

CONTRACT NEGOTIATIONS 101

KNOW AND
UNDERSTAND
YOUR LIABILITY
BEFORE
YOU SIGN
THE CONTRACT

A close-up photograph of a person's hands holding a black pen, poised to sign a document. The document is a contract, with the word 'CONTRACT' visible at the top left. The background is a blurred office setting with a laptop and other papers.

**Tips & Guidelines for Negotiating
Hotel/Facility Contracts**

Disclaimer:

This document is provided purely as reference. No attempt is being made to give specific legal advice. The reader is advised to consult with a competent legal professional who is familiar with the reader's specific facts and circumstances. This reference is made available simply to provide guidance when negotiating contracts.

CHAPTER CONTRACTS

The following contracts need to be reviewed by APWA Headquarters Staff.

Most contract reviews can be turned around within three (3) days.

- 1) All contracts valued over \$10,000
- 2) If over \$5,000, but less than \$10,000, APWA requests chapters provide a copy
- 3) If less than \$5,000, contracts do not need to be submitted for review unless there are specific insurance requests.

Contracts should be sent to:

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BASIC INFORMATION

Important items to remember when negotiating hotel/facility contracts:

1. Begin by reading every contract twice. Read it for what is there and what needs to be rewritten, changed, or deleted. Read it again for what is not there and needs to be added. The checklist (page 3) provided in this document can assist you with this task.
2. Carefully review your guest room and food and beverage commitments. Does it reflect what you have historically done? What is the current economic situation? Are there other things that can increase or decrease your attendance? In most cases, it is wise to enter contracts conservatively.
3. Manage your risk. Do the math. Calculate the liability of the contract and be sure the chapter can handle the financial responsibility of the contract. Consider securing event cancellation insurance.
4. Make sure you understand every clause in the contract. If you don't, ask for an explanation.
5. Make sure the contract is reciprocal and mutually beneficial and fair.
6. Ask about service charges and additional fees....they aren't always listed in the contract and you'll avoid surprises later.
7. You can negotiate for whatever you can get. It depends on how much leverage (i.e., options to go elsewhere) you have, how badly they need your business, and how likely you are to be a repeat customer.
8. Asking for something before the contract is signed is called "negotiating," asking after the contract is signed is called "begging." This is a great reminder to make sure you get all your wants and needs included up-front.
9. Once you have a signed contract, plug important dates into your Outlook or other calendar as a reminder (cut-off dates, review dates, guarantee dates, etc.).

CONTRACT NEGOTIATIONS 101 — KNOW AND UNDERSTAND YOUR LIABILITY BEFORE YOU SIGN THE CONTRACT

APWA has provided a contract template which should be used as your starting point. If that is not a possibility and you are required to use the hotel or facility's contract this check list will be helpful to you to ensure all the necessary components are included

CONTRACT CHECK LIST

Contracts should include and address:

- ☒ Date Prepared
- ☒ Purpose of Meeting
- ☒ Group – Full Legal Contact Information (Be sure that the official title for the contact person is included.)
- ☒ Hotel/Facility – Full Legal Contact Information – including hotel/facility management company, if applicable.
- ☒ Name of Meeting
- ☒ Event Dates – including year
- ☒ Event Times
- ☒ Guest Room Block and Cut-off Date (List number and type of rooms for each night. Show total room nights)
- ☒ Check-in/Check-out times (Show any restrictions or conditions.)
- ☒ Concessions
- ☒ Reward Programs
- ☒ Meeting Room Names and Event Schedule
- ☒ Method of Reservations
- ☒ Rights of Termination/Force Majeure/Acts of God Clause
- ☒ Indemnification Clause
- ☒ Insurance Clause
- ☒ Attrition Clause
- ☒ Walk Clause/Overbooking (Notice of/walk clause; compensation of denial of room to confirmed guest; include "walks" in room pickup count)
- ☒ Most Favored Rates (No other group can be quoted a lower rate. If that happens, your rate will be reduced to the same.)
- ☒ Construction Clause
- ☒ Rebook and Resell Clauses
- ☒ Credit Arrangements
- ☒ Payment Terms (Is a deposit required?)
- ☒ Voluntary Gratuity vs. Mandatory Service Charges (Voluntary gratuity is exempt from sales tax.)
- ☒ Reports (Pick-up; history to include all attendees regardless of rate and revenue, ancillary revenue; hotel corporation to identify all attendees)
- ☒ Audio-Visual Requirements/Rates (Discount for use of hotel AV; no surcharge for use of outside contractors)
- ☒ Fees (No fees other than those stated in contract or later agreed to; disclose fees such as surcharges, resort fees, etc to attendees at check-in; fees in contract will not be imposed if not imposed on all guests at time of meeting)
- ☒ Policies (No policies other than those stated in contract or later agreed to)
- ☒ Sales Tax Exemption (Specify if organization is exempt from sales tax.)
- ☒ Service, Equipment, Staffing (Requirement for hotel to provide adequate staff/service)
- ☒ Compliance with Laws
- ☒ Cancellation
- ☒ ADA
- ☒ Definition of attendee
- ☒ Other provisions to cover sales, mergers, bankruptcy, construction

!!!TIPS!!!

Complimentary Guest Rooms

Did you know that you can get free guest rooms? If your block contains over 50 cumulative guest room nights, you can likely receive a guest room concession. Industry Standard: 1 complimentary guest room night per 50 guest room nights occupied.

- ✓ Make sure it states in the contract that these will be calculated on a cumulative basis.
- ✓ Some hotels will offer 1 per 40 or 1 per 35 guest room nights for larger guest room blocks.

Depending on the size of your meeting, there may be the opportunity for other concessions. Be sure to ask what the hotel can offer you in the form of concessions. Some suggestions are included in the Chapter Contract Template.

Cut-Off Date

Hotel will usually offer a 30-day cut-off for guest room reservations in the contract. They will almost always agree to a three-week cut-off. If the hotel is hesitant, offer to publish a four-week cut-off but have the actual cut-off be 3 weeks. This secures your block for a longer period of time before guest rooms are released back into inventory and gives attendees more time to book their rooms. Many hotels will include a similar statement to the following:

"Hotel will continue to accept reservations from Group's attendees after the cut-off date at the *prevailing* room rate, subject to availability."

NOTE

Some hotels will agree to the **negotiated rate** so always ask!

Meeting Space

Many hotels will state that they have the right to reassign meeting space. Always insert a statement that they must check with you before doing so. Otherwise, you may show up and be very surprised that your space has changed!

Depending on the size of guest room block and food and beverage dollars spent you can sometimes get the meeting space complimentary — **be sure to ask for this**. If you cannot get the meeting space free of charge initially, ask if they will agree to a scale fee related to your guest room pick up.

NOTE

Specifically name meeting room names in contracts to reduce the chance of last minute relocation.

Food & Beverage

When there is a food and beverage minimum and your event has any in conjunction with (ICW) events, attempt to have the revenue of the ICW events included in the food and beverage minimum.