

**Chicago O'Hare International Airport
Request for Proposals to Develop and Operate
Snack, Popcorn, and Candy/Chocolate Concessions**

**Addendum #1
May 5, 2006**

This Addendum is intended to modify the Request for Proposals to Develop and Operate Snack, Popcorn, and Candy/Chocolate Concessions at Chicago O'Hare International Airport ("RFP") dated March 31, 2006, and answers questions submitted by recipients of the RFP. Unless otherwise defined herein, capitalized terms have the same meaning as in the RFP. In the event of a conflict between the RFP and the Addendum, the Addendum controls.

A. Extension of Due Date and Time

The City hereby extends the due date and time for proposals submitted in response to this RFP to 5:00 p.m. CDT, June 16, 2006. This extension is a result of possible changes to the terms and conditions of the RFP due to 49CFR23 and the City's ACDBE participation plan. The City expects to issue one or more further addenda to advise potential respondents of changes to the RFP.

B. Questions Submitted by Prospective Respondents

1. How do I get the attachments to the RFP?

The attachments are in a separate document titled **Required Attachments** on the Department's web site www.flychicago.com, under the links "Doing Business" and "Concession Opportunities", immediately below the document titled **2006 Request for Proposal (RFP) to Develop and Operate Snack, Popcorn and Candy/Chocolate Concessions**.

2. Is there any preference on how the proposals are bound? (3 ring binders, coil/comb, etc)

There is no preference; however it is in your best interest to bind the proposal in a manner that will insure that all pages remain together and in order.

3. Are there any bond requirements? (Proposal bond, Performance bond, or Construction bond)

No. However, for the Selected Respondent(s), there will be a security deposit required as part of the lease agreement (the amount will be determined based on the MAG negotiated).

4. Has an approximate date been decided upon in which the space will be turned over to the concessionaire to begin construction?

Turnover date will be determined by several factors including concessionaire selection and due diligence, City Council approval, lease negotiations, and design and construction approval and review. Tentatively, turnover dates are anticipated in early 2007.

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5. *Do we need to provide proof of insurance with the proposal?*

No. Proof of insurance will be required during the lease negotiations.

6. *It states that water/sewer connections will not be provided and will be the concessionaire's cost to do so. Approx how far are the current water/sewer connections from the concession spaces?*

Section D.6(a) of the RFP (p. 13) states that "generally a connection point for all utilities will be located within 75 feet of a concession space."

7. *With the newly created space in space H.33.B, is there a construction allowance for permanent improvements to the space (i.e. water/sewer)?*

The City does not intend to provide a construction allowance for space H.33.B because there is a water and sewer connection point near the space.

8. *As part of the Popcorn/Snack Package #2, can nachos, ice cream, Italian ice and smoothies be proposed?*

Yes. Most of these items are listed in the RFP as acceptable snack offerings and may certainly be proposed in your response.

9. *As part of Package #2, is the soffit in front of the T-3 location part of the HVAC system or can it be removed to raise the ceiling?*

The soffit in front of the T-3 location contains HVAC and possibly other utilities and cannot be removed.

10. *As part of Package #1 – both Concourse C and Terminal 2 locations, can hot pretzels be proposed for these locations?*

No. As stated in Section E.2 of the RFP (p. 18), this package is for the preparation and sale of popcorn only, with a limited selection of non-alcoholic beverages.

11. *Is the length of term a negotiable condition of the contract?*

The Department of Aviation has designated a five-year term for the offered concessions. This is not a negotiable term.

12. *Are there exclusions as to what can be sold in a particular package?*

The general exclusions for each package are listed in Section E.2 of the RFP. The Selection Committee will further evaluate each response as to final concepts and product offerings.

13. *Are there currently any candy concepts where respondents could get 2005 sales information? What were Fannie May's revenues for the last three years that they occupied space B.108.C?*

No, there are no other candy concepts at this time. In 2003, sales for Fannie May Candies in space B.108.C were \$465,000; 2002, \$470,000; and 2001, \$436,235.

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14. *Is there a required minimum amount for the Percentage Rent and Minimum Annual Guarantee Rent (MAG)?*

No. The City has not established minimum acceptable amounts for Percentage Rent rates or the MAG.

15. *Is the MAG number in Attachment D an aggregate for all stores in the package?*

Yes. The MAG is a total amount for each lease agreement as are the percentage fee rates. The calculation is based on annual sales for all locations and reported monthly.

16. *Is offsite storage an option, and if so, what are the fees associated with it?*

There are a number of off-airport facilities in the area, which would have to be contacted directly for availability and costs. Any agreement to use off-airport storage is a separate agreement between the concessionaire and the owner of the storage facility. There may be a limited amount of storage space available at the Airport; if made available to a Selected Respondent, its rental rate would be equal to the Base Rent (\$40 per sq. ft. per year, increasing 3% per year). However, the City recommends that storage be incorporated into the design of the concessions units.

17. *How probable is the development of the "Central Delivery and Storage Facility" during the lease term? Approximately what would be the concessionaire's share of the cost?*

The Department is currently reviewing several alternatives for a centralized receiving, distribution and storage facility to enhance safety and security at the Airport. At this time, the City cannot state whether a Central Delivery and Storage Facility will be developed during the next five year nor, if adopted, how such a facility's costs would be allocated among concessionaires and other users. The proposal requirements ask a Respondent to provide a good faith estimate of cash flows on Attachment I, as well as a statement of the Respondent's major assumptions. Respondents are asked to list their assumption regarding the Central Delivery and Storage Facility as part of their statement of major assumptions.

18. *Regarding the statistics, how many specialty concessionaires are there other than Starbucks in Terminal 3 and what are their revenues? Other than Starbucks, how many specialty concessionaires are there in Terminal 1 and what are their aggregated revenues?*

Section B of the RFP includes total sales and the total number of locations in each terminal for each of the major merchandise categories. Please note that Starbucks sales are included in the aggregated food & beverage concession sales.

19. *Regarding employees, what are parking, badging, and any other fees associated with employment both from the employer and employee standpoint?*

At this time, there are no fees for first time badging of individuals. Limited parking is available in Lot C (on-Airport) and Lot E (remote) at costs of \$250/ month for Lot C and \$100/month in Lot E. Lot E is accessible by the Automated Transit System. The City highly recommends the use of

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public transportation to reach the Airport, including the CTA Blue line, which comes directly into the Airport terminal.

20. *Do you have any data on average wages paid to employees?*

This information is not available.

21. *What is the MSA boundary for pricing?*

For purposes of value pricing comparisons only, the Lease defines the "Metropolitan Statistical Area" (MSA) as "the area bounded by Congress Expressway on the South, North Avenue on the North, Lake Michigan on the East, and Franklin Street on the West".

22. *There is no mention of union participation by the respondent or of a living wage ordinance. Can you clarify union participation and if there is a living wage ordinance?*

The City of Chicago supports the use of union labor for the construction and buildout of the units. There is no requirement to use union labor in the day-to-day operation of your business.

The City has adopted a Living Wage Ordinance for certain categories of workers. You may review Section 2-92-610 of the Municipal Code of Chicago at www.cityofchicago.org to learn more about these requirements.