

CHICAGO O'HARE INTERNATIONAL AIRPORT
REQUEST FOR PROPOSALS TO DEVELOP AND OPERATE
SNACK, POPCORN, AND CANDY/CHOCOLATE CONCESSIONS

MARCH 31, 2006

Issued by:

CITY OF CHICAGO
(The Department of Aviation)

The City of Chicago ("City") Department of Aviation ("Department") invites the submission of proposals by qualified persons and businesses to operate concessions at Chicago O'Hare International Airport ("O'Hare" or "Airport"). This Request for Proposal ("RFP") contains five (5) packages for Snack, Popcorn, and Candy/Chocolate concessions in Terminals 1, 2 and 3 at O'Hare.

The goals of the concession program are to: (1) provide first-class service and a broad variety of quality food and merchandise to travelers and Airport users; (2) provide enhanced quality and value to Airport consumers; (3) provide innovative retail concepts that combine broad customer appeal and are representative of Chicago; (4) increase the friendliness and convenience of O'Hare to passengers and visitors and enhance the image of the City; (5) provide business opportunities for disadvantaged business enterprises; (6) promote store concepts, themes and products identified with Chicago; and (7) optimize concession revenues to the Airport.

To be considered for participation, you must deliver one original and three copies of the proposal and all other information required by the RFP to the address below, in a sealed envelope or package, prior to the time stated below. The outside of the package must clearly indicate the name of the project: "RFP for Snack, Popcorn, and Candy/Chocolate Concession Operators at O'Hare Airport." The name and address of the Respondent must also be clearly printed on the outside of the package.

Mail responses to:		Hand Deliver responses to:
Unison-Maximus Retail Management Chicago O'Hare International Airport Terminal 3, P. O. Box 66142 Chicago, IL 60666 Attn: Sandra Williamson	or	Unison-Maximus Retail Management Chicago O'Hare International Airport Terminal 3, Mezzanine Chicago, IL 60666 Attn: Sandra Williamson

RESPONSES TO THIS RFP WILL BE ACCEPTED UNTIL
5:00 PM CDT, MAY 12, 2006

Late proposals will not be considered for selection and will be returned to Respondent unopened.

A. CONTENTS

Please read the following instructions carefully and check your RFP package to ensure that you have all of the following sections and attachments:

Request for Proposal

- A. Contents
- B. Description of Existing Operations
- C. Submission, Selection and Contracting Procedures
- D. Key Business Terms and General Conditions
- E. Concession Opportunities
- F. Proposal Requirements
- G. Evaluation Criteria
- H. Frequently Asked Questions

Attachments

- A. Historical Enplanements by Concourse (2003-2005)
- B. Airport Tour Sign-up Form
- C. Floor Plans
- D. Historical Sales / Rent Structures for Offered Locations
- E. Lease Outline Drawings for Offered Locations
- F. Experience and Qualifications Statement
- G. Store Concept Development
- H. Compensation to the City
- I. Projected Sales, Net Income and Cash Flow Statement
- J. Capital Investment and Financing Sources Plan
- K. Disadvantaged Business Enterprise Plan
- L. Disadvantaged Business Enterprise Forms
- M. Professional References
- N. Proposal Affidavit Form
- O. Business Information Statement

Should you find a discrepancy in the material contained herein, or should you be in doubt as to its meaning or as to the proposal procedure, please notify the City in writing explaining the issue and/or question and mail or fax it to:

Unison-Maximus Retail Management
Chicago O'Hare International Airport
Terminal 3, Mezzanine
Chicago, IL 60666
Attn: Sandra Williamson
(773) 894-3910 (FAX)

Only written questions will be accepted and must be submitted no later than **April 21, 2006**. Responses will be issued to all RFP recipients.

B. DESCRIPTION OF EXISTING OPERATIONS

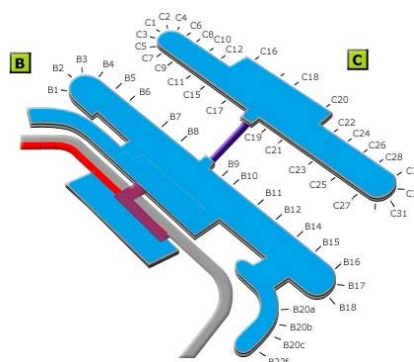
1. Project Background

O'Hare offers more connections to more cities more often than any other airport in the world. Voted the "Best Airport in North America" by readers of *Business Traveler International* for eight consecutive years (1998 – 2005), it's no wonder that nearly 210,000 smart travelers make O'Hare their airport of choice every day.

In 2005, approximately 72 million passengers used O'Hare's Domestic Terminals (Terminals 1, 2 and 3), with an average of 100 aircraft arriving and departing each hour from 162 gates. Departing passengers totaled 35.9 million: 13.3 million in Terminal 1, 6.9 million in Terminal 2, and 15.6 million in Terminal 3. United Airlines/United Express and American/American Eagle comprised 83 percent of enplanement activity in 2005. Both of these carriers use O'Hare as a major connecting hub. International departures from the Domestic Terminals totaled 3.5 million in 2005, which is approximately 10% of total enplanements. Historical enplanement data for 2003, 2004, and 2005 by concourse is provided as Attachment A. The Airport does not have traffic projections for future years. Following is a brief description of each Terminal/Concourse.

TERMINAL 1

Terminal 1 is comprised of two distinct concourses with 49 gates. United Airlines (including its regional affiliates) is the primary carrier in the Terminal and 13.3 million passengers departed from Concourses B and C in 2005: approximately 5.8 million from Concourse B and 7.5 million from Concourse C.



