



August 21, 2014

SUBJECT: Letter of Clarification No. 1

REFERENCE: Request for Proposal (RFP) Solicitation NO. H08-IR3-2015-005
Retail Concessions for George Bush Intercontinental Airport Package 3

TO: All Prospective Respondents

This Letter of Clarification is issued to (I) provide responses to questions received thus far, (II) replace pages in the solicitation document, and (III) add an attachment to the solicitation document as noted:

I. To provide responses to the following questions:

1. **Question:** On attachment C-1 International enplanements by Terminal, the enplanements for June 14 Terminal D of 1,105,274. Seem very high based upon historical enplanements. Is this number correct?

Response:

See attached revised Page 46, Attachment C-1, International Enplanements by Terminal.

2. **Question:** Duty Free Operations Commencement Date: Please specify when the duty free spaces will be handed over for development and when operations in newly developed stores are expected to commence.

Response:

HAS intends to turn over the duty free spaces within 90 days of the new duty free concession agreement being approved by City Council which is anticipated to be in January 2015.

3. **Question:** Terminal D – DF store closure: What date do you expect the duty free stores in Terminal D to close given that you are expecting the foreign carriers to move back into MLIT by late 2019?

Response:

The MILT project demolishes Terminal D in phases and builds new in the same place. Additional information can be found at <http://www.fly2houston.com/TDPlan>

4. **Question:** Amortization Period: What amortization period (number of years) will you be using for the DF stores in Terminal D for reimbursement purposes?

Response:

10 year term.

5. **Question:** Pax Information: Please provide your passenger forecast (enplanements) by terminal. It is important to know the carrier and enplanements by destination by year through the life of the concession (including after the closing of the Terminal D stores).

Response:

The Houston Airport System only has projections for Fiscal Year 2015 that are used for budget purposes. See attached added Attachment E.

Terminal D DF stores – Reimbursement for closure: If you assume that the earliest the new duty free stores in Terminal D will be open would be July 1, 2015 and that the Terminal D stores will close when the new MLIT terminal will open in late 2019, then essentially, the terminal D DF stores are open only 4.5 years. However, you need to consider the time that these stores will be closed so that the new terminal can be built. Without knowing exact dates, the amount of time to decommission the old terminal, build the new terminal and then to build out the stores within this new terminal could take another 1.5 years. Based on these assumptions, these new stores in Terminal D will only be operational for 3 years.

We understand that you will reimburse for any unamortized fixed assets once the Terminal D DF stores are closed. However, there are a number of other factors/costs that need to be considered given that 85% plus of the total duty free sales are in Terminal D. Other considerations include:

- There will be a staffing cost to lay off employees after only 3 years of service (e.g. severance costs);
- There is a significant cost to build out an offsite warehouse larger enough to service the initial business volume. However, when you will lose 85% of that business volume after 3 years, an operator will end up with excess warehouse space and costs associated with downsizing the labor force;
- It will be very difficult to get luxury brand vendors to invest in fixtures for duty free stores that may only have a 3 year life span;
- It is understood that MAG will be adjusted when the df stores close in Terminal D. However, the variable rents will also require adjustment given that economies of scale are lost when 85% of the sales are eliminated.

6. **Question:** Is the Airport Administration open to providing economic remedy to deal with these factors mentioned above?

Response:

No changes.

7. **Question:** For the pre-bid meeting on August 26, will HAS provide shuttle transportation to and from IAH to the Supply Chain Management Office at 18600 Lee Road?

Response:

HAS will provide transportation from SCM to IAH and back for the tour only.

8. **Question:** Will the TBDF-1 location be available for construction at the contract start or will that location become available only once the Terminal B North Pier is completed?

Response:

Please see page 98, Exhibit XXI: Premises Availability Schedule for Solicitation N0. H08-IR3-2015-005.

9. **Question:** If it is available only once Terminal B North Pier is completed, will the concessionaire be permitted to operate a temporary kiosk in Terminal B?

Response:

Please see page 98, Exhibit XXI: Premises Availability Schedule for Solicitation N0. H08-IR3-2015-005.

10. Question: Attachment C-1 lists the international enplanements in Terminal D for Jun-14 as 1,105,274. This figure seems to be a typo. What is the correct international enplanement figure for Jun-14 in Terminal D?

Response:

See attached revised Page 46, Attachment C-1, International Enplanements by Terminal.

II. To replace the following pages:

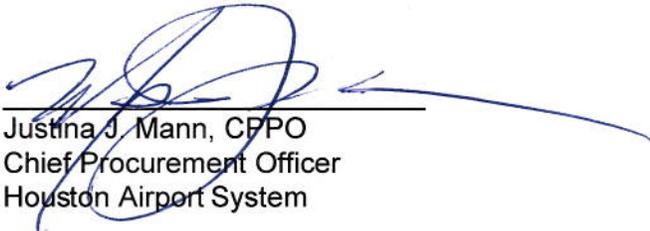
1. Please replace pages 41 - 43, **Attachment B**, Sales History by Location with the **Attachment B "Revised"**, pages 41 - 43, Sales History by Location to include updated sales history through June 2014.
2. Please replace pages 44 & 45, **Attachment C**, Enplanements by Terminal with the **Attachment C "Revised"**, pages 44 & 45, Enplanements by Terminal to include updated enplanements through June 2014.
3. Please replace page 46, **Attachment C-1**, International Enplanements by Terminal with the **Attachment C-1 "Revised"**, page 46, International Enplanements by Terminal to include updated International enplanements through June 2014.

