospective Respondents may also upload their business profile into the Data Room. To obtain requirements, important notices, and upload instructions to place your business information in the Data Room, please visit <http://www.flychicago.com/ORDHotelMgmtRFP>.



#### **IV. RFP Schedule Details**

##### **A. RFP Schedule**

RFP Release Date	April 19, 2017
RFP Questions Due	May 3, 2017
Proposal Due Date	May 25, 2017

##### **B. RFP Questions**

Inquiries may be submitted by 4:00 p.m. CST on May 3, 2017 to [ORDHotelMgmtRFP@cityofchicago.org](mailto:ORDHotelMgmtRFP@cityofchicago.org). Question submitted by the specified deadline will be addressed through formal Addendum to this RFP.

##### **C. Time and Place for Submission of Proposals**

Proposals must be received by **4:00 pm CST on May 25, 2017**.

Proposals must be hand-delivered by the Respondent or a courier/overnight delivery service to the Administrative Office at ORD:

**Chicago Department of Aviation  
C/O Cassandra Smith  
Aviation Administration Building  
Attn: RFP for Branded Hotel Operator  
10510 West Zemke Road  
Chicago, Illinois 60666**

Late proposals will not be considered for selection and will be returned to the prospective Respondent unopened. Respondents are solely responsible for timely delivery of proposals. Postmarks or shipping dates will not be considered in judging the timeliness of submissions. No oral, facsimile, telephone, or email proposals will be accepted.

#### **V. Estimated Hotel Project Implementation Schedule\***

##### Existing Hotel

Technical Services and Pre-Opening Services	Q4 2017 – Q4 2018
Existing Hotel Project Renovation Start	Q1 2019
Existing Hotel Project Operations Start	Q1 2019

##### New Hotel

Technical Services and Pre-Opening Services	Q3 2017 – Q4 2020
New Hotel Project Construction Start	Q4 2017
New Hotel Project Operations Start	Q4 2020
*All dates subject to change	

## **VI. Project Overview**

### **A. General Background on Existing Hotel and New Hotel**

**Existing Hotel.** The Existing Hotel was developed in 1970. It is the only hotel on Airport-owned land. The Upper Upscale hotel currently offers 860 rooms and approximately 44,000 square feet of meeting space. It is directly connected to Terminals 1, 2, and 3 by walkway, and by the ATS to Terminal 5. The Existing Hotel also features:

- All-day dining outlet
- Variety of retail outlets
- Marketplace café
- Sports bar
- In-room dining
- Indoor pool
- Fitness center
- Business center
- Connectivity to Chicago Transit Authority Blue Line train to the Loop (Downtown)
- Shuttle available for local travel and international terminals
- Close proximity to regional bus center with access to Milwaukee, Springfield, Champaign-Urbana, etc.

The current lease agreement for the Existing Hotel expires on December 31, 2018, and the anticipated effective date for a new Management Agreement is January 1, 2019. Prior to expiration of the lease for the Existing Hotel, the selected Operator will begin providing Technical Services Assistance and Pre-Opening Services to the CDA. Operations of the Existing Hotel by the selected Operator will begin on January 1, 2019, and CDA will conduct renovations to the Existing Hotel in phases beginning no sooner than January 1, 2019, to ensure that a portion of the Existing Hotel remains operational at all times.

**New Hotel.** CDA will develop the New Hotel near Terminal 5, with an anticipated construction start of 2017. The anticipated opening date of the New Hotel is 2020. The anticipated effective date for a new Management Agreement is the third quarter of 2017, at which point Technical Services Assistance and Pre-Opening Services would commence. These dates are subject to change.

### **B. Opportunity**

As a major driver of economic development in the City of Chicago and the Chicagoland region, Chicago O'Hare International Airport has increasingly attracted a wide range of private sector investment on Airport-owned land and in communities immediately surrounding the Airport. Emerging trends in logistics, technology, cargo, passenger security, and the continued focus on environmental sustainability have opened up many opportunities for private and public sector

innovation, and has resulted in substantial new development at O'Hare and surrounding areas over the last 20 years.

CDA has actively sought to capture opportunities to improve passenger amenities, increase non-aeronautical revenue, and release capital for investment. Among numerous potential efforts, CDA studied in earnest the opportunity to renovate the Existing Hotel to provide modern services and amenities, and the opportunity to capture additional, unmet demand for an Airport-proximate full service hotel by introducing the New Hotel on Airport property. The study concluded that there is significant market demand for the Hotel Projects, specifically noting the following:

- **The Hotel Projects are an opportunity to provide full service hotel accommodations to a robust market of travelers in the nation's 4<sup>th</sup>-largest hotel market.**<sup>2</sup> Chicago is among the largest hotel markets in the country. The greater Chicago area has posted a combined annual growth rate in revenue per available room ("RevPAR") of nearly eight percent since 2010, which exceeds the national average. In addition, the surrounding O'Hare and Rosemont submarkets have seen only limited supply growth in recent years, despite growing demand for full-service hotel offerings near the Airport. As such, there is sufficient demand for both a modernized Existing Hotel and the New Hotel within the Airport – both of which will likely outperform comparable hotels in the market.
- **The Airport will drive significant demand, and the Hotels are expected to outperform their counterparts within the local market due to proximity to the terminals.** Chicago O'Hare International Airport itself is one of the busiest in the country, ranking 2<sup>nd</sup> the United States for both total flights and passenger volume. With such a voluminous number of passengers moving through O'Hare each year, and with limited nearby options, the Hotel Projects are an excellent opportunity to capture this demand. Airport hotels elsewhere have benefited greatly from this dynamic, and across the United States, hotels in close proximity to airport terminals achieve, on average, a 138% premium in RevPAR over the rest of competitive full service airport hotel market. As a result, airport operators around the country have renewed their push to develop hotels on airport land and today, half of nation's busiest airports either feature a hotel on airport property or have one in planning phases.
- **The Hotels will benefit from unparalleled connectivity to both Chicago O'Hare International Airport and to the greater Chicagoland region.** The Hotels will directly serve all four existing airport terminals, and will also benefit from connectivity to the broader region through transit (the CTA Blue Line) and highway connections. This connectivity bolsters much of the competitive edge the Hotels will have over competitive projects elsewhere in the market, both existing and in the pipeline.

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<sup>2</sup> By number of rooms.

### **C. Vision**

The CDA's vision is for the Hotels to be the most well-designed, most innovative, and most environmentally sustainable on-airport hotels in the world. The Hotel Project and ensuing operations will accomplish the following (collectively, the "Vision"):

- The Hotels will become an integral part of the first-class passenger experience at O'Hare, aligned with the Airport's status as a major national and international transportation hub;
- The Hotels will play an integral role in further augmenting O'Hare's reputation and level of service, introducing aesthetically striking properties to existing Airport facilities;
- The Hotels will offer gracious and first-class customer service, modern and innovative technology platforms, and a robust marketing platform that promotes the Hotel Projects, the Airport, and the City of Chicago;
- The Hotels will generate revenue for the CDA, which it can use to enhance airport operations at the Airport and continue to serve national and international travelers and major cargo operators;
- The Hotels and the Hotel Projects will enhance the economic vibrancy of the Chicagoland region through job creation and tax revenue generation; and
- The Hotels will deliver world-class facilities that continue a legacy of high-quality, high-performing investments led by the City of Chicago, CDA, and its private sector partners.

### **D. Hotel Projects**

The CDA intends to rehabilitate the Existing Hotel and to develop the New Hotel. The CDA will own both Hotels.

CDA's preliminary expectations, though subject to change, are to issue an RFP for a Design-Build ("DB") delivery method for construction of the New Hotel Project and a Design-Bid-Build ("DBB") delivery method for renovation of the Existing Hotel. A Construction Manager ("CM") and/or Project Manager ("PM") from the respective DB or DBB teams will support the CDA's staff in managing the programming, design, and construction of the Hotels.