Terminal 1 - Concourse B

Domestic EP (1)	5.8 million
International EP (2)	-
Primary Carrier(s)	United
No. of Gates	22
No. of Food Concessions	17
Food Concession S.F.	12,008
2005 Food Sales	\$34.4 million
No. of Specialty Concessions	9
Specialty Concession S.F.	3,967
2005 Specialty Sales	\$8.2 million
No. of News/Book Concessions	5
News/Book Concession S.F.	2,820
2005 News/Gift Sales	\$8.5 million

Terminal 1 - Concourse C

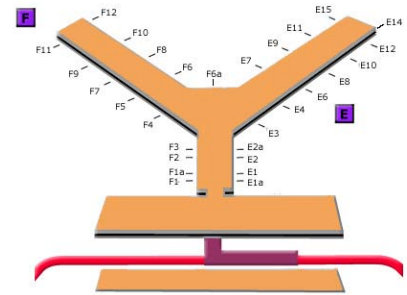
Domestic EP (1)	7.5 million
International EP (2)	2.1 million
Primary Carrier(s)	United
No. of Gates	32
No. of Food Concessions	15
Food Concession S.F.	7,238
2005 Food Sales	\$31.2 million
No. of Specialty Concessions	6
Specialty Concession S.F.	1,234
2005 Specialty Sales	\$4.0 million
No. of News/Book Concessions	5
News/Book Concession S.F.	2,090
2005 News/Gift Sales	\$8.1 million

(1) EP = Enplanements (departing passengers) and is based on 2005 data.

(2) data is only available by terminal, not by concourse, for international enplanements.

TERMINAL 2

Terminal 2 is comprised of two connected concourses with 29 gates. Several non-hub carriers use Terminal 2; however, United and its regional affiliates have the largest share of departures – 26.5% in 2005. Other carriers include Northwest, USAir, Continental, Air Canada, America West and several charter airlines.



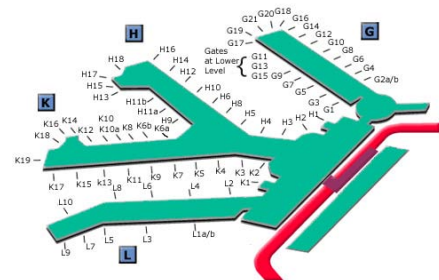
Terminal 2 Statistics

Domestic EP (1)	6.9 million
International EP	204,000
Primary Airline Carrier(s) (2)	UA, NW, US, CO
No. of Gates	29
No. of Concourses	2 (E and F)
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No. of Food Concessions	16
Food Concession S.F.	8,584
2005 Food Sales	\$26.6 million
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No. of Specialty Concessions	5
Specialty Concession S.F.	2,805
2005 Specialty Sales	\$3.4 million
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No. of News/Book Concessions	3
News/Book Concession S.F.	3,381
2005 News/Book Sales	\$6.4 million

(1) EP = Enplanements (departing passengers) and is based on 2005 data.
 (2) UA = United Airlines; NW = Northwest Airlines; US = US Airways; CO = Continental Airlines

TERMINAL 3

Terminal 3 is comprised of four concourses with 59 gates. American Airlines (and its regional affiliates) is the primary carrier in Terminal 3 with a market share of 91% in 2005. Delta (including regional affiliates), Iberia, Spirit and several charter airlines also depart from Terminal 3.



Terminal 3 Statistics

Domestic EP (1)	14.4 million
International EP	1.2 million
Primary Airline Carrier(s) (2)	AA, DL
No. of Gates	59
No. of Concourses	4 (G, H, K, L)
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No. of Food Concessions	47
Food Concession S.F.	36,470
2005 Food Sales	\$78.0 million
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No. of Specialty Concessions	11
Specialty Concession S.F.	3,372
2005 Specialty Sales	\$12.8 million
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No. of News/Book Concessions	17
News/Book Concession S.F.	8,498
2005 News/Gift Sales	\$18.3 million

(1) EP = Enplanements (departing passengers) and is based on 2005 data.

(2) AA = American Airlines; DL = Delta Airlines

1. Facilities must be open 365 days a year with operating hours and staffing levels that support passenger activity at the Airport. Standard operating hours are from 6:00 A.M. to 10:00 P.M. daily. However, some locations may be required to stay open later, at the sole discretion of the City.
2. Flight delays sometimes occur due to weather conditions and similar events. To accommodate passengers, concession operations must be able to quickly extend operating hours (i.e., staying open later, adding additional staff, ensuring sufficient inventory levels) at the request of the City.
4. Delivery and restocking hours may be scheduled by the City so as not to conflict with O'Hare's peak traffic times. Concessionaires must develop logistics programs within the parameters of Airport regulations while maintaining sufficient inventory at stores.
5. All products being delivered to the concourse areas will be inspected and screened at designated locations.
6. All employees must pass a TSA mandated security background check and be properly badged.
7. O'Hare is a non-smoking facility.

C. SUBMISSION, SELECTION AND CONTRACTING PROCEDURES

1. Airport Tours

There will be no pre-proposal meeting. However, the Department will offer airport tours for all interested parties on the following dates and times.

APRIL	
<u>Tour Date</u>	<u>Time</u>
Monday, April 10	12:00 pm – 2:00 pm 3:00 pm – 5:00 pm
Tuesday, April 11	12:00 pm – 2:00 pm 3:00 pm – 5:00 pm
Thursday, April 13	10:00 am – 12:00 pm 2:00 pm – 4:00 pm
Monday, April 17	12:00 pm – 2:00 pm 3:00 pm – 5:00 pm
Tuesday, April 18	12:00 pm – 2:00 pm 3:00 pm – 5:00 pm
Thursday, April 20	10:00 am – 12:00 pm 2:00 pm – 4:00 pm

- Tour attendees must sign up at least **three** business days in advance of a tour date in order to attend.
- For security purposes, tour attendees must bring current picture identification, such as a driver's license or passport to the tour, and submit to security screening.
- Due to limited availability of tours, respondents should limit the number of attendees to **one person**.
- The tour will include all of the locations being offered in this RFP, attendees should be prepared to walk all three domestic terminals. Tour attendees will not be able to leave a tour except at designated locations. If one leaves a tour, he or she will be allowed to rejoin the tour.
- No tours will be offered outside of the dates listed below. Additional tour dates will be scheduled if the Airport deems them necessary.
- Each tour will be limited to **10 people** and will be scheduled on a first-come, first-served basis.

- To sign up for a tour, complete and fax the attached Airport Tour Sign-Up Form (Attachment B) to:

Unison-Maximus Retail Management
(773) 894 – 3900 phone
(773) 894 – 3910 fax

- The Airport will confirm the tour location and date with the attendee after receipt of the Form.

