

REQUEST FOR PROPOSALS

CONSULTANT SERVICES FOR ECONOMIC ANALYSIS OF POTENTIAL RENOVATION OPTIONS FOR THE BLUE CROSS ARENA AT THE WAR MEMORIAL

Issued by: City of Rochester, New York

Date Issued: December 29, 2014

Submission Deadline: February 27, 2015, 4:00 pm

City of Rochester
Department of Neighborhood and Business Development
Division of Real Estate
City Hall Room 125B
30 Church Street
Rochester, New York 14614



City of Rochester, New York



City of Rochester Request for Proposals

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PURPOSE

The City of Rochester is seeking proposals from qualified consultants to undertake an Economic Analysis of potential renovation options that have been recommended for the Blue Cross Arena at the War Memorial (the “Arena”). The recommendations are contained in a Facility Assessment prepared for the City in June 2014 by Populous, a specialist in multi-purpose sports and entertainment complexes. Populous developed numerous recommendations for modernization and upgrades to the Arena. This Economic Analysis will validate the market viability of the improvements proposed in the Facility Assessment Report, validate the one time capital improvements identified, and establish prioritization of the objectives.

The consultant shall perform a detailed Analysis of local market demand for sports and entertainment offerings, and develop a comprehensive study which evaluates the financial feasibility of the recommendations made in the Facility Assessment Report. The results of this Analysis will also provide the basis for the City’s negotiations for a long term management agreement with the goal of maximizing the profitability of the Arena.

BACKGROUND

The Arena is the region’s primary sports and entertainment complex, drawing both local and regional visitors to downtown Rochester. The multi-purpose indoor entertainment arena first opened in 1955. Major renovations were completed in 1998 at a cost of \$41M. At that time the facility, originally known as the Rochester Community War Memorial, was re-named as the Blue Cross Arena at the War Memorial. The building is situated on a 3.69 acre site on the west bank of the Genesee River with frontage on three major thoroughfares and easy access to the I-490 expressway. Ample parking is available nearby at the Court-Exchange Parking Lot and the Civic Center Parking Garage.

The City of Rochester owns the Arena. It is operated by SMG, a private management group specializing in full service operation of multi-purpose entertainment facilities. SMG has managed and operated the Arena for the City for approximately 16 years.

The major tenant is the Amerks, a professional ice hockey team in the AHL. The team is an owned-and-operated affiliate of the Buffalo Sabres, an NHL team. The affiliation of the two teams expands the Amerks’ fan base to a regional level. The Arena is also home to the Rochester Knighthawks (NLL indoor lacrosse), Rochester Razorsharks (PBL basketball) and the Lancers (MASL indoor soccer).

In addition to professional sports, the Arena hosts Section V hockey and basketball competitions for local high school conferences, trade shows and a wide variety of entertainment events, including live concerts, ice shows and the circus. On an annual basis it hosts an average of 150 events, with average attendance of approximately 4,000 per event. Seating capacity is 11,215 for hockey games, and 14,000 for general admission at concerts. The Veteran’s Memorial, which pays tribute to local veterans of the armed services, is also located at the facility.

In anticipation of the expiration of a long-term management contract with SMG, the City issued a Request for Qualifications for operation and management of the facility in February 2013. SMG and Western New York Arena, LLC (WNYA), an affiliate of the Buffalo Sabres, submitted a joint response. Upon commencing negotiations between the City, SMG and WYNA, it was recognized that the facility is in need of major upgrades in order to meet industry standards and remain viable in a competitive market. The three entities agreed to explore renovation options, and to obtain a facility assessment in order to progress with negotiations for a long-term management agreement.

The City engaged the services of Populous via a referral from the owner of the Sabres/Amerks, who is using their services on the HarborCenter project, a newly constructed \$172 million entertainment complex adjacent to the First Niagara Center in Buffalo. Populous is recognized as a leader in the field of architectural work related to multi-use sports and entertainment venues. Populous engaged two sub-consultants, both of whom are industry leaders: ME Engineers, specialist in mechanical and electrical engineering, and Venue Solutions Group, specializing in facility performance.