The selected Operator, as part of Technical Assistance Services, shall provide the CDA with advice and input on the solicitation for the respective DB and/or DBB teams and design of the renovation and construction, respectively, of the Hotel Projects, including the provision of programming and product-standard guidelines, as well as the design and layout of the Hotel Projects.

Please note that the solicitation of the DB and/or DBB teams will in no way be limited to certain specific firms beyond the requirement of meeting requisite City contracting qualifications, and the Operator will be expected to take this into consideration as it develops its requirements, programming, and product-standard guidelines.

### **E. Ownership, Management and Term of Agreement**

Though subject to change, CDA envisions the following ownership, management and financing structure. CDA will build and own the Hotels, and will contract directly with the selected Operator to manage the Hotels under a Management Agreement, which would constitute a

“Qualified Management Agreement” for purposes of the Internal Revenue Code of 1986 (“Management Agreement”).

Under the Management Agreement, the CDA would engage the selected Operator to manage the Hotels for a potential maximum term of ten (10) years with one seven (7)-year extension option at the election of the CDA.

#### **F. Technical Services and Management Agreements**

The Technical Services Agreement and Management Agreement (the “Agreements”) that the selected Operator will be expected to enter into with the City have been posted on the RFP website. The documents have been provided in .doc format in order to facilitate formatting of comments, additions and exceptions to these documents. Please note that for evaluation purposes, the CDA requires respondents to use the documents provided as the template for all comments, additions and exceptions and that wholesale replacement of either Agreement with respondent’s preferred form agreement(s) will not be accepted.

Any and all comments, additions, or exceptions taken to either Agreement must also be listed in chronological order on a corresponding document referencing the relevant provision where the change/comment has been made, including a brief explanation as necessary, to be included in the response to the RFP.

## **VII. Scope of Management Services**

### **A. Technical Assistance Services**

The selected Operator will be expected to sign a Technical Services Agreement. This agreement will be ancillary to the Management Agreement.

The selected Operator, along with its Technical Services Team, shall provide technical advisory and specific design services for the Hotel Projects. The selected Operator shall advise CDA and its DB or DBB teams, once contracted by CDA, on the specific brand standards, programming, aesthetics, and systems necessary for the Hotels.

The CDA anticipates that the selected Operator will participate in the review and approval of each phase of the pre-design, design, development, and construction of the Hotels in order to confirm compliance with the Operator's unique brand standards.

More specifically, the responsibilities of the selected Operator's Technical Services Team will include, but are not limited to, the following:

- Participate in the evaluation process for the DB or DBB teams through a RFP process, including participation in the selection of a CM and/or PM for one or both efforts;
- Provide, communicate, and interpret the brand standards for the CDA and its DB or DBB teams during all phases of the Hotel Projects;
- Attend all design meetings held by CDA and its DB or DBB teams, and make periodic assessments of the work throughout the Hotel Projects in accordance with the schedules;
- Review the Hotel Projects' schedules prepared by the CDA for completeness and reasonableness. If revisions are necessary, assist the CDA in revising such schedule;
- Abide by the mutually agreed Hotel Projects' schedules;
- Review and comment on the Hotel Projects' capital budgets submitted by the CDA;
- Provide assistance in the design and programming of the Hotels; and
- Provide design review and construction review services.

The selected Operator's Technical Services Team shall not be responsible for managing or supervising the contractors engaged by CDA to carry out any portion of the construction or renovation of the Hotels. The selected Operator shall not be responsible for construction means, methods, techniques, sequences, or procedures; safety precautions and programs in connection with the construction; or the failure of any contractor to carry out any portion of the construction.

The selected Operator's Technical Services Team will be required to work with the DB or DBB teams to manage the capital improvement process as efficiently as possible.

### **B. Purchasing and Installation of FF&E/OS&E**

The selected Operator, its related entity, or a third-party vendor engaged by the selected Operator will be responsible for the procurement, delivery, warehousing, and installation of the FF&E/OS&E required to fully furnish/equip the Hotels prior to their openings or renovation. The selected Operator shall ensure that the suppliers of all required FF&E/OS&E meet the highest

ethical standards in terms of engaging in responsible business practices regarding labor, non-discrimination, health and safety, and environmental protection. ACDBE participation requirements are applicable to the procurement of FF&E/OS&E for the Hotel Projects. Please see Section VIII. Terms and Conditions for Submittal for further information on compliance requirements.

The selected Operator will be involved throughout the design phase during which the selected Operator will coordinate with the architect, interior designer, and other consultants of the DB or DBB teams to monitor design, recommend different materials, vendors, and possible alternates, consistent with the Operator's brand standards.

The selected Operator shall provide, at the CDA's expense, all the required FF&E/OS&E, meeting the design standards and delivery deadlines for opening the Hotels.

The selected Operator, in conjunction with the interior designer, will be responsible for preparing specifications and procuring all FF&E/OS&E that is not included in the scope of the DB or DBB team's, or teams', work. All procurement must fall within the Hotels' FF&E/OS&E budget, and will be subject to final approval by the CDA and in adherence to all applicable City ordinances.

### **C. Pre-Opening Services**

The selected Operator will provide CDA staff with Pre-Opening Services during the New Hotel Project's construction phase, in addition to providing the services that the Operator would provide CDA to open and renovate the Hotels. The Operator will seek to maximize the benefits of operating two hotels within the ORD environment. The Operator's responsibilities will include, but are not limited to, the following:

- Preparation of and adherence to approved budget for pre-opening activities;
- Development and execution of a sales, marketing, and public relations strategy in collaboration with CDA Marketing Team adhering to City guidelines;
- Creation and disbursement of marketing materials to appropriate audiences via effective communication means;
- Selection of the Hotels' management teams;
- Recruitment and hiring of Hotels' employees and recommendation of appropriate employee payroll and benefits plans;
- Training of management and line staff, including creation and development of a training program to help staff embrace the Hotels' concepts;
- Acquisition of permits and licenses necessary for the operation of the Hotels;
- Assistance in setting-up technical systems and technology systems necessary for the operation of the Hotels in accordance with set standards;
- Set-up of financial systems, including the accounting infrastructure for the Hotels with standard reporting systems and standard operating processes for all accounting functions;
- Negotiation of contracts with suppliers considered necessary for the operation of the Hotels;



- Development of deployment plan for Operator's brand loyalty program in order to drive awareness and anticipation among guests in program; and
- Purchase or lease of services and merchandise as are necessary.

#### **D. Ongoing Management and Operations**

The selected Operator will assume the day-to-day management of the Existing Hotel on January 1, 2019 and of the New Hotel upon its completion, scheduled for 2020. To emphasize, the selected Operator should:

- Provide a first-class Upper Upscale or better hotel brand or brands and commensurate Management and Technical Services;
- Offer a world-class central reservation system positioned to pursue business traveler and meeting demand, as well as provide statistical data;
- Provide a brand or brands that relate well to the quality and overall positioning of ORD;
- Have an understanding and willingness to comply with the requirements necessary for CDA to obtain financing;
- Have an understanding and willingness to comply with City contracting and any other applicable ordinances; and
- Propose, in the CDA's determination, the most favorable Management Services terms.