2. Submission of Proposals for Multiple Opportunities:

This RFP contains multiple opportunities for Respondents:

A. Package #1 (Popcorn)	One kiosk in Concourse C and one kiosk Terminal 2.
B. Package #2 (Popcorn/Snack)	One kiosk on Concourse B and one store in Terminal 3.
C. Package #3 (Snack)	One store in Concourses C and one kiosk in Terminal 2.
D. Package #4 (Snack)	One kiosk in Concourse B and one kiosk in Terminal 3.
E. Package #5 (Candy/Chocolate)	One store in Concourse B and one store in Concourse H.

- Respondents may propose on one or more packages under the same cover, however, the City intends to award each package individually.
- Respondents may not propose on a single location within a package. For example, if a Respondent is interested in the Popcorn/Snack Package #2, he or she must submit a proposal for both locations.
- Respondents may propose multiple store concepts within a package, however, store concepts must conform to any merchandise restriction as described in Section E.2. of this RFP.
- The City reserves the right to award multiple packages to a single Respondent and/or offer single locations or alternative locations to a Respondent.

3. Minimum Qualifications

The City expects Respondents to meet certain minimum qualifications, which include currently operating at least one business of the type Respondent is applying for; substantial recent operating experience in that business, such as three out of the last five years; meeting specified threshold sales figures in that business; and being current and not in default under any previous or existing concessions or contracts with any government entity, including cities, states and any of their political subdivisions. If Respondent is a newly formed, limited liability entity, these requirements apply to the constituent owners, members or partners of the entity. If Respondent is proposing to sublease a portion of the space, then the subtenant must also meet the minimum qualifications. The City, in its sole discretion, will determine if a Respondent meets the minimum qualifications and will base its decision on the information included in the proposal as well as its own due diligence. In addition to the above requirements, the following minimum qualifications must be met for the specified packages:

Package 1 (Popcorn):

1. Respondent must currently operate at least one food/beverage outlet.
2. Annual sales for at least one of Respondent's food and beverage outlets must be at least \$150,000 for the last full operating year.

Package 2 (Popcorn/Snack)

1. Respondent must currently operate at least one food/beverage outlet.
2. Annual sales for at least one of Respondent's food/beverage outlets must be at least \$250,000 for the last full operating year.

Packages 3 and 4 (Snack):

1. Respondent must currently operate at least one food/beverage outlet.
2. Annual sales for at least one of Respondent's food/beverage outlets must be at least \$250,000 for the last full operating year.

Packages 5 (Candy/Chocolates):

1. Respondent must currently operate at least one retail or food/beverage outlet.
2. Annual sales for at least one of Respondent's retail or food/beverage outlets must be at least \$250,000 for the last full operating year.

4. Proposal Withdrawal

Proposals may be withdrawn by written request prior to the proposal due date and time stated above. Such withdrawal does not preclude the submission of another proposal. After the due date and time, no Respondent will be permitted to withdraw its proposal and the submission of such will constitute a valid offer subject to acceptance by the City for a period of 150 calendar days following the due date.

5. Execution of Agreement

Within 30 days after the award of a concession, a selected Respondent will fully execute and deliver to the City a Concession Agreement ("Agreement") in a form agreed upon by

the City and the selected Respondent. The Agreement will incorporate provisions of this RFP, the selected Respondent's proposal, and other terms and conditions to be negotiated.

6. Failure to Contract

If a selected Respondent fails to enter into and execute the Agreement within 30 days after the award of Concession, the City reserves the right to cancel the award and reject the proposal and Respondent will have no claim of any kind, including any right of recovery of costs, against the City.

7. City's Right to Cancel, Reject 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:

- a) Waive any informality in any proposal or proposing procedure.
- b) Reject or cancel any or all proposals.
- c) Reject any portion(s) of a proposal.
- d) Reissue the RFP with or without modification.
- e) Specify approximate concession space in the RFP.
- f) Modify the locations and sizes of the offered space.
- g) Select multiple proposals.
- h) Negotiate all proposal elements.

8. Award and Rejection

It is the City's intent to award each of the concessions offered by this RFP to the qualified and responsible Respondent who provides the best overall proposal in the Commissioner's sole opinion. The City is **not** required to select the proposal with the highest proposed Minimum Annual Guaranteed fees or the highest projected compensation to the City.

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 (Section G):

- a) Evidence of collusion among Respondents.
- b) Non-responsibility, as determined by the Commissioner, in his sole judgment, as shown by past work, references or other relevant factors.
- c) Default on any obligation to the City or other government entity including debt contract, as surety or otherwise.
- d) Submission of a proposal that is incomplete, conditional, ambiguous, obscure, or that contains alterations or irregularities of any kind.
- e) Submission of a merchandise concept deemed by the Commissioner, in his sole judgment, to be inconsistent with the goals and objectives of the concessions program, including its merchandising plan.

- f) Evidence of improper lobbying efforts toward members of the City Council, and/or employees of the City.

9. 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, Economic Disclosure Statement and Affidavits (if requested by the City), interviews (if applicable) and other sources deemed to be valid by the City. A concession will not be awarded until all investigations of the Respondent's business experience, financial responsibility and character that the City deems necessary are completed. By submitting its proposal, the Respondent agrees to permit and cooperate with such investigations.

10. Respondent Interview

Respondents may be required to attend one or more interviews with the City to discuss specific issues related to the proposal. The City will determine dates and times of such interviews and Respondents will be given notice of such at the appropriate time.

11. Respondent's Cost of Proposal Preparation

All costs incurred by Respondent in preparation of Respondent's submittal (including costs associated with interviews) will be borne by Respondent. The City is not responsible for any costs associated with this proposal submission.

12. Ownership

All proposals and supplementary material will become the property of the City.

13. Award Subject to Approval

All awards of concessions under this RFP are subject to the approval of the City Council.

14. Representation by Brokers

The City will not be responsible for any fees, expenses or commissions for brokers or their agents. Communications by or between employees of or consultants to the City and any potential or actual Respondent broker or agent are not to be construed as an agreement to pay, nor will the City pay any such fees, expenses or commissions. Respondent must hold the City harmless from any claims, demands, actions or judgments in connection with such broker fees, expenses or commissions.

