

RESOLUTION 2019-061

RESOLUTION SELECTING STAY OPEN, INC. AS THE SUCCESSFUL PROPOSER OF THE REQUEST FOR PROPOSALS (RFP 18-19ME: SAN DIEGO BAY DEVELOPMENT OPPORTUNITY LOWER COST OVERNIGHT ACCOMMODATIONS) (RFP) AND CONCLUDING THE RFP, RESERVING CERTAIN RIGHTS THEREUNDER

WHEREAS, the San Diego Unified Port District (District) is a public corporation created by the legislature in 1962 pursuant to Harbors and Navigation Code Appendix 1 (Port Act); and

WHEREAS, based on the direction of the Board of Port Commissioners (BPC), on January 22, 2019, staff issued the Request for Proposals (RFP 18-19ME: San Diego Bay Development Opportunity Lower Cost Overnight Accommodations) (RFP) for the development and/or operation of lower cost overnight accommodations near San Diego Bay; and

WHEREAS, the project site identified in the RFP consists of nearly 3 acres on Pacific Highway in the City of San Diego, including an existing 10,000 square foot vacant space within the District's Annex Building and parking lot (Site); and

WHEREAS, the Site, adjacent to the Port Administration Building, is ideal for lower cost overnight accommodations due to its proximity to nearby transit and local attractions; and

WHEREAS, in drafting the RFP, District staff worked closely with local Coastal Commission staff to identify potential product types that may be considered intrinsically lower cost overnight accommodations, including a Hostel, Budget/Economy Hotel/Motel, Micro Concept Accommodations (e.g. Capsule/Pod) and other Budget Friendly Accommodations; and

WHEREAS, RFP respondents were provided the flexibility to propose to use all or a portion of the Site and could propose to develop and/or operate the project; and

WHEREAS, the RFP gives the District broad discretion in how a proposal/proposer is selected, as well as reserves certain District rights including, without limitation, the District's ability to reject or move forward any or all proposals or parts thereof, issue subsequent requests for proposals, request changes to the proposals any time during the process without issuing another RFP, postpone opening for its own convenience, remedy technical errors in the

request for proposals process, approve or disapprove the use of a particular proposer's sub-service providers, negotiate with any, all, or none of the proposers, solicit best and final offers from all or some of the proposers, award an agreement to one or more proposers, accept other than the lowest offer, and waive informalities and irregularities in the proposals (collectively, Reservation of Rights); and

WHEREAS, after a comprehensive national marketing campaign that reached nearly one million people, the RFP was downloaded by 79 parties; and

WHEREAS, an information exchange was held on February 4, 2019, which almost 40 interested parties attended; and

WHEREAS, on March 7, 2019, the District received four proposals that included budget/economy, hotel/motel and micro concept accommodations (e.g., capsule/pod) and of those proposals, three were deemed responsive; and

WHEREAS, the three proposers deemed responsive were Sleepbox, Inc., Boston, MA (Sleepbox), Shiva Management, Inc., on behalf of Hotel Investment Group (HIG), CaRE Development, LLC, on behalf of Stay Open, Inc., (Stay Open) Los Angeles, CA; and

WHEREAS, the four primary evaluation criteria for proposals in response to the RFP were Approach to Project, Project Team and Relevant Experience, Capability to Perform, and Development and/or Operating Proforma; and

WHEREAS, District staff met again with local Coastal Commission staff after the proposals were received to provide an overview of the proposals and solicit feedback and questions to consider during interviews; and

WHEREAS, during the last week of March 2019, District staff visited representative sites identified in each proposal and on April 2, 2019 the panel interviewed the three responsive teams; and

WHEREAS, the full interview panel comprised of the District Real Estate staff managing the RFP and participating in the site visits, as well as representatives from Planning and from the District's consultant Jones Lang LaSalle (JLL); and

WHEREAS, the panel then debriefed on April 3, 2019, to discuss the proposals, site visits and interviews holistically; and

WHEREAS, when District staff met with local Coastal Commission staff following the interviews to share an update, local Coastal Commission staff indicated that they felt that the Stay Open proposal met the District's goal of developing lower cost overnight accommodations on the Site; and

WHEREAS, Stay Open's project team and key personnel demonstrated the strongest level of experience in developing and operating lower cost overnight accommodations; and

WHEREAS, due to Stay Open's extensive history of financing hotel projects and their access to a breadth of equity and debt sources, Stay Open demonstrated the highest capability to perform; and