Responsibilities will include, but are not limited to, the following:

- Operate, service, maintain, and refurbish the Hotels at a level of service and quality expected of hotels of a chain scale of Upper Upscale or above;
- Recruit, hire, pay, train, and supervise all Hotel personnel with the understanding that all personnel shall be the employees of the selected Operator, and not the CDA;
- Determine and implement all personnel policies and practices relating to the Hotels;
- Within parameters established by the CDA in consultation with the selected Operator, establish pricing structures for usage including room rates for individuals and groups, charges for the use of meeting rooms, food and beverage in dining outlets, room service and meeting rooms, and for use of recreational or other guest facilities or amenities;
- Supervise and maintain complete books of accounting and records relating to the results of operation;
- Keep the Hotels in good operating order, repair, and condition, consistent with the brand standards and with the standards of a world-class airport;
- Coordinate with the CDA in any renovation of the Hotels that may be undertaken by the CDA;
- Negotiate, enter into, and administer contracts for the use of banquet and meeting facilities and guestrooms by groups and individuals;
- Work with CDA to accommodate potential conferencing and lodging need logistics;

- Supervise and purchase, or arrange for the purchase, of all supplies and inventory that are necessary to maintain and operate the Hotels in accordance with the brand standards, and for use in the management, operation, and maintenance of the Hotels on an ongoing basis;
- Coordinate on-site parking services, either directly or through a third-party contractor in accordance with parking rates established under Chicago Code Section MCC 10-36-330 as applicable;
- Collaborate with car rental company for on-site car rental services;
- Collaborate with CDA and concessions for personal shopper for passengers;
- Collaborate with luxury car service for on-site drivers;
- Prepare and submit to the CDA the Hotels marketing plan and operating and capital budgets for each operating year;
- Make available the Hotels' senior executive personnel to consult with and advise the CDA concerning policies and procedures affecting the conduct of business;
- Enter into a Cash Management Agreement, which would be an attached exhibit to the Management Agreement, by and among the CDA, a depository bank, and the selected Operator prior to the opening date;
- Collect all charges, revenues, taxes, rent, and other amounts due from guests, and any lessees or concessionaires and deposit and apply such funds in accordance with the Management Agreement and the Cash Management Agreement;
- Create sustainable operations with the goal of maximizing operating and maintenance savings;
- Establish all marketing, advertising, public relations, and promotion policies;
- Reserve and finance vendors for hotel marketing events;
- Implement a Chicago themed arts program that will be incorporated within the hotel upon approval by CDA;
- Prepare guidelines and install safety/security equipment to protect the welfare of guests and employees; and
- Institute all other services consistent with policies generally applicable at similarly positioned hotels that are managed by the selected Operator.

## **VIII. Terms and Conditions for Submittal**

### **A. Signing Forms**

Proposal forms must be properly completed and the Form of Transmittal Letter must be in the required form and signed by persons with the CDA to bind the Respondent(s). Special requirements apply depending on the nature of the Respondent's organization.

### **B. Term of Proposal**

Submission of a proposal signifies that the proposed services and prices are valid for three hundred sixty-five (365) calendar days from the proposal due date, and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity.

### **C. Ownership of Proposals**

The timely submittals and any information made a part of the Proposals will not be returned to the sender. The CDA reserves the right to retain all submittals and to retain any ideas in a submittal regardless of whether a Respondent is selected. Submittal of a response to this RFP indicates acceptance by the Respondent of the conditions contained within the RFP document.

### **D. Interpretation**

Should any question arise as to the proper interpretation of the terms and conditions contained in this RFP, the CDA's decision shall be final.

### **E. Addenda to RFP**

The CDA may modify the RFP, prior to the proposal due date, by issuing written addenda which will be posted on the CDA's website in the Data Room located at <http://www.flychicago.com/ORDHotelMgmtRFP>.

The CDA will make reasonable efforts to notify Respondents in a timely manner of modifications to the RFP. Notwithstanding this provision, each Respondent shall be solely responsible for ensuring that its proposal reflects any and all addenda issued by the CDA prior to the proposal due date regardless of when the proposal is submitted. Therefore, the CDA recommends that each Respondent consult the website frequently, including shortly before the proposal deadline, to determine if the Respondent has downloaded all addenda.

### **F. Communications Prior to Contract Award**

No City employees or contractors or consultants of the City are authorized to respond to comments or inquiries from Respondents, or potential Respondents during the open bid period except in the prescribed circumstances provided herein. Only questions that are submitted in writing by May 3, 2017, to the [ORDHotelMgmtRFP@cityofchicago.org](mailto:ORDHotelMgmtRFP@cityofchicago.org) will be answered by the CDA.

During the open bid and selection process pertaining to this RFP, potential Respondents, their agents and associates shall refrain from contacting or soliciting the Mayor and his staff, Members of the Chicago City Council and their staff, and/or any other City employee or City contractor or consultant, including Jones Lang LaSalle and Foley and Lardner, that is involved or believed to be involved in the Hotel Project for any purpose relating to the substance of this

solicitation, and especially for the purpose of influencing the content of the competitive solicitation or the award of the contract. Only inquiries submitted to [ORDHotelMgmtRFP@cityofchicago.org](mailto:ORDHotelMgmtRFP@cityofchicago.org) by the specified deadline will be addressed through formal Addendum to this RFP. Failure to comply with this provision may result in the disqualification of the Respondent from the solicitation process at the sole discretion of the CDA.

This prohibition extends from the date the RFP is issued until the date when the Operator selection process is finally approved by the City of Chicago City Council. This prohibition does not apply to communications with the City regarding normal business not related to this RFP.

#### **G. Other Vendor Ethics Requirements**

The Respondent shall not offer any gratuities, favors, promotional items or anything of monetary value to any official or employee of the CDA, the CDA's consultants or contractors, the CDA's appointed evaluation committee, the City of Chicago, Chicago City Council, State of Illinois, or any other organization that may have a clear interest in the outcome of the selection process, for the purposes of influencing the outcome of the RFP response selection process.

The Respondent shall not collude in any manner or engage in any practices with any other Respondent(s), which may restrict or eliminate competition or otherwise restrain trade. Violation of this instruction will cause the Respondent(s) submittal(s) to be rejected by the CDA. The prohibition is not intended to preclude joint ventures or subcontracts.

The CDA is prohibited by law from contracting with certain persons and entities. Accordingly, an Operator will be required to disclose all ownership interests to the level of 7.5% ownership and above in an Economic Disclosure Statement ("EDS") prior to selection for award as set forth in the City of Chicago Municipal Code 2-154-030.

Respondents must also comply with the prohibitions on political contributions that are set forth in Mayoral Executive Order 2011-4.

#### **H. Consent to Investigation**

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

#### **I. Insurance Requirements**

At all times during the term of the Management Agreement and during the time period following final completion if the Respondent is required to return and perform any additional work, Respondent is required to maintain the minimum insurance coverage and requirements specified in Required Form F, insuring all operations related to the Management Agreement. The CDA reserves the right to modify insurance requirements based on the nature of the services rendered or the projects required under the Management Agreement.

## **J. Freedom of Information Act**

This RFP and any subsequent Management Agreement are subject to disclosure pursuant to the Illinois Freedom of Information Act, 5 ILCS 140 (FOIA) and other applicable laws and rules. The Proposal may be made available for public inspection and copying. If the Respondent believes certain information is exempt from public disclosure under FOIA, the Respondent must clearly mark those portions of its Proposal as being “Confidential” and request confidential treatment. The Respondent must show the specific grounds under FOIA or other law or rule that support exempt treatment. The CDA is not obligated to honor requests for confidential treatment, even if the information is exempt from public disclosure. The Respondent will be responsible for any costs or damages associated with the CDA’s defending the Respondent’s request for exempt treatment.

## **K. Confidentiality**

Except with the CDA's approval, the Respondent shall not directly or indirectly disclose, divulge or communicate to any person, news outlet, firm or corporation, other than the CDA or its designated representatives, or as required by law, any non-public information which it may have obtained during the RFP process concerning any matter relating to the work or regular business of the CDA.

## **L. Taxes**

The Successful Respondent is responsible for all existing and future applicable federal, state, and local taxes, whether direct or indirect, incurred in connection with the Contract. The CDA, however, is exempt by law from Illinois Retailers Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax, and Municipal and Regional Transportation CDA Retailers Occupation Tax on materials or services purchased in connection with the Services.