15. Disclaimer

The information contained in this RFP and attachments hereto is provided to assist prospective respondents in the preparation of a proposal. The City assumes no

responsibility for the use of this information by respondents and does not guarantee the accuracy of the information

D. KEY BUSINESS TERMS AND GENERAL CONDITIONS

1. Term of Concession Agreement

The Agreement will become effective and binding upon written notice by the City to the selected Respondent(s) of the City's acceptance of the Agreement ("Effective Date"). The Term will commence on the Date of Beneficial Occupancy (the date on which the Selected Respondent(s) first begins to operate in any part of the Leased Space) and will expire on the fifth anniversary of the last Date of Beneficial Occupancy (as defined in the Agreement).

At this time, the City anticipates that the locations included in this RFP will open in spring 2007. Space will be available for concessionaire improvements on the Effective Date or on such date as determined by the City.

2. Compensation to the City

In consideration of the rights and privileges to be granted to the Selected Respondent(s) by the City, the Selected Respondent(s) will pay to the City the following fees:

- a. Base Rent, which is an amount equal to \$40 PSF of concession space, to escalate three percent annually. Concession space includes both retail space and storage space, if applicable. The Base Rent is separate from the MAG described below under "Concession Fee" and is NOT included in the annual reconciliation of the Concession Fee.
- b. Concession Fee equal to the greater of (1) the product of Percentage Rate multiplied by Gross Sales and (2) the Minimum Annual Guaranteed Fee ("MAG") for each location. The actual compensation and calculations thereof are based on the selected Respondent's proposal and are subject to negotiation. The Concession Fee shall be deemed Additional Rent for purposes of the Agreement.

For each package included in its proposal, Respondent must propose 1) MAG for the first and second year of the Term and 2) Percentage Rate for the entire Term by location, revenue tier, and/or product category. In subsequent years of the Term, the MAG will equal the greater of a) the MAG for the prior year or b) 85% of the Concession Fee payable for the prior year, but will never be less than the first year MAG.

- c. Marketing Fee equal to one-half of one percent (0.5%) of gross sales for the purpose of advertising, publicity, promotional materials, events, directories, customer service training and other activities appropriate for marketing the concessions program at O'Hare.

- d. In the event that the City establishes a central receiving and distribution facility for concessions at the Airport, the Commissioner may require the Tenant to use such facility for all of Tenant's deliveries to the Airport and to pay a proportionate share of the costs of operating and maintaining such facility and the costs of transporting such deliveries from the facility to one or more designated locations within the Terminals.
- e. Selected Respondent(s) is solely responsible for the timely payment of all appropriate taxes, license and permit fees which may be levied by City, County, State, Federal or other agencies.

3. Capital Investment and Improvements

The Respondent should propose a total capital investment in facilities that will be used to establish a minimum cost of improvements to be specified in the Agreement. The City requires a minimum capital investment of \$200 per square foot of the Concession Space for in-line stores, \$40,000 for kiosks measuring less than 500 square feet, and for kiosks measuring over 500 square feet, the City requires a minimum capital investment of \$100 per square foot. "Improvements" include architectural and engineering fees, leasehold improvements and fixtures, furnishings and equipment.

The City reserves the right to review and approve all improvements and other capital investments. The Agreement will include a provision that the selected Respondent(s) will submit to the City detailed plans of its proposed facilities in accordance with the terms and conditions of the Design and Construction Procedures Manual ("DCPM"), which will be provided to selected Respondent(s). Upon written notice by the City of its approval of the plans, the selected Respondent(s) will coordinate with the City to schedule the construction and installation of its facilities.

The City's Department of Construction and Permits ("DCAP") requires that permit applications be filed by an architect who has successfully completed the DCAP Self-Certification Program. This three-day training program is open to Illinois licensed architects and engineers and classes are conducted periodically throughout the year. More information on this program and a list of architects that have completed the program are available on the City's website (www.cityofchicago.org) or by contacting the DCAP at (312) 744-8670.

4. Expiration of Agreement

The Agreement will include a provision that the selected Respondent(s) will, at its own expense, remove all equipment and other personal property from the Airport at the expiration of the Term, and restore the Concession Space to its original condition, normal wear and tear excepted, subject to coordination with the City during a reasonable period of transition to a successor concessionaire, if any.

5. Disadvantaged Business Enterprise (DBE) Participation

It is the policy of the City that Disadvantaged Business Enterprises (as certified by the City) should have the maximum practical opportunity to participate in the competitive

process of supplying goods and services to the City as owners, managers and operators of concessions. Respondents are encouraged and urged to make every effort to actively seek DBE participation. Respondents must not discriminate on the basis of race, color, national origin, gender, sexual orientation, disability or religion.

A 30 percent DBE participation goal has been established for this RFP.

The Respondent must identify its DBE participant(s) in its proposal, which is discussed in greater detail in Section F. More information on this program, applications and a list of City-certified DBE businesses is available on the City of Chicago web site (www.cityofchicago.org) or by contacting the Department of Procurement Services at (312) 744-4900.

6. Utilities and General Maintenance of Facilities

- a. Utility Connections: The City will provide certain utility connections to the Concession Spaces as specified in the DCPM. Generally, a connection point for all utilities will be located within 75 feet of a Concession Space. The selected Respondent(s) may connect into or extend, at its own cost, such utilities in accordance with the DCPM. All utilities to the Concession Space will be separately metered wherever practical. Charges for those utilities not separately metered will be pro rated and billed to the selected Respondent(s) by the City.

Notwithstanding the above, water/sewer connections will NOT be provided by the City for:

- 1. Package #1 – both “Popcorn” locations**
- 2. Package #3 – the Concourse C “Snack” location**
- 3. Package #4 – both “Snack” locations**
- 4. Package #5 – the Concourse H location**

It will be the sole responsibility and cost of the selected Respondent to bring water and sewer to these locations if required.