Populous submitted a final report to the City in June 2014 that assessed the existing condition of the Arena and made recommendations for modernization and upgrades to the facility. The report noted that the Arena lacks certain amenities that are standard expectations for patrons of modern facilities. The report calls for approximately \$37.7M in upgrades, including \$32.5M in architectural improvements, renovations and enhancements, along with roughly \$5.2M for improvements to existing audio/visual, mechanical, plumbing, and electrical systems. The proposed improvements focus on extending the useful life of the Arena, and improving the customer experience for every type of event in order to retain existing customers and to attract a wider customer base.

In concluding remarks, Populous recommended a market study be undertaken prior to advancing any of the proposed improvements. The study would validate the market viability of the improvements proposed in the facility assessment report as well as to validate the one time capital improvements identified.

GOALS OF THE ANALYSIS

- A comprehensive feasibility study that validates the market viability of improvements to the Arena proposed by Populous
- Determination of the appropriate improvements, or combination of improvements, to best serve programming purposes and ensure future operational success of the Arena
- Validation of the capital and development costs, operating expenditures, revenues, and net expenses for a renovated Arena
- Prioritization of the recommended improvements for a long-term implementation plan
- Assessment of the potential local economic impact of a renovated Arena
- Identification of the most feasible approach to financing renovations

SCOPE OF WORK / REQUISITE SERVICES / DELIVERABLES

The objective of the analysis is to provide market, financial and economic impact analyses related to the renovation of the Arena, and recommendations for prioritization and implementation of physical improvements. The consultant shall provide a narrative report, and make a formal presentation of findings to City administration and City Council. Project duration will be 100 days, and the final report will be due no later than 60 days after entering into a contract for services with the City of Rochester. The analysis must include, but is not necessarily limited to, the following topics:

- 1.0 Market Study
 - 1.1 Analyze current trends in regional sports and entertainment markets
 - 1.2 Conduct an analysis of comparable and competitive arenas
 - 1.2.a. Review performance information for venues of similar building size, market size, and capacity
 - 1.2.b. Provide benchmarks based on comparable facilities including data such as event types and attendance, revenues and expense
 - 1.2.c. Compare demographic information for the markets served by the Arenas
 - 1.2.d. Provide an assessment of the regional competition for events, including existing public, private and college venues.
 - 1.3 Assess the existing capacity and current programming potential of the Arena for achieving market demand; measure market potential for attracting major events
 - 1.4 Review market for corporate support and sponsorship (naming rights, scoreboard, marquee, suite and club seating, marketing revenues)
 - 1.5 Forecast event and attendance projections for a renovated Arena
 - 1.6 Conduct interviews/surveys of patrons and community
 - 1.7 Conduct detailed meetings with management of the Blue Cross Arena and the City of Rochester in order to understand building and team financials, focusing on previous research that has been completed as well as the competitive landscape for events and ticket sales.
 - 1.8 Conduct interviews with concert and other touring show production personnel. Review the proposed improvements to the Blue Cross Arena and gain their insight on what improvements are needed to create a sustainable facility that meets the needs of the industry.
- 2.0 Building Program and Financial Analysis
 - 2.1 Review and evaluate the Populous report, with emphasis placed on recommended repair items and renovation concepts
 - 2.2 Include discussion of adequacy of ceiling height, and potential structural modifications to correct any inadequacy, and cost projections