## **M. City’s Right to Cancel, Reject, Modify, or Reissue RFP**

The City reserves the right to reject any or all proposals and to invite new proposals, or take such other course of action as the City deems appropriate at the City’s sole and absolute discretion. The City reserves the right to: 1) Waive informalities and irregularities in any proposal or proposing procedure; 2) Reject or cancel any or all proposals; 3) Reject and/or seek clarification regarding any portion(s) of a proposal; 4) Reissue the RFP with or without modification; 5) Modify the locations and sizes of the offered space; 6) Select multiple proposals; 7) Request so-called “best and final offers” from any one or more respondents; and 8) Negotiate any or all proposal elements concurrently with any one or more respondents.

## **N. Causes for Rejection**

Any one or more of the following causes, among others, may be considered sufficient for the rejection of a Respondent’s proposal, regardless of Respondent’s qualifications in respect to other evaluation criteria: 1) Evidence of collusion among respondents; 2) Non-responsibility, as determined by the City in its sole judgment, as shown by past work, references, past or outstanding claims or litigation, or other relevant factors; 3) Default or arrearage on any contract or obligation with the City or other government entity, including debt contract, as surety or otherwise; 4) Submission of a proposal that is incomplete, conditional, ambiguous, obscure, or

that contains alterations or irregularities of any kind; 5) Evidence of improper lobbying efforts toward members of the City Council, elected or appointed officials of the City, and/or employees or consultants of the City; 6) Failure to comply with the terms and conditions of this RFP; and 7) Failure of the Respondent's proposal to meet the minimum qualification requirements or be otherwise deemed non-responsive by the City.

## **IX. Submission Requirements**

### **A. Format of Proposals**

Prospective Respondents shall submit one (1) signed original and ten (10) copies of the proposal marked “Response to RFP for Branded Hotel Management Services” to:

**Chicago Department of Aviation**

**C/O Cassandra Smith**

**Aviation Administration Building**

**Attn: RFP for Branded Hotel Operator**

**10510 West Zemke Road**

**Chicago, Illinois 60666**

Proposals should be placed in three-ring binders, using three-hole paper, and printed double-sided to the maximum extent practical. Please do not bind your submittal with a spiral binding, glued binding, or anything similar. You may use tabs or other separators within the document. Proposals must be contained in a sealed envelope or package. The outside of the envelope or package must clearly indicate the name of the project: “RFP for Branded Hotel Management Services.” The name and address of the Respondent must also be clearly printed on the outside of the envelope or package.

Respondent must also submit an electronic version of the submittal on five (5) USB flash-drives in PDF format with indexing.

The CDA prefers that text be unjustified (with a ragged-right margin) and using a serif font (e.g., Times New Roman and not Arial, no less than 12 point), and that pages have margins of at least one inch on all sides (excluding headers and footers).

Respondents shall submit the following information in the order and maximum length specified in the following section. Tabs 1-4 shall not exceed more than fifty-seven (57) pages, with page limits for each additional section as noted. Each page shall be counted except the following:

- Cover pages
- Table of contents
- List of tables and figures
- Tabs
- Dividers
- Blank pages
- Exhibits D and E and incorporated into their respective sections
- All required forms
- Redlined Agreements and comments on corresponding document

The following outline is all-inclusive and Respondents should not provide additional information. Respondents are requested to use tabs (or similar method) to show page locations of each heading of the eight (8) sections organized and tabulated in the following order:

- Tab 1. Letter of Introduction and Executive Summary  
*Page Limit: 7 Pages (Tab1)*
- Tab 2. Experience and Past Performance
- Tab 3. Market Compatibility and Project Understanding
- Tab 4. Operations Plan (including Exhibit D)  
*Page Limit: 50 Pages (Tabs 2-4)*
- Tab 5. Compliance Plans
- Tab 6. Equal Employment Opportunities and Socio-Economically Disadvantaged Area Jobs Plan
- Tab 7. Proposed Fees (including Exhibit E)
- Tab 8. Outstanding Claims and Litigation
- Tab 9. Exceptions
- Tab 10. Appendices
- Tab 11. Proposal Forms (Exhibit C)
- Tab 12. Evidence of Signed Labor Peace Agreement (Exhibit F)
- Tab 13. Labor Peace Small Business Exception Claim (Exhibit G)

## **B. Content**

This section provides general guidance for preparing proposals as well as specific instructions on the format and content of the proposal. The Respondent's proposal shall include all data and information requested by CDA herein and shall be submitted in accordance with these instructions. **Non-conformance with the instructions provided herein may result in an unfavorable proposal evaluation.**

The proposal shall be clear, concise, and shall include sufficient detail for effective evaluation and for substantiating the validity of stated claims. The proposal should not simply rephrase or restate CDA's requirements, but rather shall provide convincing rationale to address how the Respondent intends to meet these requirements. Respondent shall assume that CDA has no prior knowledge of their capabilities and experience, and will base its evaluation solely on the information presented in the Respondent's proposal.

*A table of contents shall be included.*

### **Tab 1. Letter of Introduction and Executive Summary**

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



CDA anticipates that the entity submitting the proposal shall be the same entity which, if chosen as the selected Operator, executes the Agreements. However, if the selected Operator undergoes certain changes in corporate structure, CDA reserves the right to enter into a Management Agreement with a different corporate entity so long as such entity agrees to provide the same services under the same Terms and Conditions as proposed in response to this RFP. In the case of a change in corporate structure, the term of the selected Operator's proposal shall remain applicable to the new entity (See Section X. Terms and Conditions for Receipt of Proposals, Item P. Term of Proposal).

**Tab 2. Experience and Past Performance**

- a. Describe how the Respondent meets the following mandatory, minimum qualifications:
  - i. Respondent must be a Branded Hotel Operator (a hotel company providing operating expertise to lodging properties it manages, using its international trademark and reservation system ("brand") as an integral part of the hotel management services it provides). The function of Respondent as a Branded Hotel Operator shall be confirmable through publicly available materials (e.g. corporate annual reports, presentations to investors, etc.)
  - ii. Respondent's proposed brand(s) must be Upper Upscale or above as defined by STR's Chain Scale listing.
  - iii. Respondent's worldwide portfolio must have at least ten (10) hotels that are in Upper Upscale or above categories.
- b. Respondents shall provide a general overview of each member of the team. Respondents must identify the roles of each member of the team and their role. Respondents shall provide an organizational chart and narrative description that identifies the proposed team structure clearly delineating relationships between reporting roles.
- c. Respondents shall provide evidence that their overall qualifications are aligned with this effort. The discussion shall include, but is not limited to:
  - i. Markets in which the Respondent is active;
  - ii. Length of time the Respondent has been active in the hospitality industry;
  - iii. Understanding of and experience with airport hotel assets similar to the Hotels;
  - iv. Understanding of and experience in similar submarkets;
  - v. Experience working with public sector agencies, with particular focus on managing publicly owned hotel assets; and
  - vi. Industry accolades, awards, or other relevant commendations indicating superior performance and services.
- d. Respondents shall detail the experience and qualifications of the Respondent's corporate management team, and shall include the resumes outlining the experience, education, and performance record of individuals who would be instrumental in providing the Scope of Management Services outlined in Section VI, including Technical Assistance Services,

FF&E/OS&E Purchase and Installation, Pre-Opening Services, and Ongoing Management and Operations.

- e. Respondents shall provide an overview of hotels directly comparable to the Hotels that demonstrate experience with Upper Upscale or above chain scale hotels, on-airport hotels, and preferably both. Respondents shall provide a brief overview within this section, and shall also provide more detailed case studies as outlined in Section 9. Appendices (the detailed case studies are not subject to the overall page limit in this section).
- f. Respondents shall provide a minimum of three references. Please submit references using Proposal Form D. References do not count toward the page limit in this section.
- g. Respondent shall provide statements regarding the Respondent's financial credit worthiness and past experience which can be verified, including the names and addresses of at least three commercial or institutional credit references and a letter authorizing each credit reference to respond to inquiries from the CDA.