- b. Heat, Ventilation and Air Conditioning (HVAC): The City will provide HVAC to the concession spaces in the proper season and during reasonable business hours. However, the City may require the selected Respondent(s) to install separate equipment for HVAC requirements specifically related to the selected Respondent's operations. In such event, selected Respondent(s) will pay for utility usage in the concession spaces for HVAC requirements.
- c. Utilities: Other than HVAC as noted above, the selected Respondent(s) will pay for all utilities without exception necessary in the operation of its business including telephone, electricity, water, sewage, gas and other fuels. All charges including but not limited to deposits, installation costs, connection charges, meter deposits and all service charges for utility services metered directly to the Concession Space or pro

- rated by usage must be paid by the selected Respondent(s), regardless of whether such utility services are furnished by the City or other utility service corporations.
- d. Maintenance: The selected Respondent(s) will, at its own cost, keep the Concession Space and all equipment and other personal property neat and clean and in good order and operating condition. The City reserves the right to require the selected Respondent(s) to use the pest-exterminating contractor engaged by the Airport to implement a comprehensive, ongoing pest control program.
 - e. Janitorial Service: The selected Respondent(s) will provide sufficient janitorial services to ensure that the Concession Space is at all times maintained in a clean, attractive and sanitary manner including but not limited to equipment, utensils, fixtures, grease traps, service counters and display units.
 - f. Waste Disposal: The selected Respondent(s) will collect and dispose of trash, grease and garbage to a location and in a manner designated by the City.

7. Storage and Delivery

At this time, O'Hare does not have a centralized distribution and storage facility in place for the delivery and/or storage of products to a centralized warehouse location. However, at the option of the Commissioner, a centralized delivery and storage facility may be developed and the selected Respondent(s) will be required use the facility. If developed, the selected Respondent(s) must pay to the City or a designated third party the proportional share of the cost for deliveries to or from the distribution and storage facility, as determined by the Commissioner or a designated third party.

On-airport storage is extremely limited. The Department strongly recommends that Respondents include storage in their store/kiosk designs. On-airport storage availability will be discussed with the Selected Respondent(s). If awarded storage, the selected Respondent is responsible for the construction (if applicable) and maintenance of such space. In addition, the selected Respondent will pay to the City, as compensation for the use of the storage space, the Base Rent as described in Section D.2.b of this RFP.

8. Accounting Records and Reports

The selected Respondent(s) must, no later than the 15th day of each month during the Term of the Agreement, provide to the City: 1) a statement of Gross Sales for the preceding month; 2) payment of the Concession Fee and other fees in accordance with the Agreement; 3) a summary report of Gross Sales and number of transactions for each location; and 4) such other reports as may be required by the City in accordance with the Agreement. The selected Respondent(s) must maintain separate and accurate records of Gross Sales and expenses of the concession in a form acceptable to the City.

9. Insurance Requirements

The selected Respondent(s) must maintain throughout the Term of the Agreement insurance coverage for general liability, property damage, workers' compensation, product liability, business automobile liability and such other insurance as may be required by the City in accordance with the Agreement, all in a form satisfactory to the City, as specified in the Agreement. All insurance policies must name the City as an additional insured. The kinds and amounts of insurance required are as follows:

- Workers' Compensation – not less than \$100,000
- Commercial Liability Insurance – not less than \$2,000,000
- Automobile Liability – not less than \$1,000,000
- Property – must maintain all-risk property insurance in the amount of the full replacement costs.
- Liquor Liability (if applicable) – not less than \$1,000,000
- All Risk Blanket Builders Risk – must provide risk insurance to cover materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility.

10. Public Accommodation Laws

The Agreement will include a provision that the selected Respondent(s) must comply fully with applicable laws, regulations and building codes governing non-discrimination in public accommodations and commercial facilities, including without limitation the requirements of the Americans with Disabilities Act of 1990 and all regulations thereunder.

11. Non-Exclusivity

The City will not enter into an exclusive agreement with the selected Respondent(s). There are currently other concessionaires at the Airport selling products similar to those contemplated by this RFP. Further, at any time during the term of the Agreement, the City, at its own discretion, may enter into other agreements for retail concepts similar to those in operation at the Airport including those of the selected Respondent(s). Nothing herein is to be construed to grant or authorize the granting of an exclusive right to a Respondent.

12. Value Pricing

The City has established a value pricing policy for all concessionaires at O'Hare. The policy generally prohibits concessionaires from charging more for a product or service at the Airport than for the same product or service at a similar store in the Chicago Metropolitan Statistical Area (MSA). To monitor the selected Respondent's adherence to this pricing policy, the City reserves the right to conduct price comparison surveys of

various products and services offered by the selected Respondent(s). The items will be compared with similar items in three Benchmark Stores, to be jointly identified by the City and the selected Respondent(s). Benchmark Stores, which should be located in the MSA, will be selected based on stores or restaurants that are comparable with the proposed concept, but exclude stores and restaurants at hotels, other airports, or within enclosed shopping centers if other locations are available. If the selected Respondent(s) currently operates other similar stores or restaurants in the MSA, then these locations will be designated Benchmark Stores and the selected Respondent(s) will be required to charge the same prices at both its Airport and off-Airport locations.

E. CONCESSION OPPORTUNITIES

1. Concession Space

Five concession packages are offered in this RFP, as detailed on the table below. The Floor Plans (Attachment C) show the location and current use (if applicable) of each offered space within a package. Historical sales and the current rental structures are also provided for the offered locations as Attachment D. The Lease Outline Drawings (Attachment E) indicate the dimensions of each location. Please note that Concession Space sizes and locations are estimates and subject to change.

RFP PACKAGES

Terminal/ Concourse	Space	S.F.	Facility Type	Current Tenant	Merchandise Use
Package #1: Popcorn					
T1C	C.30.K	100	kiosk	New space(1)	Popcorn
T2	EF.20.B	100	kiosk	Hixson's Popcorn	Popcorn
Package #2: Popcorn/Snack					
T1B	B.93.B	210	kiosk	The Grove	Popcorn/snack
T3	T3.8G.A	615	in-line	Mrs. Field's Cookies	Popcorn/snack
Package #3: Snack					
T1C	C.24.A	181	in-line	Duty Free (2)	Snack
T2F	EF.19.C	312	kiosk	The Grove	Snack
Package #4: Snack					
T1B	B.71.A	175	kiosk	Laptop Lane	Snack
T3	T3.8EE.J	200	kiosk	New space	Snack
Package #5: Candy/Chocolate					
T1B	B108.C	448	in-line	vacant	Gourmet chocolates and candy
T3H	H.33.B	500	in-line	New space	Gourmet chocolates and candy

(1) Hixson's Popcorn operates a nearby location that will be terminated upon award and construction of the offered Concession Space.

