

What Not to Sign, Part 2

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Last year, we saw, and could analyze the problems with a hotel's initial proposal — in that case the San Antonio in '97 bid proposal. Thanks again to them, we get a chance to see what a hotel does with their second chance. Unfortunately, in this case the answer is, "not nearly enough, but better."

The first problem in last year's contract was that it allowed the hotel to unilaterally change the room block — part of the general tradition of hotel proposals wanting to be able to change things, while we only want things to change based on mutual consent. This was mentioned to them, and they did fix it - but they did it badly. On Page 2, they did put a mutual consent phrase into the room block clause, which is what we need. On the other hand, the next sentence says only that they will contact us first. While the first sentence makes it seem that mutual consent is necessary, the next one appears to confuse the issue, and should be removed. It looks like they did fix things, and it should be relatively simple to get the confusing language removed.

They added new wording extending the rates before and after. Unfortunately, our arrival/departure pattern says that we need a longer time frame than specified in the contract. Also, in general, language should be avoided that talks about days before or after the con, since it introduces ambiguity — does this refer to the start/end days of the block, or the function space, or what? Instead, use phrases like, "... available from Aug xx to Sept yy."

The corkage clause remains unchanged from the last contract. This still needs to be worked on, since it still looks unacceptable.

The room rates are significantly improved from the last contract. The discount went from 25 % to 36%. It's still probably not good enough, but it's getting close. Another 10% or so would be really good, and a few points less would still probably be acceptable as part of a good total package. On the other hand, the suite rates are still not discounted, and this is still a problem — you should be able to get the same discount as on rooms. Also, as we discussed last time, it should be possible to get the cap limited by the lowest of (a) rack rate increase, (b) some fixed number, and (c) inflation (measured by the Consumer Price Index, or Producer Price Index). This contract has the first two, but not the third, which would be nice to have.

The comps are still listed as rooms rather than room nights (or rooms done cumulatively, which is the same thing). It's still unacceptable, and I don't understand why this didn't get fixed — it's one of the standard ones.

They did delete the clause where the con guarantees the no show rooms — another big improvement. On the other hand, they still don't have language making it clear that credit cards are guarantees, not first night deposits.

The problems mentioned last year about changing function space are still there, and still a show stopper. The same is also true for the sliding scale (which still starts too high, since it doesn't give the 20% cushion the text does). Both are unchanged from the last offer, and need to be fixed.

They did add a clause permitting outside AV. It's pretty good, but it might be nice to put in wording explicitly specifying that no surcharges will be applied. It's probably not necessary, since the hotel probably couldn't add them in later with the contract being silent on the issue, but it might be nice, and should be no trouble to get if the hotel wasn't planning on it.

The unacceptable required F&B clauses are still there, and need to be negotiated out. This includes the parts listed in the "Headquarters Agreement" clause on Page 11.

The bid conditionality still isn't there, and the cancellation policy still needs to be fixed. Furthermore, none of the other clauses I mentioned last time from our standard contracts are in — it's still basically their contract with none of our clauses in there.

In summary, this is clearly a better contract proposal than before. Some of the show stoppers are gone, the room rates are better, and the room blocks are firmer. However, there are still a number of bad clauses, including a number of show stoppers, and none of our required clauses have been added. So what we have is a real improvement, but not yet good enough. Clearly, it's worth continuing the negotiations — we're getting closer to a mutually acceptable contract, and it looks like they want our business.