### **Tab 3. Market Compatibility and Understanding**

- a. Respondents shall address how the proposed brand(s) for the Hotels are compatible with the Vision set forth in this RFP. CDA's Vision is explored in depth in Section IV.B. The discussion should include, but is not limited to, the following topics:
  - i. How the proposed hotel brand(s) will provide value to and increase the national and international profile of the Airport and CDA;
  - ii. How Hotels and a partnership with CDA are important to the Respondent's strategic growth; and
  - iii. How the objectives of CDA and the Hotels are compatible and jointly attainable with the goals of the Respondent.
- b. Respondents shall demonstrate a nuanced and comprehensive understanding of the O'Hare hotel submarket. Respondents shall address, at minimum, the key short- and long-term dynamics that will characterize the nature of the market both in and of itself and within the broader context of the Chicagoland region. The discussion shall include both quantitative metrics and qualitative considerations.
- c. Respondents shall address how these short- and long-term market dynamics will impact the performance of the Hotels, with a focus on how the proposed brand(s) will be optimally positioned within the submarket. The discussion should include, but is not limited, answers to the following topics:
  - i. What aspects of the brand(s) operations, programming, innovation, technology, and other elements will position the Hotels in an advantageous position relative to the market (please note that there will be an opportunity to discuss these topics more in-depth in later sections);
  - ii. The strengths, weaknesses, opportunities, and threats (SWOT) for both the Existing Hotel and the New Hotel given the Respondent's understanding of the market; and

- iii. How the proposed brand(s) will maximize occupied room nights and revenues on weeknights, weekends, and during the various quarters/seasons of the year.

#### **Tab 4. Operations Plan**

Respondents must provide a thorough and considerate outline of how they intend to fulfill the Scope of Management Services defined in Section VI. The Operations Plan should include how the Respondent, as a selected Operator, will provide the following:

- a. Technical Assistance Services
  - i. Outline the process, tasks, and overall schedule for the specific Technical Assistance Services the Respondent would provide during the development of the Hotel Projects, including design and programming services.
  - ii. Address how these services align with and support the Technical Assistance Services specifications outlined in Section VI.A.
  - iii. Discuss how the Technical Assistance Services schedule aligns with the anticipated opening dates of the Hotels.
- b. Purchasing and Installation of FF&E/OS&E
  - i. Outline the process, tasks, and overall schedule for the purchase and installation of FF&E/OS&E.
  - ii. Address how the purchase and installation of FF&E and OS&E aligns with the specifications outlined in Section VI.B.
  - iii. Discuss how the purchasing and installation schedule aligns anticipated opening dates of the Hotels.
- c. Pre-Opening Services
  - i. Outline the process, tasks, and overall schedule for the specific Pre-Opening services the Respondent would provide during the development of the Hotel Projects.
  - ii. Address how these services align with the specifications outlined in Section VI.C.
  - iii. Provide a detailed Pre-Opening expense budget (including initial supplies, consumables, operating equipment, inventories, etc.).
  - iv. Discuss how the Pre-Opening Services schedule aligns anticipated opening dates of the Hotels.
- d. Ongoing Management and Operations
  - i. Provide a detailed management and operations plan detailing all aspects of ongoing operations for each of the Hotels. Outline the overall process for providing specific Ongoing Management and Operations aligns with the serves outlined in Section VI.D.
  - ii. Provide detail regarding how, as the selected Operator, the Respondent will provide quality customer service, achieve operating efficiency, and deploy innovation

- technology solutions and platforms in the course of providing the Ongoing Management and Operations that align with the services outlined in Section VI.D.
- iii. Provide detail regarding how, as the selected Operator, the Respondent will achieve excellence in technological platforms supporting marketing, customer service, operating efficiency, and overall service delivery.
  - iv. Provide evidence of innovation in all aspects of operations.
  - v. Provide a conceptual overview of how the concessions programs at both Hotels will enhance the passenger experience at the Airport and how the programs will align with the CDA's Vision.
  - vi. Outline how the Respondent, as the selected Operator, will craft and deploy a comprehensive Marketing Plan for the Hotels. The Marketing Plan should include, but is not limited to a discussion of, the following elements:
    - 1. Outline what the Respondent considers the strongest areas of their corporate marketing strategy;
    - 2. Describe how the Respondent's marketing program is targeting a wide range of potential guests, including individual business travelers, leisure travelers, group segments, distressed passengers/airline crews, and other market segments;
    - 3. Describe the benefits of the proposed brand(s) relative to your primary competitors; and
    - 4. Describe how the marketing program will take advantage of a wide range of advertising platforms, with particular focus on innovative delivery methods that take advantage of modern technology and information dissemination.
  - e. Provide a pro forma of expected operating performance for each of the Hotels by inputting the appropriate line items into Exhibit D. The pro forma should factor in market data/benchmarking to support the operating projections, and consider factors such as seasonality, demand segmentation, and market volatility. The pro forma shall reference occupancy, average daily rate, total revenue, operational and undistributed operating expenses, management and other fees and FF&E reserve requirements.

Respondents shall enter values into cells with a gray background and blue font only. Each of the Hotels should be entered into a separate tab. *Exhibit D does not count toward the page limit.*

## **Tab 5. Compliance Plans**

Respondents must provide two (2) separate detailed compliance commitment plans ("Compliance Plans") as part of their proposals. Respondents must include certified minority-owned business enterprise ("MBE") and certified women-owned business enterprise ("WBE") participation compliance plan that meets or exceeds the participation goals set forth in this RFP. The M/WBE compliance plan shall be for participation in providing goods and services *prior to the opening of the Hotels*. A separate, Airport Concession Disadvantaged Business Enterprise ("ACDBE") participation compliance plan that meets or exceeds the ACDBE goals requirements set forth in this RFP must be submitted for participation in providing goods and services *after* the

Hotels are open for business and operating. Respondents must provide detail regarding the types and amounts of M/WBE and ACDBE participation they will be providing pursuant to this RFP in their proposals in accordance with the following terms:

**Plan : M/WBE Compliance Plan – Technical Services Agreement**

**Minority Business Enterprise/Women Business Enterprise Compliance**

Pursuant to Chapter 2-92-420 et. seq. of the amended Municipal Code authorizing a Minority and Women-Owned Business Enterprise Procurement Program, the City of Chicago and CDA has set goals to provide full and fair participation of certified minority business enterprises (“MBE”) and certified women business enterprises (“WBE”) in its professional services/management contracts. For purposes of this RFP, the Respondent is expected to demonstrate that at least twenty five (25) percent of its active professional services/management contracts will be MBE and at least five (5) percent will be WBE. These minimum percentages are expected to be demonstrated for the following portions of the services described in this RFP (Section VII. A-D).

- Technical Assistance Services;
- Purchasing and Installation of FF&E/OS&E; and
- Pre-Opening Services.

Both M/WBE and ACDBE compliance may be achieved through purchase and Installation of FF&E and OS&E. FF&E and OS&E purchased *before* the Hotels open for business shall be eligible for M/WBE compliance under the Technical Services Agreement. FF&E and OS&E purchased *after* the Hotels are open for business and operating shall be eligible for ACDBE compliance under the Management Agreement. Please refer to Exhibit J - Examples of FF&E and OS&E available on the RFP website for more detail.

The Technical Assistance Services, Purchasing and Installation of Furniture, Fixtures, & Equipment (“FF&E”)/Operating Supplies & Equipment (“OS&E”), and Pre-Opening Services, are separate and distinct from the Design Build or Design Bid Build services, which CDA will procure separately. The Technical Assistance Services do however, include interior design services as well as architectural consulting services to the extent necessary to ensure that the Hotel Projects adhere to Operator’s brand standards and the completed Hotels reflect Operator’s vision for its brand.