(2) The Grove operates a nearby location that will be terminated upon award and construction of the offered Concession Space.

The City reserves the right, at the Commissioner's discretion, to add additional Concessions Space(s) under any of the Agreements.

2. Merchandise Concepts

To assist Respondents in developing proposals, a brief description of appropriate concepts for each opportunity is provided below. The descriptions are intended to provide examples of the types of merchandise that may be offered by operators. The City is committed to developing an innovative retail program that incorporates the highest level of quality in a unique shopping environment. Specific guidelines and restrictions for each category are included in the descriptions.

Package #1: Popcorn

These two locations are intended for the preparation and sale of popcorn. No other snack or food/beverage concept may be proposed for these locations. The selected Respondent should prepare and serve fresh-popped corn and may prepare and/or offer for sale other flavored popcorns. A limited selection of non-alcoholic beverages may also be offered. No other food concept may be proposed for these locations.

Package #2: Popcorn/Snack

These two locations are intended for the preparation and sales of popcorn, specialty popcorn, and snack foods. The selected Respondent should prepare and serve fresh-popped corn and specialty corn and may prepare and/or offer for sale flavored popcorns and snack foods such as nuts, dried fruit, pretzels, cookies and pastries. A limited selection of non-alcoholic beverages may also be offered. No other food concept may be proposed for these locations.

Package #3 and 4: Snack

These locations are intended for preparation and sale of snack foods, but not popcorn. A limited selection of non-alcoholic beverages may also be offered. Examples of acceptable snack concepts include:

- Nuts
- Dried Fruit
- Pretzels
- Ice Cream/Frozen Yogurt
- Smoothies
- Cookies/Pastries

The following concepts may NOT be proposed for the snack locations: deli, hot dog, salad/sandwiches, hamburger, grilled items, alcoholic beverages, and similar non-snack concepts. Coffee and boxed chocolate concepts are also excluded from these locations. Specialty retail and news/gift concepts will not be considered for these locations.

Package #5: Candy/Chocolate

These two locations are intended for the retail sale of individual and boxed gourmet chocolates, candies and confections. The merchandise mix may include related products, but the majority of the floor space must be dedicated to chocolates, candies and confections. **Alternative food/beverage, newsstand, bookstore, coffee, snack, or souvenir concepts will not be considered by the Department.**

3. Hours of Operation

The Selected Respondent(s) will operate its concession locations seven days a week during such hours as approved by the City. Typically, stores are to be open from 6:00 a.m. to 10:00 p.m., but in some cases, alternate operating hours may be approved by the City due to flight schedules. At the discretion of the City, the selected Respondent(s) will be required to extend its hours of operations at the Concession Space beyond the above requirements in order to accommodate delayed and/or stranded passengers.

F. PROPOSAL REQUIREMENTS

The bound proposal and copies must include all of the following items and documents organized and tabulated in the following order:

- 1) Cover/Transmittal Letter
- 2) Experience and Qualifications Statement
- 3) Store Concept Development
- 4) Design of Facilities
- 5) Minimum Annual Guaranteed Rent and Percentage Rate(s)
- 6) Projected Annual Sales, Net Income and Cash Flows
- 7) Capital Investment and Start-Up Financing Plan
- 8) Disadvantaged Business Enterprise Plan and Executed DBE Forms
- 9) Professional References
- 10) Opinion of Legal Counsel
- 11) Exceptions
- 12) Other Information
- 13) Executed Proposal Affidavit
- 14) Business Information Statement
- 15) Financial Statements

The City has established the following page limits for all proposals submitted in response to this RFP:

- a. The Cover/Transmittal Letter and Experience and Qualifications Statement cannot in total exceed 20 pages.
- b. For each package for which the Respondent submits a proposal, the Store Concept Development and Design of Facilities cannot in total exceed 20 pages. Photographs, drawings, plans and renderings are included in the page count.
- c. Other Information cannot exceed 15 pages.

For purposes of this page limitation, a "page" shall mean a single-sided 8-1/2" by 11" paper with 1" margins on all sides and a standard font of at least 11 point.

1. Cover/Transmittal Letter

Each Respondent must indicate a return mailing address, contact person and telephone, fax, and e-mail numbers as well as any pertinent facts or details of the proposal which the Respondent desires to emphasize. The cover letter must clearly state which package(s) the Respondent is including in its proposal.

2. Experience and Qualifications Statement

Respondent must clearly illustrate how it meets the minimum experience requirements detailed in Section B.3. of this RFP. Respondent should explain in detail the number of years and extent of Respondent's relevant retail experience, with special emphasis upon prior experience with the operation and management of such facilities at airports, major transportation centers, shopping centers or other high-traffic/high-volume environments. Respondent should also provide details on the pertinent experience of persons who will be directly involved in the development and management of this facility. This section of the Proposal should include the following and be presented in the form of Attachment F:

- Names of stores operated by the Respondent in the prior five years
- Description of the merchandise concepts
- Sales volume of existing operations by individual store location
- History of retail experience
- Photographs of the interior and exterior of any existing stores
- Key personnel
- Other information that supports Respondent's retail experience as it pertains to the Proposal

3. Store Concept Development

Respondent should submit the following information in sufficient detail to clearly define the proposed store or location. This information should be presented in the form of Attachment G, and include the following detailed descriptions: a) merchandising concept and theme; b) proposed merchandise categories and the approximate price range for each category; and c) visual presentation. If Respondent is proposing on multiple packages, this information should be provided for each package.

Respondent should also identify three comparable stores within the Chicago MSA for price comparison purposes. Comparable stores should not include hotel news and gift shops, stores at other airports, or stores within enclosed shopping centers if non-mall locations are available. If Respondent operates other similar stores within the Chicago MSA, those store(s) must be included in the comparable store listing.

4. Design of Facilities

Respondent should provide a brief narrative description of the proposed capital improvements to be made to the space and the dominant design theme. It is important to note that the Airport requires each concession design to be recognizably "Chicago" in character.

Respondents should submit photographs of existing stores and/or renderings to illustrate the proposed store design. All materials should be submitted in 8 1/2" x 11" format as part of the bound proposal.

