



County of Sacramento

April 27, 2018

Posted on SMF Website and Sent Via E-Mail

To: Prospective Proposers

From: Alyson Murphy
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Sacramento County Department of Airports

**Subject: Addendum #1 – Retail, Kiosk and Specialty Coffee Concession Agreement
Request For Proposals - Sacramento International Airport**

Addendum #1 to the Retail, Kiosk and Specialty Coffee Concession Agreement Request for Proposal (RFP) at Sacramento International Airport includes questions asked in the mandatory pre-proposal meeting and received by email before the April 20, 2018 deadline.

A request for a copy of the Paradies-Lagardere current agreement with the County and any amendments to that agreement was received by the County.

The requested documents are provided and attached to this Addendum #1 as Attachment A.

The following questions were asked at the Mandatory Pre-Proposal Meeting and the answers are provided below:

1. What is the current ACDBE requirement of retail concessionaires?

Answer: The Airport is currently preparing our Airport Concessions Disadvantaged Business Enterprise (ACDBE) three-year goal. The 2017 ACDBE goal was five percent (5%) of gross sales. The Airport has not assigned an ACDBE requirement to each concession agreement but encourages ACDBE participation in all proposals. ACDBE participation is reported to the FAA annually.

2. The Evaluation of Proposals listed on page 32 of the RFP identifies up to 20 points will be based on Financial evaluation criteria. What financial factors will be considered and how will points be determined? Will the proposals be ranked under this criteria?

Answer: The Financial evaluation of proposals includes the following:

- Perceived reasonableness of the Proposer's Pro-Forma Operating Statement
- Underlying assumptions supporting the Proposer's sales forecasts
- Assessment of the Proposer's ability to sustain its projected sales
- The financing plan and source(s) of funding
- Perceived ability of the Proposer to financially undertake the terms and conditions of the Agreement throughout the entire Term
- Projected revenues to be paid to the County.

The evaluation panel will review the above-mentioned factors in their scoring. The panel will not be given direction on point allocation to each of the listed criteria other than to consider all factors when assigning points and to not only consider the revenues to be paid to the County. Multiple proposers could receive the maximum 20 points, proposals will be evaluated independently and points will not be awarded by a rank.

3. Explain how rent is calculated in Year One (1) with no Minimum Annual Guarantee (MAG).

Answer: Proposers shall submit their Year One (1) proposed Percentage Rent for each concept on Attachment C, *Percentage Rent*. Rent due will be the approved Percentage Rent of Gross Sales, as defined on page 3 of the Concession Agreement, Attachment A, and any rent due for support space, \$39.20 per square foot per year.

4. Will multiple concepts be allowed in one space?

Answer: The County will consider all concept proposals that combine a unified theme or different brands and themes. We will rely on the proposers to clearly demonstrate in the proposal how their proposal is the best option for the County.

5. What retail locations are not included in the RFP opportunity?

Answer: In Terminal A, the Erwin Pearl, InMotion, Vino Volo and Taylor's Market locations are not included in this RFP and will remain in operation during the term of the agreements awarded under this RFP. In Concourse B, the InMotion and Visions of Eden locations are not included in this RFP. The use of these two spaces is expected to be changed from retail to a common use lounge. The Erwin pearl kiosk and Vino Volo are not included in this RFP and will remain in operation during the term of the agreements awarded under this RFP.

6. Are the Kiosk locations one package?

Answer: All Kiosk locations are individual packages. Proposers may submit proposals for one location or up to all six.

7. Can you provide the utility drawings for the kiosk locations?

Answer: A copy of the electricity and plumbing drawings have been posted on the Airport's website.

8. Can you provide the sales for SacBee Eco Grounds location on the first floor of Terminal B?

Answer: The monthly sales data for all retail locations are provided as Attachment G of the RFP.

9. Has the Airport completed a study on the traffic on the third floor of Terminal B as it relates to the proposed kiosk locations?

Answer: The County or Department has not conducted a study. The Department has proposed kiosk locations based on perceived need of concession opportunities.

10. Due to the complexities of the concession agreement and the delay of the design handbook release, would Sacramento County Airport System consider extending the submission deadline to July 9th to allow for more thorough responses to be created?

Answer: No. The deadline for submitting proposals will not be extended.

11. Are the current leaseholder Associates part of a union and if so, which one?

Answer: Paradies and Pacific Gateway Concession employees are members of the union, Unite Here.