**a. Proposal Requirements**

Respondents shall include in their Compliance Plans, details specifying how they intend to fulfill the City’s M/WBE participation goals. Please see the detailed sample provided in Exhibit C – Proposal Forms. Respondents’ Compliance Plans shall include:

- The types of certified M/WBE subcontractors and suppliers Respondent intends to work with;
- The nature and percentage of M/WBE participation based on the services outlined in this RFP for Technical Assistance Services, the Purchase and Installation of FF&E/OS&E and the Pre-Opening Services (Please refer to Exhibit J - Examples of FF&E and OS&E available on the RFP website for more detail);

- The categories of goods and services Respondent is committing to have those M/WBE providers supply; and
- Respondent's plans for outreach to M/WBE firms, and/or;
- Evidence of current certification of any specifically proposed M/WBE partners.
- If Respondent is proposing an M/WBE as a Joint Venture Partner, Schedule B to the MBE/WBE Special Conditions must be submitted as part of respondent's proposal. In cases where M/WBE participation is based on subconsultant or other partnering agreements and M/WBEs are not joint venture partners with the Respondent, Schedule B is not required.
- If provided as part of the Technical/Pre-Opening services, M/WBE suppliers of goods may be used to achieve the compliance goals set forth in the RFP. 60% of expenditures for materials and supplies purchased from a MBE or WBE that is certified as a regular dealer or supplier shall be counted toward the M/WBE compliance goals set forth in the RFP.

**Once a Respondent or Respondent(s) are selected to participate in contract negotiations, the City will request a list of the specific M/WBE firms the Respondent(s) are going to partner with in order to achieve the compliance stated in their M/WBE compliance plan. Prior to the commencement of negotiations, selected Respondent(s) must provide a list of specific M/WBE firms that they intend to partner with to provide the services outlined in their M/WBE compliance plan.**

If applicable, the Selected Operator will be required to meet with a representative of the City of Chicago's monitoring and compliance division prior to the commencement of any term agreement with the City to review the Respondent's plan for satisfying the City of Chicago's M/WBE goals.

**b. Certification and Connecting with M/WBE Certified Firms**

Information regarding the City's M/WBE program is available at the following website:

<http://www.cityofchicago.org/city/en/depts/dps.html/>

**Plan 2: ACDBE Compliance Plan – Management Agreement**

**Airport Concession Disadvantaged Business Enterprise (ACDBE) Compliance Requirements.**

The City of Chicago and CDA has set goals to provide full and fair participation of ACDBEs in its concessions contracts. These aspects of the concessions program are subject to federal regulations set forth in 49 CFR 23 ("Part 23") governing ACDBEs. It is the policy of the City to fully comply with the requirements of Part 23. Accordingly, the City has established an overall goal of fifteen (15) percent participation by ACDBEs in the Hotels offered by this RFP, with the Hotel Projects in their totality being considered a Concession for purposes of calculating total revenues. Pursuant to 49 CFR 23.25(f), ACDBE participation must be, to the greatest extent practicable, in the form of direct ownership, management and operation of the concession or the ownership, management and operation of specific concession locations.

However, the City will also consider participation through (1) a joint venture in which ACDBEs control a distinct portion of the joint venture business and/or (2) Respondent's purchase of goods and services from ACDBEs. Respondents considering a joint venture with an ACDBE are advised to refer to the US Department of Transportation's ACDBE Joint Venture Guidance issued July 17, 2008.

Once the Hotels are open for business, the following categories are areas where ACDBE participation is strongly encouraged:

- Food and Beverage: Casual Dining, Quick Service. Café, Cocktail Bar/Lounges, Cafeteria, Specialty Coffee, Specialty Snacks
- Specialty Retail: Branded and local retail stores, Vending
- Convenience Retail: News/Gift Shops, News/Book Shops, News/Book/ Coffee shop, Convenience store
- Amenities: Spa, Dry Cleaner, Hair Salon, Nail Salon, Concierge, Car Service, Personal Shopper, Childcare
- Supplier: Vendor of goods and services (including FF&E and OS&E if procured after Hotels are open for business, e.g. the same business may provide FF&E or OS&E prior to and subsequent to the Hotels' opening and be counted as MBE/WBE prior, and ACDBE subsequent, proportionate to when service provided, if they possess both certifications and supply such materials before and after opening. Please refer to Exhibit J - Examples of FF&E and OS&E available on the RFP website for more detail).
- Ongoing Management and Operations

**a. Certification process**

The CDA is not a certifying agency and therefore cannot guarantee a time frame for processing ACDBE applications. However, the CDA believes that there is ample time for firms to apply for, and receive ACDBE certification prior to the submission and approval of Hotel Operator's final ACDBE Compliance Plan. Interested firms may apply through the City of Chicago or other certifying agencies in accordance with the eligibility standards of the U.S. Department of Transportation (USDOT) Regulation 49 CFR Part 26 and 23 and the processes established under IL UCP. Please go to [https://www.cityofchicago.org/city/en/depts/dps/provdrs/cert/svcs/airport\\_concessionsdisadvantagedbusinessenterpriseacdbeordisadva.html](https://www.cityofchicago.org/city/en/depts/dps/provdrs/cert/svcs/airport_concessionsdisadvantagedbusinessenterpriseacdbeordisadva.html) for more information on certification with the City of Chicago.

**b. Proposal Requirements**

The City expects each Respondent's Compliance Plan to address ACDBE participation by outlining in great detail, the types of concession participation that the Respondent plans on providing in each Hotel and minimum number of concessions and concession locations it would provide for the Hotel Projects as a whole. In the Compliance Plan portion of the submittals, Respondents must demonstrate compliance with the goal for ACDBE participation by:

- Identifying (via completion of Exhibit D and the appropriate schedules in Exhibit E) the types of certified ACDBEs that will participate in the concession (including the nature and percentage based on minimum estimated number/type of concessions of such participation) and/;
- Demonstrating its plans for outreach to ACDBE firms, and/or;
- If Respondent is proposing an ACDBE as a Joint Venture Partner, the ACDBE must be identified at time of proposal. ACDBEs identified in a proposal as potential Joint Venture partners must be certified as ACDBE by the Illinois Unified Certification Program (“UCP”) as of the proposal due date. Respondents are advised to verify with any potential partner that it is ACDBE certified pursuant to Part 23 and obtain a copy of a current certification letter.

**c. Calculating ACDBE Percentage**

*Percent of Revenues Calculation.* ACDBE credit for services will be calculated based on the % of revenues attributed to the certified ACDBE firm. Based on the RFP, the Hotel project in its totality considered a concession. Therefore, for any revenue generated by any component of the operation, in which a certified ACDBE entity is the owner, joint venture partner or subtenant, a percentage (consistent with ownership %) of the revenues generated by that operation (not rents) will be counted towards the goal.

*Food and Beverage Locations.* Food and Beverage (“F&B”) restaurants that will become part of the Hotel will be the responsibility of the owner/operator of the restaurant. The CDA, together with the Hotel Operator will allocate space within the building, based on the development plans, to allow build out of the space. The capital investment in food & beverage (“F&B”) build-out will likely depend on the operating and/or leasing structure for the F&B space. Typically, F&B operated by the Operator would require an investment by CDA as the Hotel owner. If the Operator sub-leases space to a concessionaire, that concessionaire will be responsible for the build-out of the concession space. F&B concessions space is eligible for ACDBE participation regardless of who operates the concept, the Hotel Operator or sublessee, as long as all ACDBE requirements are met. In the event that a tenant is required to build-out of F&B space, these construction activities will likely be subject to a separate M/WBE requirement of 26% and 6% respectively pursuant to a tenant or subtenant lease agreement, and not ACDBE requirements and should be proposed in the Hotel Operator’s Operations Plan and Compliance Plan.