- 2.3 Recommended optimal size, location and configuration of concessions, club and premium seating to maximize food and beverage and ticket sale revenues
 - 2.4 Provide financial models for proposed concession, club and dining areas, including revenue and expense projections and repayment of capital costs
 - 2.5 Provide a detailed return on investment analysis of various types of renovation options, including expanded seating, the addition of suites or club seats, expanded concessions, and other customer amenities
 - 2.6 Prepare financial projections of revenue and expenses, major capital improvements and/or renovations required to meet goals
- 3.0 Economic Impact Analysis
- 3.1 Identify potential revenue returns to the City of Rochester for advertising opportunities (both interior and exterior), media broadcasts, lodging tax revenues, sales tax revenues, ticket surcharges, etc.
 - 3.2 Provide supporting data for city/regional economic impact analysis as well as the utilization/financial performance of the venue
 - 3.3 Provide estimates of the total economic output related to the renovated Arena including direct and indirect spending, employment and tax revenues generated.
 - 3.4 Provide estimates of job creation
 - 3.5 Include discussion of additional benefits to the city and region including community recognition, enhancement of private sector
- 4.0 Facility Funding Recommendations
- 4.1 Review and discuss potential funding sources to achieve venue improvements and renovations, including construction financing, debt service, and ongoing operating subsidy including tax levy, state and or regional funding/grants, federal emergency management support funds, private bond revenues, private donations, sales of premium seating, naming rights partner, sponsorship support and advertising revenue. Include analysis of funding programs implemented by other public entities for the renovation and operating subsidy of comparable venues.
 - 4.2 Discuss adding mixed uses to an Arena complex, and possibility of bringing private funding to the Arena's construction.
 - 4.3 Review and discuss regional support of the facility including benefits and disadvantages of regional cooperation on the project.
 - 4.4 Include discussion of ownership and management of the facility
- 5.0 Consultant shall attend up to two meetings with City Administration and City Council to present the findings of the report.

PROJECT MANAGEMENT / POINT OF CONTACT

Project Management will be handled through the City of Rochester's Facility Management Oversight Committee for the Blue Cross Arena at the War Memorial. The committee consists of the following City staff who will conduct the consultant response review process, and the review of all deliverables:

Len Redon	Deputy Mayor
Andrea Guzzetta	Chief of Staff, City Council
Norman Jones	Commissioner, Dept. of Environmental Services
Delmonize Smith	Commissioner, Dept. of Neighborhood and Business Development
Christopher Wagner	Budget Director
Johanna Brennan	Municipal Attorney
Katherine Sheets	Director of Real Estate

The Project Manager for this RFP is Katherine Sheets, Director of Real Estate, who will serve as the coordinator and contact person during the consultant selection and subsequent report preparation. There will not be a bidder's conference held in connection with this RFP. All correspondence, questions, submissions, etc., related to this project must be addressed to:

Katherine Sheets, Director of Real Estate
30 Church Street, Room 125-B
Rochester, NY 14614
Telephone: 585 428-7449
Fax: 585 428-6137
Email: NBNIntern1@CityofRochester.gov

All questions related to this RFP must be submitted by February 20, 2015 in writing, preferably by e-mail, to Katherine Sheets. All questions and City responses will be shared with all who have indicated intent to submit a proposal and have provided an e-mail address. Questions and responses will also be posted on the City's website at <http://cityofrochester.gov/bidandrfp>

TOUR OF ARENA

Prospective respondents are strongly encouraged to attend one of the scheduled tours of the Arena. Tours are offered at the times listed below:

Monday, January 12 , 2015 10:00 AM

Tuesday, January 20, 2015 10:00 AM

Reservations must be made prior to attending the scheduled tour by contacting Paul Scuderi at (585) 428-7449.

RFP SUBMISSION DEADLINE

Proposals must be postmarked or received no later than **4:00 p.m., February 27, 2015** to Katherine Sheets, Director of Real Estate, for this RFP. The City of Rochester reserves the right to disqualify proposals submitted after the deadline.

INCURRING COSTS

The City of Rochester is not liable for any costs incurred by proposers in preparation of their response to this RFP, unless specified in the resulting contract.

SCHEDULE OF EVENTS

The following table sets forth the Schedule of Events for this Request for Proposal (RFP). The Schedule of Events is subject to change at the sole discretion of the City of Rochester.

Any changes will be posted on the City of Rochester's official website at:

www.cityofrochester.gov/bidandrfp

Respondents are responsible for checking the website for any schedule changes.