12. How are deliveries to the concessions, particularly post-security, handled?

Answer:

Terminal A Airside Deliveries

Procedure Summary

- Operating hours are 0700 to 1200 – Monday-Friday.
- Truck arrives at the Gate.
- Driver calls Terminal A concessionaire, then waits for concessionaire to arrive at Gate.
- Concessionaire greets delivery vendor, checks manifest and escorts to airside delivery dock. Concessionaire stays with vendor until delivery is complete, then escorts delivery vehicle back to Gate.

Terminal B Landside Deliveries

Procedure Summary

- Operating hours are 24/7. Access to loading dock area is controlled and managed by Concessionaire.
- Truck arrives at Lindbergh designated staging area for Landside Terminal.
- Driver calls concessionaire on phone located in the staging area.
- Concessionaire responds to loading dock area. If dock is available, Concessionaire contacts delivery vendor via the phone located in the loading dock office and advises driver when it is clear to pull into the docks (If dock is not available, delivery vendor must wait until dock is clear).
- Concessionaire meets delivery vendor at the dock and receives the product at the Landside loading dock.

Terminal B Airside Deliveries

Procedure Summary

- Operating hours are 24/7, subject to available parking at loading dock
- Truck arrives at Gate staging area.
- Driver calls Concessionaire, then waits until Concessionaire arrives.
- Concessionaire responds to Gate, greets driver and verifies manifest then provides escort to the airside dock. Concessionaire stays with vendor until delivery is complete, then escorts delivery vehicle back to Gate.

13. Do you have pre-security storage or support spaces available for all retail tenants? If so, is there a limit to the amount of support space offered?

Answer: Storage and support space is available pre and post security in Terminal B and post security in Terminal A. There is no limitation on support space other than facility availability limitations. The Department has never received a support space request that could not be accommodated.

14. How does the Airport measure the sales and service benefits and improvements related to the Merchant Association Program (MAP) fee?

Answer: The Merchant Association Program (MAP) is a part of the overall marketing program for the Airport that highlights the concession offerings. The MAP fee is used for dedicated concession advertising and promotion expenses through various media outlets that are challenging to quantify in sales data. The Department relies on our advertising partners and customers for feedback to measure the success of the program.

15. Is it possible to adjust the MAG enplanement drop relative to each terminal as opposed to the entire airport?

Answer: The Department is willing to adjust Section 2.10 of the Concession Agreement (Attachment A) as follows:

Section 2.10 Passenger Traffic Adjustment

Concessionaire understands that during the Term of this Agreement, no assurance as to the level of passenger traffic can be guaranteed. In the event certain levels of passenger traffic do not occur during the Term, an adjustment in rent will be granted. Therefore, if total enplanements at Airport are below four million (4,000,000) in the first Agreement Year of the Term, then the MAG applicable for that year shall be reduced by the same percentage drop in enplaned passengers below four million (4,000,000).

In subsequent Agreement Years, County may proportionately reduce the prorated monthly MAG payment provided for in Article 2 hereof if the number of total enplaned passengers **in Terminal X** during any three (3) consecutive calendar months, is less than eighty percent (80%) of the number of such total enplaning passengers in each of the same three (3) consecutive calendar months of the preceding year.

Such proportionate reduction shall be determined by multiplying the prorated monthly MAG payment for each qualifying month by the applicable percentage reduction in enplaned passengers for such month. Such proportionate reduction of the monthly MAG payment shall be discontinued when the enplaned passengers for a calendar month equal or exceed eighty percent (80%) of the enplaned passengers in the same calendar month of the preceding year. Furthermore, in the event of such decreased passenger level occurrence, Concessionaire and County will work in good faith to modify the required hours of operations to more closely align with the passenger activity.

16. What are the current hours of operation in Terminals A & B?

Answer:

Airport's hours of operation:

The public areas of Terminal A and Terminal B are open 24 hours a day. The concourses close 30 minutes after the last flight has landed. Although this changes depending on flight schedules, it is currently between midnight and 1 a.m.

TSA checkpoint's hours of operation:

The TSA security checkpoints open at 4 a.m. daily and close at 12:30 a.m., depending on flight schedules.

17. Do you have enplanement projections? If so, we would appreciate if those were shared with us to help create our best proforma and/or rent estimates.

Answer: The Department is using the enplanement projections for 2019 to 2023 listed in the table below. It is important to remember that these are just estimates and is for informational purposes only. The County is not responsible for any inaccuracies or interpretations of the statistical information provided during the RFP process. The County makes no representations as to the number of future enplanements.