*Expenditures for Materials and Supplies.* After the Hotels are open for business, 60% of expenditures for materials and supplies purchased from a certified ACDBE that is certified as a regular dealer or supplier shall be counted toward the 15% ACDBE participation goal.

Failure to identify ACDBE, MBE and WBE participation equal to or greater than the goals set forth herein, or to demonstrate good faith efforts it has taken to achieve such goals in a



Respondent's proposal, may be grounds for the City to determine that a Respondent's proposal is not responsive to this RFP and/or that the Respondent is not responsible or qualified. In either case, the Respondent will not be eligible for contract award under this RFP.

In addition, mere submission of an application for an MBE, WBE, or ACDBE certification is not considered a good faith effort, and proposals which rely on such an application(s) for compliance at the negotiations stage may be rejected as non-responsive.

**Tab 6. Equal Employment Opportunities and Socio-Economically Disadvantaged Area Jobs Plan**

The Proposal shall include the Respondent's equal employment opportunity goals including, without limitation, information describing any past experience of the Respondent that would reflect an ongoing commitment to a diverse workforce.

The City is committed to improving access to employment for low income individuals and residents of Socio-Economically Disadvantaged areas. To this end, the City supports and encourages the promotion of work opportunities to Chicago residents living in Socio-Economically Disadvantaged areas. The selected Operator is strongly encouraged to employ residents of Socio-Economically Disadvantaged Areas as defined by the City's Department of Planning and Development (map has been provided on RFP website) as well as other low-income individuals.

The City is also committed to connecting veterans to employers, and employers to veterans. Therefore, the Respondent is encouraged to employ Chicago veterans and partner with the City's Office of Veterans Affairs to advertise job openings, obtain resumes, and promote general hiring outreach.

Accordingly, each Respondent must submit a "Jobs Plan" with its Proposal demonstrating a commitment to conduct a minimum of one job fair in each of at least four (4) Socio-Economically Disadvantaged Areas to foster hiring employees from such areas, with at least two job fairs occurring prior to the opening of each Hotel. The job fairs are to be held no later than ninety (90) days prior to the openings of each Hotel, or as otherwise agreed by the City. The selected Operator must also participate in any City-sponsored job fairs or similar outreach events as reasonably requested by the City, including but not limited to job fairs for veterans. Nothing in this section prohibits the selected Operator from conducting additional job fairs in other locations or at other times.

Each Respondent must also agree to provide job postings or employment listings to area workforce development groups or agencies as identified by the City, assist agencies, and the City's Office of Veterans Affairs.

Finally, each Respondent must designate and identify a member of its team as an Employment Services Coordinator who will be assigned to assist employees, particularly new hires who are low income or are from Socio-Economically Disadvantaged Areas, or employees who are veterans, regarding access to information and social services that may help them be successful employees.

The Employment Services Coordinator will also serve as a liaison between the Respondent, as selected Operator, and social services organizations, assist agencies, workforce

development groups or agencies, and labor organizations to help the selected Operator advertise job openings, obtain resumes, and plan and execute job fairs in Socio-Economically Disadvantaged Areas in order to promote hiring outreach throughout Chicago and especially in Socio-Economically Disadvantaged Areas. Likewise, the Employment Services Coordinator will also serve as a liaison between the selected Operator and the City's Office of Veterans' Affairs and other veterans' affairs organizations to promote the employment of veterans.

#### **Tab 7. Labor Peace Exhibits**

Pursuant to the Labor Peace Agreement Ordinance codified in the Municipal Code of Chicago, Chapter 10-36-210, Respondent must complete and submit acknowledgements of Labor Peace Agreement regulatory requirement (Exhibit F). Entities claiming the small business exemption should submit Exhibit G in lieu of Exhibit F. Failure to provide either Exhibit F or Exhibit G for respondent and all applicable partners and subtenants may result in the proposal being deemed non-responsive.

- Evidence of Signed Labor Peace Agreement (Exhibit F)
- Labor Peace Small Business Exception Claim (Exhibit G)

#### **Tab 8. Proposed Fees**

Respondents must submit proposed fees for providing the Scope of Management Services as described in Section VI. Fees include both ongoing operating fees and pre-operating fees as follows:

- Ongoing Operating Fees
  - Base Management Fee
  - License/Royalty Fee
  - Marketing Fee
  - Chain Services Cost
  - FF&E Reserve
  - Other Fees
- Pre-Operating Fees
  - Technical Services Fee
  - FF&E/OS&E Installation Fee
  - Pre-Opening Services Fee

Respondents must enter these fees into the pro forma provided in Exhibit E. **Respondents shall enter these fee amounts based on the inputs provided by CDA in the exhibit and not based on the operating projections Respondents are to provide as part of Exhibit D.** The CDA will provide theoretical inputs for gross revenue, rooms available, and rooms occupied, etc. to Respondents for each operating year. These inputs do not indicate any

assumptions on the CDA's part as to the actual performance of either of the Hotels over the operating period. These inputs only serve to normalize the fee structures proposed by each Respondent so as to facilitate an impartial evaluation.

Respondent shall enter fee amounts for each of the Hotels in Exhibit E and indicate, using the drop-down menus for each line item, how each fee is structured on an annual basis (e.g. % of revenue, % of room revenue, per occupied room night, per available room, or fixed amount).

In addition, Respondent must provide a one-paragraph narrative description of each fee, and what items are included.

Respondents may add additional line items to the ongoing fees as needed. For these line items, Respondents must define what is included in each.

Respondents shall enter values into cells with a gray background and blue font only.

Each of the Hotels should be entered into a separate tab.

#### **Tab 9. Outstanding Claims and Litigation**

Respondent, or any individual or entity with an ownership interest, direct or indirect, in the Respondent, should not be in default nor have any past due amounts or arrearages on any previous or existing contract, or other financial obligations, to the City of Chicago, the CDA, the State of Illinois, or any political subdivision of the State of Illinois.

If Respondent meets any of these conditions, information shall be provided. Respondent shall also provide a listing and a brief description of all material legal actions, in any jurisdiction, together with any fines and penalties, for the past five years in which i) Respondent or any division, subsidiary or parent entity of Respondent, or ii) any member, partner, etc., of Respondent if Respondent is a business entity other than a corporation, has been: (A) A debtor in bankruptcy; or (B) A plaintiff or defendant in a legal action for deficient performance under a contract or violation of a statute or related to service reliability; or (C) A respondent in an administrative action for deficient performance on a project or in violation of a statute or related to service reliability; or (D) A defendant in any criminal action; or (E) A named insured of an insurance policy for which the insured has paid a claim related to deficient performance under a contract or in violation of a statute or related to service reliability; or (F) A principal of a bond for which a surety has provided contract performance or compensation to an obligee of the bond due to deficient performance under a contract or in violation of a statute or related to service reliability; or (G) A defendant or respondent in a governmental inquiry or action regarding accuracy of preparation of financial statements or disclosure documents.

CDA reserves the right to disqualify any Respondent, if Respondent or any individual or entity with an ownership interest, direct or indirect, in Respondent has pending litigation or claims with the CDA or the City. If a proposed subcontractor, subtenant, or supplier has pending litigation or claims with the CDA or the City, the CDA may determine, in its sole discretion, that such proposed subcontractor, subtenant, or supplier may not participate on the Hotel Project and must be replaced. If Respondent is subject to any material legal action that may adversely affect the ability of the parties to work efficiently and effectively under the contract contemplated by the RFP, Respondent may be found non-responsible.