Event	Date
Release Request for Proposal	December 29, 2014
Scheduled tours of the Arena	January 12, 2015 at 10:00 a.m. January 20, 2015 at 10:00 a.m.
Deadline for respondents to submit questions to nbnintern1@cityofrochester.gov	February 20 , 2015
Response to questions via City of Rochester's website http://cityofrochester.gov/bidandrfp	Continuous, through February 25, 2015
Deadline for Submission of Proposals to: Katherine Sheets, Director of Real Estate City of Rochester, Division of Real Estate City Hall Room 125B Rochester, New York 14614	February 27, 2015 at 4 p.m.
Interviews with respondents, conducted by City of Rochester's Facility Management Oversight Committee	March, 2015
Completion of proposal review and selection of successful bidder	March, 2015
Anticipated date of City Council authorization of agreement for consultant services	April 14, 2015
Commencement of agreement / Kickoff meeting	April 20, 2015
Submission of draft report	May 29, 2015
Deadline for submission of final report	June 30 , 2015
Workshop with City Administration and City Council	July, 2015

PROPOSAL SUBMISSION REQUIREMENTS

Responses should provide a clear and concise methodology for satisfying the required tasks within the scope of this RFP. The proposals should outline the respondents' qualifications to complete the project as stated in this RFP, to include background, unique qualifications, relevant project information, previous awards, references, and other information that may support the response.

The City will not be limited solely by the information provided by the respondent prior to the submission due date. Additional information or modifications to response may be requested. Respondents are required to submit the following items to enable the selection panel to consider each response:

- ☐ Transmittal letter with the following information:
 - 1) Respondent's Name: _____
 - 2) Respondent's Street Address: _____
 - 3) City, State & Zip: _____
 - 4) Mailing Address if different from Street Address: _____
 - 5) Contact Person: Name, Title: _____
 - 6) Telephone No.: _____
 - 7) Email Address: _____
 - 8) Fax Number: _____
 - 9) Organization Type: ____ For Profit ____ Not for Profit
 - 10) Federal Taxpayer I.D. No.: _____
- ☐ Proposal narrative that includes:
 - 1) Summary of consultant's understanding of the project
 - 2) A description of the consultant's approach to completing the analysis
 - 3) Experience and qualifications of project consultant team (including resumés)
 - 4) Organization chart of the project consultant team
- ☐ Detailed description of similar project(s) with outcome(s)
- ☐ Methods employed to provide the requisite services
- ☐ Methods employed to provide the services for alternate items, if applicable
- ☐ Proposed project schedule for requisite services
- ☐ Proposed project schedule for alternate items, if applicable
- ☐ Contact information for references for previous clientele of the respondent.

- ☐ Staffing plan of the project team, including names, roles and experience of each staff member.
- ☐ Description of staffing capability to perform required tasks within schedule (cooperation with other organizations is encouraged)
- ☐ Project budget for the proposed Scope of Work based on hourly rate fee schedule with estimated reimbursables, itemized for each of the five components presented on pages 3 and 4 of this RFP. Also include name and title of each staff member working on each requisite service, the number of hours worked on the requisite service, the hourly rate, the subtotal for each staff person, and the subtotal for each requisite service. Any costs associated with provision of alternate items should be clearly delineated and provided in a separate budget from the requisite items.
- ☐ All proposals should include a statement that the prime consultant commits to pay all covered employees a living wage, pursuant to Section 8A-18 of the Rochester Municipal Code, "Rochester Living Wage Ordinance."
- ☐ Disclosure of interest/intent on the part of the proposer, or any affiliate of the proposer, to bid on future renovations to the Arena. An affirmative response will not eliminate the respondent from consideration.
- ☐ Indicate if the firm has ever had a prior contract with any governmental entity that was terminated for any reason, and, if so, provide an explanation.
- ☐ Any additional information should be marked as "Attachment(s)" and numbered accordingly.
- ☐ All pages shall be numbered sequentially
- ☐ Submission of **one (1) clipped, unstapled** original and **twenty (20) stapled** copies of the proposal must be submitted no later than: **4:00 PM, Friday, February 27, 2015** to:

Katherine Sheets, Director of Real Estate
City of Rochester, Division of Real Estate
30 Church Street, Room 125-B
Rochester, NY 14614

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PROPOSAL REVIEW AND SELECTION

Consultants interested in being considered for this project are invited to forward written responses to the RFP. The City of Rochester's Facility Management Oversight Committee for the Blue Cross Arena at the War Memorial will review all submissions. It is likely that some personal interviews may be conducted during the month of March, 2015. Participation in an interview upon an invitation by the City would be voluntary. Consultants are encouraged to reserve time on their calendars during this period to accommodate interviews. Any expenses resulting from such an interview would be the sole responsibility of the consultant. Interviews by telephone conference calls may be arranged at the City's option. All consultants will be notified in writing as to the results of the final selection.

The City does not discriminate in any aspect of contracting on the basis of age, race, color, national origin, creed, disability, marital status, sex or sexual orientation.

Selection of the best proposal will be based upon, but not limited to, the following criteria:

- a) **Project Team (25%)**
Experience of the proposed project manager and staff with all aspects of public economic and policy analysis relative to all methods of delinquent property tax collection, and the impact of these methods on the local community, local real estate market, and on government revenues and operations.
- b) **Quality of Proposal (35%)**
Quality and appropriateness of the proposal to the project scope. Proposals will be reviewed on the basis of knowledge and demonstrated experience.
- c) **Qualifications of Firm (20%)**
Experience and prior performance of principal consultant and all sub-consultants with the analysis, planning and implementation of neighborhood master plans specific to housing, economic development and land banking.
- d) **Price (20%)**

Preference will be given to Service Providers located in the City of Rochester through additional weighting. City policy provides for additional weighting of proposals for firms that are located within the City of Rochester (additional 10% weighting) and/or that meet the City's M/WBE goals (additional 10% weighting). Vendors are encouraged to describe in the proposal their ability/intent to meet the City location and M/WBE goals.

RIGHTS RESERVED

Should it become necessary to revise any part of this RFP, provide additional information necessary to adequately interpret provisions and requirements of this RFP, or respond to written inquiries concerning the RFP, the City reserves the right to issue an Addendum to the RFP to all respondents who received the initial RFP. Amendments to the RFP will also be posted on the City's website at <http://cityofrochester.gov/bidandrfp>.

The City reserves the right to extend the Submission Deadline by a reasonable time.

The Consultant chosen by the City will be required to enter into a Professional Service Agreement (PSA) with the City. A standard PSA is attached for review.

The City reserves the right in its sole discretion to recommend the award of a contract related to this RFP based upon the written responses received by the City without prior discussion or negotiation with respect to those responses. Any contract awarded in connection with this RFP will be subject to approvals as required by local law, including final authorization by the Rochester City Council.

The City reserves the right to accept or reject any and all responses, at its sole discretion, received as a result of this RFP, to waive minor irregularities, to revise the scope of services and to conduct discussions with all responsible respondents, in any manner necessary, to serve the best interest of the City of Rochester.

The City reserves the right to request additional information from any or all prospective respondents, if necessary, to clarify that which is contained in the responses.

The selection of a consultant is within the City's sole discretion and no reasons for rejection or acceptance are required to be given. Upon initial review of the submitted proposals, the selection Committee may choose to establish a "short list" for subsequent interviews.

All right, title, and interest in the material submitted by the Proposer as part of a proposal shall vest in the City of Rochester upon submission of said proposal to the City, without any obligation or liability by the City to the proposer. The City has the right to use any or all ideas presented by a proposer.