Respondent should identify its architectural design team, specifying prior experience in the design of retail facilities (including resumes and project experience). As discussed in Section C.3. of this RFP, permit applications must be submitted by an architect who has successfully completed the Department of Construction and Permits ("DCAP") Self-Certification Program. The architect does not need to have completed the program by the RFP submittal deadline.

5. Proposed Compensation to the City

Provide the proposed Minimum Annual Guarantee Rent (MAG) that will be paid in equal monthly installments for the first and second year of the Term and the proposed Percentage Rate(s) by product category, revenue tier and/or store location, if applicable. Respondent should use the appropriate form provided in Attachment H. If Respondent is proposing on multiple packages, this information should be provided separately for each package.

6. Projected Sales, Net Income and Cash Flow Statements

Provide a good faith estimate of the expected annual gross sales, cost of goods sold, operating expenses, net income and cash flow to be derived from the proposed operations for the first three years of the Term for each location. Include the effect of proposed compensation to the City on net income and cash flow. Respondent should use the income and cash flow statement format provided on Attachment I. Major assumptions used in developing the sales projections should also be clearly stated.

7. Capital Investment and Financing Sources Plan

Provide a detailed cost estimate for the proposed improvements and other start-up costs for each location. Respondent should specify the source of funds (cash, bank loan, etc.) for the capital improvements and start-up costs. Respondent should use the format provided on Attachment J. The estimate should delineate all improvements; equipment, furnishings and fixtures; architectural design and engineering fees; working capital; initial inventory; improvements completion bond; and other capital investments.

8. Disadvantaged Business Enterprise (DBE) Plan

As appropriate, Respondent must provide the names of its DBE participants, indicate the DBE participant's relationship with the Respondent (joint venture partner, subtenant, etc), and describe the role of the DBE participant in the development, management and operations of the facilities as well as its financial commitment toward the initial capital investment.

The DBE participant does not need to be certified at the time that the proposal is submitted, but must have submitted an application for certification prior to the RFP due

date. Further, the DBE firm must be certified prior to award of the Agreement. Use the format provide on Attachment K.

Respondent must include an executed Affidavit of DBE Goal Implementation Plan (Schedule D in Attachment L) and executed letters of intent from each proposed DBE participant as appropriate (Schedule C in Attachment L).

9. Professional References

Respondent must list three current airport/landlord contacts. These references must be the Respondent's primary contacts for day-to-day issues at the airport, shopping center, etc. The stores operated by the Respondent at these locations must be similar to those being proposed for this offering. Respondent should use the format shown in Attachment N for each reference. If Respondent does not have three current airport/landlord contacts, then financial and/or related business references should be provided, however, one reference must be from a current airport/landlord contact. Use the format provided in Attachment M.

10. Opinion of Legal Counsel

Respondent should obtain an opinion from legal counsel stating whether or not litigation is pending or contemplated that could affect Respondent's ability to undertake its proposal.

11. Other Information

Respondent should provide any other information that it believes would be helpful in evaluating the Respondent's ability to successfully develop and operate the concession.

12. Exceptions

Respondents should include a list of exceptions, if any, to the requirements of this RFP and Attachments. State all such exceptions on a separate page labeled "Exceptions." Identify the requirement, nature of the exception and explanation. If no deviations are identified and Respondent's proposal is accepted, Respondent will conform to all of the requirements specified herein.

13. Executed Proposal Affidavit

Respondent must include an executed Proposal Affidavit in the form of Attachment N to acknowledge that a) the Respondent has received all sections and material comprising this RFP; b) the Proposal is based upon all of the terms and conditions set forth in this RFP; and c) the Respondent specifically agrees to operate the concession in the manner set forth in the Proposal. Alterations, additions and/or modifications to the form of affidavit will not be accepted and may be cause for rejection of the Proposal.

14. Business Information Statement

Respondent must include a separate Business Information Statement for the respondent and all proposed subtenants, and all other entities and individuals as instructed on the form (Attachment O). Statements must be complete and accurate. Information that is incomplete, conditional, ambiguous, obscure, or which contains alterations not called for, or irregularities of any kind, may be cause to deem a proposal non-responsive. By submission of this proposal, the respondent acknowledges and agrees that the City has the right to make any inquiry or investigation that the City deems appropriate to substantiate or supplement information contained in this statement and hereby authorizes the release of any and all information sought in such inquiry or investigation to the City.

15. Financial Statements

Respondent must submit to the City the following financial statements:

- For Respondents organized as a corporation, partnership, LLP, LLC or joint venture, complete financial statements, including a Balance Sheet, Income Statement and Statement of Cash Flows, prepared in accordance with generally accepted accounting principles, for the current fiscal year-to-date, and the most recent three complete fiscal years. Footnote disclosures must accompany the submitted year-to-date financial statements. If available, financial statements audited or certified by an independent certified public accountant should be submitted; otherwise, a notarized statement certifying the accuracy of the financial information and signed by an officer of the proposing entity must accompany the financial information
- If proposing entity is a wholly owned subsidiary of another entity, then the above-referenced financial information of the parent entity must also be submitted.
- If Respondent intends to organize as a partnership, LLP, LLC or joint venture, then the above-referenced financial information of each partner, LLC/LLP member or joint-venturer must be submitted. Individuals required to provide financial information must submit the three most recent personal tax returns and a current statement of net worth.
- If Respondent intends to operate as a sole proprietorship, then the three most recent personal tax returns and a current statement of net worth must be submitted.

The Respondent must submit the above-referenced financial information for proposed subtenants, if any.

The City reserves the right to obtain, at no cost to the Respondent, a Dun and Bradstreet financial report, or other credit report, on Respondent and its partners, affiliates and subtenants, if any, to facilitate its financial evaluation of the Proposal.

G. EVALUATION CRITERIA

All proposals will be reviewed and evaluated by the Department, which will recommend to the City Council one or more Respondents for Award of the subject concessions. In addition to any criteria set forth elsewhere in this RFP, weights have been assigned to each criterion based on a possible 500-point system. All criteria are subjective, except for Fee Proposal, DBE Participation and the pass/fail criteria. Scoring occurs after interviews have been completed.

- Experience and Qualifications 50 points

The purpose of this criterion is to determine the respondent's ability to deliver and operate the proposed concessions based on an assessment of the respondent's retail experience, including experience with the proposed concepts and professional references.