	2019	2020	2021	2022	2023
Total Enplaned Passengers	6,362,880	6,521,952	6,685,001	6,852,126	7,023,429
Annual Growth	12.91%	2.50%	2.50%	2.50%	2.50%

18. The RFP indicates that the spaces will be delivered simultaneous. In the event the spaces are delivered in phases or if the airport requests a phased construction approach, we request that the airport consider that the term commencements from the Date of Beneficial Occupancy (DBO) of last store to open.

Answer: The turnover date for all spaces is anticipated to be January 15, 2019. We expect construction of all spaces to be simultaneous with all stores opening at or near the same time. In the event a space is not released to the Concessionaire on January 15, 2019, the County will consider requests to modify the DBO to the last open date, provided the Concessionaire has submitted all documents and performed construction in accordance with the agreement. Concessionaires have seven months from the turnover date to complete construction, which is expected to be sufficient time.

19. When will the Tenant Design Handbook be released?

Answer: The Tenant Design Manual (TDM) has been uploaded to the website. The TDM should be used for preparing proposals for all packages in both terminals.

20. Is a separate proposal response required for each package or can multiple packages be included in each proposal submission with the appropriate subtabs to provide clarity?

Answer: Multiple packages can be included in one proposal with tabs identifying each package.

21. If separate packages are required, is it allowable to submit all kiosk responses in a single book?

Answer: All kiosk responses can be combined into one proposal.

22. If multiple concepts are submitted can the required material board be submitted for all packages or are multiple material boards required for the same concept?

Answer: One material board is required per concept.

23. Should the Percentage Rent Proposal Attachment C be included in Tab 10 with the Proforma?

Answer: Attachment C, Percentage Rent, should be included in Tab 10, Pro-forma Operating Statement(s) as a supporting assumption. A revised Attachment J, Proposal Checklist, is attached.

24. For Attachments B & I, are we to provide for each location as well as in total for packages with multiple locations?

Answer: Attachment B, Facility Build-Out Investment Proposal Form, and Attachment I, Project Cost Analysis Form, should be submitted for each location and Package of Space proposed.

25. On Attachment J-Proposal Checklist- Attachment C (Percentage Rent) is not listed – is it permissible to edit the proposal checklist and add this attachment?

Answer: A revised Attachment J, Proposal Checklist, is attached.

26. On Attachment J -Proposal Checklist- Attachment H (Pro Forma) is listed as Attachment J - is it permissible to edit the proposal checklist and add this attachment?

Answer: A revised Attachment J, Proposal Checklist, is attached.

27. On Attachment J-Proposal Checklist- Attachment I (Project Cost Analysis Form) is listed as Attachment K - is it permissible to edit the proposal checklist and add this attachment?

Answer: A revised Attachment J, Proposal Checklist, is attached.

28. Please confirm that traveler convenience items and other snacks are included in what is commonly known as “Food to Go.” For example, sandwiches, salads, fruit and parfaits.

Answer: Convenience concepts may include “Food to Go” offerings such as pre-packaged sandwiches, salads, fruit and parfaits. Traveler convenience items refers to neck pillows, blankets, headphones, sundries, souvenirs/gifts, snacks, candy, bottled beverages and other related items.

29. For specialty retail, please confirm that different branded stores can be combined into a single, larger store. For example, B20 & B21 becomes 1113/SF, Tumi/Gucci.

Answer: The County will consider all proposals that combine different brands and themes.

30. Can alternate brand concepts be offered for a given specialty space; for example, B20 branded jewelry X or branded jewelry Y, airport’s choice?

Answer: The County will accept proposals that offer alternative brands for a specialty retail space.

31. Can a proposer submit a Proposal for Package 2 that is contingent upon winning one of or both Packages 1 & 3?

Answer: Due to the size of space available in Package 1 and Package 3, Proposals for Package 1 and/or 3 may not be contingent upon an award of any other Package of Space. Otherwise, Proposals may be submitted that are contingent upon award of another identified Package of Space. Package 2 may be contingent upon the award of Package 1 or Package 3, not both.

32. Would the County consider revising language to state that a mid-term refurbishment investment of up to \$50/PSF for in-line concession locations is required based on prior consultation and approval of scope of work by the County? This way, high quality store finishes designed to exceed beyond three (3) years are not replaced just to reach a \$50/PSF mandate.