**Tab 10. Exceptions**

The CDA has provided forms of the Technical Services Agreement and Management Agreement that the selected Operator will be expected to enter into with the City on the RFP website. Respondents should include a list of exceptions, if any, to the requirements of this RFP, the Management Agreement, the Technical Services Agreement, and any addenda. Respondents must identify the requirement, nature of the exception and explanation or provide a redlined version of the Agreements. If not exceptions are identified and Respondent's proposal is accepted, Respondent is expected to conform to all of the requirements specified herein including, in particular, execution of contracts substantially in the form of the Technical Services Agreement and the Management Agreement. The number and substance of exceptions to the Agreements as originally written will be taken into consideration by the Evaluation Committee during its Evaluation of the Proposals. The City in its sole discretion, shall determine whether substantive or extensive exceptions render the proposal non-responsive.

**Tab 11. Appendices**

Respondents must include detailed information regarding selected case studies as requested in Section 2.e. Case studies shall include, but are not limited to, the following information:

- i. Name, location, and opening date of the hotel;
- ii. Discussion of how the Respondent provided tailored, innovative approaches to general operations, repairs and maintenance, sustainability, guest service, sales and marketing, and other key management areas; and
- iii. Performance of the hotel relative to the surrounding market, including evidence that the hotel is well managed and achieving strong RevPAR, as well as evidence that the proposed brand(s)' RevPAR achieves a premium over its primary competitors in the market.<sup>3</sup>

Within the appendices, Respondents may include any additional information they feel is relevant to this RFP.

**Tab 12. Proposal Forms**

- Respondent must submit all Proposal Forms (Exhibit C)

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<sup>3</sup> Respondents may offer aggregate of average estimates of RevPAR penetration across their portfolios of directly comparable hotels to preserve confidentiality.

## **X. Evaluation and Selection Process**

### **A. Minimum Qualifications**

Respondents must demonstrate how they meet the mandatory, minimum qualifications listed in Section IX.B.2. Any Respondent that does not demonstrate that it meets these minimum qualifications will be considered non-responsive, will not be reviewed by the evaluation panel, and will not be eligible for award of the contract. Any submittals by any such companies will be rejected by CDA.

### **B. Evaluation Criteria**

The CDA intends to conduct a comprehensive, fair and impartial evaluation of proposals received in response to this RFP. The CDA will use an evaluation committee to review and evaluate the proposals. The evaluation committee will recommend an award be made to the Respondent whose proposal is determined to be the most advantageous to the CDA based on the information contained in the proposal, the responses provided to clarifications if any, and the results of the oral interviews. The following criteria, and corresponding maximum number of points Respondents may earn, are below:

#### **1. Experience and Past Performance (20 points)**

- a. Demonstration of overall qualifications and performance of the Respondent.
- b. Demonstration of the capability to operate and manage Upper Upscale or above hotels consistent with the Vision set forth in this RFP.
- c. Demonstration of the capability to operate and manage on-airport hotels consistent with the Vision set forth in this RFP.
- d. Extent to which Respondent has provided tailored, innovative approaches to general operations, repairs and maintenance, sustainability, guest service, sales and marketing, and other key management areas to directly comparable hotels.
- e. Evidence that the Respondent's directly comparable hotels are well managed and achieving strong RevPAR, as well as evidence that the proposed brand(s)' RevPAR achieves a premium over its primary competitors in the market.
- f. Quality of references provided.
- g. Evidence of the Respondent's financial credit worthiness and past experience.

#### **2. Market Compatibility and Understanding (10 points)**

- a. Demonstration of how the proposed brand(s) for the Hotels are compatible with the Vision set forth in this RFP.
- b. Demonstration of a nuanced and comprehensive understanding of the O'Hare hotel submarket.
- c. Demonstration of how the proposed brand(s) will be optimally positioned within the submarket.

### **3. Operations Plan (40 points)**

- a. Quality and thoroughness of the proposed operating plan, including applicability to unique conditions relative to the Hotels, and key elements of Technical Assistance Services, FF&E/OS&E plan, Pre-Opening Services plan, and Ongoing Management and Operations Plan.
- b. Quality of guest service approach, technology deployment, and innovation in all aspects of hotel operations.
- c. Quality and consideration of the conceptual concession program for the Hotels and how they align with CDA's vision.
- d. Quality and thoroughness of the proposed marketing plan for the Hotels.
- e. Presentation of the operating projections in the same format provided in Exhibit D.

### **4. M/WBE, ACDBE Performance and Jobs Plan (15 points)**

- 5. CDA will evaluate Respondent's M/WBE and ACDBE participation plans and Jobs Plan as incorporated into the overall Operations Plan. Each Respondent should demonstrate its ability to achieve CDA's stated M/WBE and ACDBE goals and include its proposed MBE, WBE partners, and ACDBE opportunities and outreach plans. Each respondent should also include its detailed Jobs Plan, including Employee Retention for Existing Hotel workers. Respondents that meet the M/WBE and ACDBE goals or demonstrate good faith efforts to do so, and provide a Jobs Plan will be considered responsive and qualified. However, each proposal will also be evaluated based upon the quality of and ability to carry out the Compliance Plan and Jobs Plan in their totality and Respondents may be deemed to be highly qualified.**Proposed Fees (15 points)**

The CDA will evaluate the proposed fees indicated above in accordance with the following methodology:

CDA will evaluate the proposed fees through a standard pro forma, provided as Exhibit E, to be completed by the Respondent. The Respondent whose proposal is the lowest in terms of net present value ("NPV") of the aggregate mandatory proposed fees payable by the CDA over the pre-operating period and initial 10 years of the Hotel's operation will receive the maximum number of points for this evaluation criterion (15 points).

The other Respondents will be scored by dividing the NPV of the lowest proposal by the NPV of the proposal being scored, then multiplying the result by 15 (the total possible points for this criterion).

To calculate each Respondent's NPV, total proposed fees over the 10-year projection period will be discounted to 2016 value dollars. The technical assistance services fees, purchasing and installation of FF&E/OS&E services fees, and the pre-opening services fee (as proposed by Respondent in 2016 value dollars) will be included in each Respondent's NPV. For example, three hypothetical proposals involving total fee payments by the CDA are submitted with the following total NPVs:

Respondent No. 1 proposes payments with an NPV of \$100

Respondent No. 2 proposes payments with an NPV of \$200

Respondent No. 3 proposes payments with an NPV of \$300

Hence, the lowest proposal at \$100 will receive 15 points; the next proposal at \$200 will receive 7.5 points ( $\$100 \div \$200 \times 15$  points); and the next proposal at \$300 will receive 5 points ( $\$100 \div \$300 \times 15$  points), as summarized below:

	Respondent No. 1	Respondent No. 2	Respondent No. 3
NPV Proposed	\$100	\$200	\$300
Lowest NPV Proposed $\div$ NPV Proposed	100%	50%	33%
Points Awarded (rounded)	15	7.5	5

### **C. Oral Interview**

Respondents may be invited to participate in an oral interview to present their proposals to the evaluation committee.

The team members of the Respondent who are attending the oral interview must be senior executives who would be directly involved with all aspects of the Management Services and the Hotel Projects. Questions from the evaluation committee may be directed to a specific member of the Respondent's team.



## **XI. Contract Award**

Based on proposals received to this RFP, it is the intent of the CDA to select the highest-ranked and most responsive Respondent for contract negotiations. This RFP does not in any way limit the CDA's right to solicit contracts for similar or identical services if, in the CDA's sole and absolute discretion, it determines Proposals received are inadequate to satisfy its needs.

The CDA has sole and absolute discretion over whether or not to select a Respondent or Respondents for negotiations.

CDA will select a Respondent or Respondents with whom CDA staff and its Legal Counsel shall commence negotiations. The selection of any proposal shall not imply acceptance by the CDA of all terms of the proposal(s), which may be subject to further negotiation and approvals before the CDA may be legally bound thereby.

The Management Agreement is not considered to be awarded until the negotiations are successfully concluded and the contract is approved by the City of Chicago City Council and subsequently executed by the City. There is no guarantee of a minimum amount of work or compensation for any of the Respondents selected for negotiations.

**END OF DOCUMENT**