- Concept and Theme Development 175 points

This criterion considers the nature and variety of proposed facilities including merchandising, inclusion of branded products and services, innovation and visual presentation. This criterion includes an evaluation of compliance with the City's pricing policy, the breadth and depth of product offerings and fit with the approved merchandising plan.

- Design and Quality of Improvements 75 points

This criterion considers the physical design of the proposed stores and kiosks including innovation and creativity of concepts.

- DBE Participation 100 points

A respondent either meets or fails to meet the goals of the offered contract and there is no consideration of different participation levels, provided the goal is met. The City's Department of Procurement Services will determine if the goals have been met, or if a respondent has demonstrated good faith efforts sufficient for the granting of a waiver, and score each respondent accordingly: 100 points if it meets the goal; 0 points if not.

- Financial Capability of Respondent Pass/Fail

This criterion represents an assessment of the respondent's ability to fund the proposed improvements. If a respondent has adequate capitalization to fund the improvements, then it is deemed to meet the criterion.

- Fee Proposal 100 points

Financial projections and fee proposals are evaluated based on the overall compensation to the City assuming a standardized sales forecast. The respondent(s) with the highest

compensation to the City will receive 100 points. All other respondents will receive a percentage of points based on the variance of the compensation from the highest proposal. For example, if a respondent proposes a compensation that equals 75% of the highest proposed fee, that respondent will receive 75% of the total possible points, or 75 points.

▪ Completeness and Comprehensiveness of the Proposal Pass/Fail

This criterion indicates whether the respondent provided adequate information for the City to evaluate the proposal.

The City will also consider the past performance of the Respondent, and its constituent individuals or entities as applicable, on other leases or contracts with the City or other entities in terms of quality of concession or business operation and reputation as a good tenant. The Department may solicit from other departments of the City, other government agencies or any other available sources, relevant information concerning the Respondent's record of past performance.

Responses also will be evaluated to ensure compliance with all applicable local, city, state and federal laws, ordinances and statutes. Compliance with the City of Chicago and Federal Aviation Administration regulations and requirements including Disclosure of Ownership Interests Ordinance (Chapter 2-154 of the Municipal Code of Chicago); the State of Illinois - Certification Affidavit Statute (Illinois Criminal Code); State Tax Delinquencies (65 ILCS 5/11-42.1-1); Governmental Ethics Ordinance (Chapter 2-56 of the Municipal Code of Chicago); Anti-Scofflaw Ordinance (Section 2-92-380 of the Municipal Code of Chicago); Child Support Arrearage Ordinance (Section 2-92-415 of the Municipal Code of Chicago); the MacBride Ordinance (Section 2-92-580 of the Municipal Code of Chicago); the Anti-Bribery Ordinance (Section 2-92-320 of the Municipal Code of Chicago); and Americans with Disabilities Act (P.L. 101-336 (1990)).

H. FREQUENTLY ASKED QUESTIONS

The City will not be conducting a pre-proposal meeting in conjunction with this RFP; therefore, following are some frequently asked questions that may be helpful to Respondents in completing their proposals. Respondents are encouraged to submit additional questions in writing, which will be accepted until **April 21, 2006**. Only written questions will be accepted. The Department will issue written responses to all RFP recipients. Mail or fax questions to:

Unison-Maximus Retail Management
Chicago O'Hare International Airport
Terminal 3, Mezzanine
Chicago, IL 60666
Attn: Sandra Williamson
(773) 894-3910 (fax)

1. May I propose on more than one of the packages, even though I have only one store concept?

The City encourages Respondents with a single merchandise concept to propose on like packages in order to increase a Respondent's likelihood of award. Respondents may submit multiple proposals under the same cover to avoid duplicating information. However, Respondents must submit separate Rent Proposals (Attachment I), Net Cash Flow (Attachment J) and Capital Investment (Attachment K) for each proposed package.

For example, if you are proposing a snack concept and are interested in either packages 2, 3, or 4, you can indicate that in the cover letter of your proposal. As long as the store concept, store design, DBE plan, references, experience and ownership do not change depending on the package, the proposal for multiple packages may be submitted under the same cover. However, the Respondent must include the Rent Proposal, Capital Investment and Net Cash Flow forms for each package separately. A Respondent may propose different rents for different packages.

Respondents may also propose multiple store concepts within a single package and/or multiple store concepts for multiple packages. This may be done under the same cover as long as the cover letter clearly indicates the packages being proposed on and all of the required information for each package is included in the proposal.

2. Must the DBE firm be certified by the proposal due date?

No, a DBE entity does not have to be certified by the proposal due date. However, an application must be submitted to the City prior to the proposal due date and the DBE entity must be certified prior to award of Agreement.

3. I've never operated a retail business before, can I propose under this RFP?

The City has specified minimum qualifications for Respondents in Section C.3. of this RFP, which include a requirement that a Respondent currently operates a comparable retail business. If you do not meet this requirement or the other minimum qualifications, you may partner with a firm that meets all of the minimum requirements and submit a proposal.

4. May I propose a store concept that is not listed in the merchandise concept descriptions of the RFP?

The packages in this proposal are specific as to what concepts are acceptable and each package lists specific merchandise concepts that are not permitted. Refer to Section E.2. for specific merchandise restrictions.

In addition, Respondents should carefully review merchandise adjacencies to avoid duplicating concepts. One of the City's goals is to broaden the variety and quality of offerings at the Airport.

5. Do I need to submit full drawings and material boards as part of the "store design" component of the RFP proposal?

No, however, Respondents should submit sufficient information as to give the Department a clear understanding of the design intent. This may be done through photographs, renderings and similar items. If the proposed package has both kiosks and in-line stores, the Respondent should show the design intent for both of these types of facilities. Further, as noted in the RFP, the Department requires that all designs include a "Chicago" element to create a distinctive storefront design. All renderings and photographs should be 8-1/2" x 11" and bound as part of the Proposal.

6. Are sales statistics available for all of the concession locations?

Section B.1. of the RFP includes 2005 sales by concession category. Further, historical sales for the offered locations are provided as Attachment F. Additional sales information will not be made available.

7. Are enplanement projections available?

Historical enplanement data is included in this RFP as Attachment A. No additional enplanement information, including projections, is available.