Answer: The mid-term refurbishment investment will remain at Fifty Dollars (\$50.00) per square foot for in-line concession locations. The Airport Director has the authority to evaluate and adjust this requirement, as stated on page 36 of the RFP. Therefore the following language is incorporated in Section 3.29 of the Agreement:

Concessionaire shall make, at its own expense, mid-term refurbishment of the Leased Premises consisting of a minimum investment of \$50.00 per square foot per concession location. This is a commitment to reinvest in the facilities and replace worn and damaged finishes. The refurbishment minimum is not for ordinary or deferred maintenance, which is an ongoing requirement, but is a commitment to renew and replace worn surfaces such that it would constitute additional capital investment. The refurbishment requirement, which is an obligation to be satisfied during the fourth Agreement Year, is subject to prior consultation and approval by the County. The Director has the authority to evaluate and adjust this requirement upon written request.

33. Are there any possessory taxes imposed on SMF at this point or not. Or if there has been any recent discussion around imposing possessory tax on any of the tenants?

Answer: Yes, the County currently imposes possessory interest taxes on tenants. For more information, please contact the Sacramento County Assessor’s Office at (916) 875-0730.

34. Given the location (Landside) of Space B-43 (Package of Space 4) and the anticipated capital investment, would the County consider a 10-year term for this space?

Answer: The County is willing to consider a ten (10) year lease term for Package 4, Landside Space B-43. Please include the lease term request in your proposal.

35. Regarding Package of Space 4, would the Airport consider allowing a tenant to build out less than the entire space?

Answer: The County is willing to consider a proposal to build out less than the entire space for Package 4, Landside Space B-43. Please include the square footage request in your proposal.

ATTACHMENT J

Proposal Checklist

Proposers to indicate Tab No. or other location in Proposal	Reference to RFP	Proposal Forms	Airport Checklist (Airport use only)
	Section 6.B.1	<ul style="list-style-type: none"> Cover Letter 	
	Section 6.B.2.	<ul style="list-style-type: none"> Executive Summary 	
	Section 6.B.3.	<ul style="list-style-type: none"> Executed Addenda Acknowledgement Form (Attachment D) 	
	Section 6.B.4.	<ul style="list-style-type: none"> Executed Letter to the Board of Supervisors (Attachment E) 	
	Section 6.B.5.	<ul style="list-style-type: none"> Description of Proposer's experience, including references 	
	Section 6.B.6.	<ul style="list-style-type: none"> Brand(s) and Concept(s) Plan 	
	Section 6.B.7.a.	<ul style="list-style-type: none"> Preliminary architectural rendering of each concession location 	
	Section 6.B.7.b.	<ul style="list-style-type: none"> Layout/space plan for each concession location 	
	Section 6.B.7.c.	<ul style="list-style-type: none"> Materials Board for each concept/location 	
	Section 6.B.7.d.	<ul style="list-style-type: none"> Projected timeline 	
	Section 6.B.8.a	<ul style="list-style-type: none"> Proposed staffing 	
	Section 6.B.8.b.	<ul style="list-style-type: none"> Labor and Training Practices Information 	
	Section 6.B.8.c.	<ul style="list-style-type: none"> Maintenance Plan 	
	Section 6.B.8.d.	<ul style="list-style-type: none"> Operating Plan 	
	Section 6.B.8.e.	<ul style="list-style-type: none"> Customer Service Plan 	
	Section 6.B.8.f.	<ul style="list-style-type: none"> Pricing Plan 	
	Section 6.B.9.	<ul style="list-style-type: none"> Facility Build-Out Investment Proposal Form (Attachment B) 	
	Section 6.B.10.	<ul style="list-style-type: none"> Pro-forma Operating Statement(s) (Attachment H) with supporting assumptions 	
		<ul style="list-style-type: none"> Percentage Rent (Attachment C) 	
	Section 6.B.11.	<ul style="list-style-type: none"> Project Cost Analysis Form (Attachment I) 	
	Section 6.B.12.a.	<ul style="list-style-type: none"> Balance sheet and Income Statements 	
	Section 6.B.12.b.	<ul style="list-style-type: none"> Description of ownership of Proposer 	
	Section 6.B.12.c.	<ul style="list-style-type: none"> If closely held corporation, personal financial statement of owner 	
	Section 6.B.12.d.	<ul style="list-style-type: none"> Business and financial references 	
	Section 6.B.13.	<ul style="list-style-type: none"> Proposal Deposit 	