WHEREAS, considering the vision and goals of the RFP and the ultimate project, staff's analysis suggests Stay Open meets all of the goals, criteria and vision for this Site which include intrinsically lower cost product type, lowest Average Daily Rate ADR, provision of public amenities, food and beverage program, comprehensive marketing plan, 10 years plus team experience, experience with the California Environmental Quality Act (CEQA) and the Coastal Act, experience developing and operating lower cost accommodations, experience financing lower cost overnight accommodations, demonstrated access to debt and equity, and willingness to finance project without some or all in-lieu fees; and

WHEREAS, Stay Open also proposed the lowest ADR of \$37 and the highest rent to the District of per square foot of \$43; and

WHEREAS, based on the analysis of the proposals, site visits, interviews and financials, staff recommends that the BPC select Stay Open as the successful proposer and conclude the RFP provided that the selection of Stay Open as the successful proposer is conditioned on the District's reservation of all its rights under the RFP and under applicable law; and

WHEREAS, the BPC has the discretion to accept, modify or reject staff's recommendation; and

WHEREAS, if the BPC selects Stay Open as the successful proposer of the RFP and concludes the RFP process, the RFP process would conclude, but the District would reserve all of its rights under the RFP and as permitted under law; and

WHEREAS, at the May 14, 2019 BPC meeting, the BPC considered the entire record including staff's findings and recommendation and selected Stay Open as the successful proposer of the RFP, reserving certain rights thereunder; and

WHEREAS, the BPC found that Stay Open's proposal is the most consistent with the District's vision and goals as outlined in the RFP, which would result in the best strategic approach to providing lower cost overnight accommodations for the District; and

WHEREAS, the BPC found that in addition to having the strongest Approach to Project, Stay Open has the strongest Project Team and Relevant Experience, demonstrated the highest Capability to Perform, and presented the most comprehensive Development and/or Operating Proforma, thus, making their proposal the strongest across the four primary evaluation criteria of the RFP; and

WHEREAS, the BPC found that Stay Open meets all of the goals, criteria and vision for the Site; and

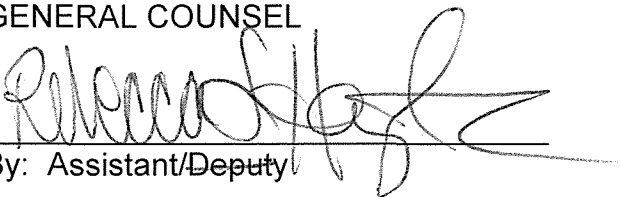
WHEREAS, in the BPC making the selection of Stay Open, the District reserves all its rights under the RFP, including without limitation the Reservation of Rights, and as permitted under the law; and

WHEREAS, the BPC's action does not constitute an "approval" or a "project" under the California Environmental Quality Act (CEQA); the proposed BPC action complies with Section 87 of the Port Act and is consistent with the Public Trust Doctrine; and, the proposed presentation and BPC action do not allow for "development," as defined in Section 30106 of the California Coastal Act, or "new development," pursuant to Section 1.a. of the District's Coastal Development Permit Regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Port Commissioners of the San Diego Unified Port District as follows:

Stay Open, Inc. is selected as the successful proposer of the Request for Proposals (RFP 18-19ME, San Diego Bay Development Opportunity Lower Cost Overnight Accommodations) (RFP) for the development and/or operation of lower cost overnight accommodations of nearly 3 acres on Pacific Highway in the City of San Diego including an existing 10,000 square foot vacant space within the District's Annex Building and parking lot; and the RFP is concluded, provided, however, said selection of Stay Open, Inc. as the successful proposer is conditioned on the District's reservation of all its rights under the RFP and under applicable law.

APPROVED AS TO FORM AND LEGALITY:
GENERAL COUNSEL


By: Assistant/Deputy

2019-061

PASSED AND ADOPTED by the Board of Port Commissioners of the San Diego Unified Port District, this 14th day of May, 2019, by the following vote:

AYES: Bonelli, Castellanos, Malcolm, Merrifield, Moore, Valderrama, and Zucchet

NAYS: None.

EXCUSED: None.

ABSENT: None.

ABSTAIN: None.



Garry J. Bonelli, Chairman
Board of Port Commissioners

ATTEST:



Donna Morales
District Clerk

(Seal)