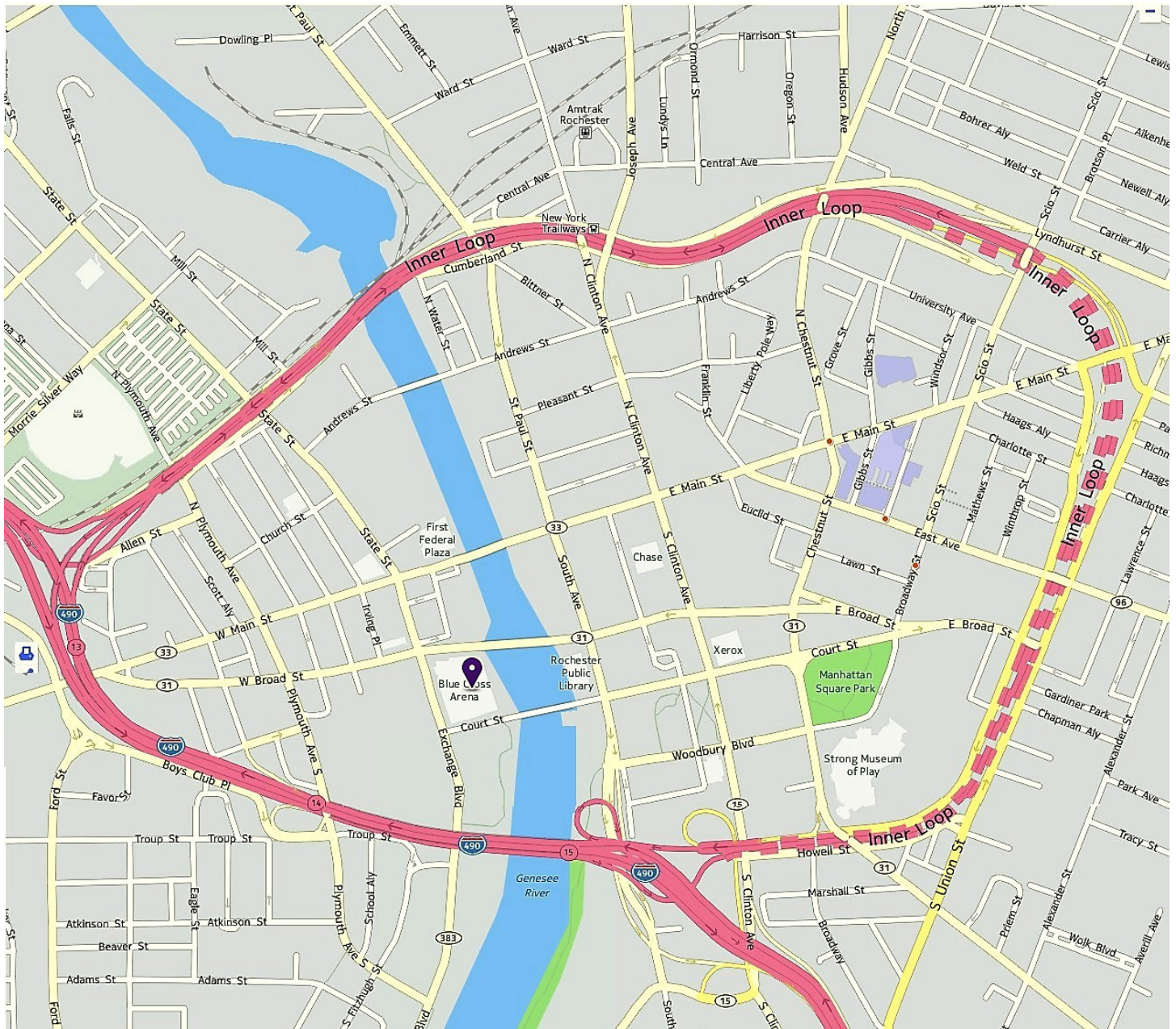
The City reserves the right to ownership, without limitation, of all proposals submitted. However, because the City could be required to disclose proposals under the New York Freedom of Information Law (Public Officers Law §§ 84-90), the City will, to the extent permitted by law, seek to protect the Proposer's interests with respect to any proprietary information that is submitted. Any proprietary information submitted with the proposal must be clearly identified and a request to keep such information confidential must be submitted.

City of Rochester

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Appendix A Location Map



City of Rochester

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Appendix B Map of Facility