III. To add the following attachment:

1. Please add Attachment E, Table 1 & 1-A, Projections for Fiscal Year 2015.

When issued, Letter(s) of Clarification (LOC) shall automatically become part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. LOC(s) will be incorporated into the Contract as applicable. It is the responsibility of the respondent(s) to ensure that it has obtained all such letter(s). By submitting a Proposal on this project, respondent(s) shall be deemed to have received all LOC(s) and to have incorporated them into this solicitation.

If further clarification is needed regarding this solicitation, please contact Elnora Williams, Sr. Procurement Specialist, via email (preferred method) at Elnora.Williams@houstontx.gov or 281/230-8024 (ph).



Justina J. Mann, CPPO
Chief Procurement Officer
Houston Airport System

ATTACHMENT B "REVISED"
SALES HISTORY BY LOCATION - IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-005

PARADIES					
LOCATION	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Terminal A					
Bayou City Travel Mart 388	1,706,538.28	1,390,161.90	1,492,080.18	1,837,439.49	2,315,310.37
Explore! Houston 377	873,948.10	700,303.53	694,465.72	841,904.63	961,834.47
CNBC Express/Houston 379	473,040.86	435,197.81	402,545.28	441,409.12	458,541.54
Terminal B					
Bayou City Travel Mart 372B	1,629,068.96	1,646,914.66	1,416,992.75	932,491.86	910,319.74
Hometown Favorites 380	397,779.66	446,970.08	462,814.46	510,765.10	370,926.02
Designs by Sue Venir 384	863,257.69	851,638.30	892,894.82	1,006,091.15	587,516.88
CNBC Express/Lobby 364	221,088.75	217,708.49	221,329.06	209,518.16	196,983.86
Terminal C					
Stelzig of Texas 386	945,916.59	1,073,966.28	1,258,297.43	1,362,641.31	1,334,224.86
Brighton Collectibles 376	650,638.49	736,123.78	827,248.75	829,027.39	836,029.00
CNBC Express/Houston 387	90,711.36	195,876.58	302,433.26	574,586.88	716,514.99
Brooks Brothers 367	635,851.51	820,666.98	843,984.23	1,114,130.43	1,104,552.05
Bayou City Travel Mart 366	780,792.17	1,327,985.07	1,214,897.02	1,642,030.86	1,617,734.02
PGA TOUR Shop 362	313,413.98	482,860.20	515,714.13	688,500.49	748,567.70
Kids Zoo 368	154,378.20	306,746.77	343,740.03	475,996.20	452,860.35
Brookstone 438	443,624.00	808,663.03	903,092.70	1,256,887.09	1,240,446.47
CNBC Express/Houston 363	1,366,225.65	1,350,439.28	1,522,317.11	1,241,259.49	1,487,009.74
Houston Marketplace 385	538,317.73	552,901.44	611,766.13	579,525.70	602,607.98
Bass Pro Shop 369	247,476.18	262,038.78	352,046.20	408,110.03	436,855.10
Terminal D					
Xpress Spa	470,398.00	580,340.00	590,371.00	665,252.00	641,280.12
Stelzig 1375	417,624.22	498,798.81	520,727.97	627,528.83	729,277.52
Texas Market Place 375	1,553,739.00	1,684,243.05	3,269,478.23	1,558,400.09	2,097,861.43
Tex Express Kiosk 381	-	-	150,745.03	169,553.62	268,177.75
PARADIES - GROSS	14,773,829.38	16,370,544.82	18,809,981.49	18,973,049.92	20,115,431.96

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ATTACHMENT B "REVISED"
SALES HISTORY BY LOCATION - IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-005

WORLD DUTY FREE (HMS HOST)

LOCATIONS	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Terminal A					
Gulf Coast News #3A	1,451,755.15	1,584,404.01	1,771,031.72	1,723,371.62	1,741,818.89
Drexler/SpaceTrader/News Kiosk	17,336.95	1,452.30	-	-	-
Zoom - BBA119IAHA	203,514.00	-	72,083.90	151,720.38	181,963.02
Gulf Coast News/Simply Books #1A	143,034.97	337,432.41	303,854.72	591,467.18	644,724.68
Zoom - ROA001GBTA	-	-	-	-	-
Zoom - BBA012GBTA	-	144,926.01	174,631.07	209,238.17	253,238.12
Terminal B					
Simply Books	1,772,381.73	1,627,393.47	1,704,502.58	1,903,289.82	1,552,068.81
Space City News Connect	714,434.46	766,002.19	1,027,027.75	1,192,131.63	720,571.33
Fossil Apparel	397,355.35	572,696.68	599,688.72	338,904.19	370,871.51
Terminal C					
Space Trader	9,478.32	5,545.55	37,488.52	139,268.42	181,724.16
Simply Books	114,333.58	254,386.76	351,639.56	448,308.82	512,127.41
Zoom-BBA088IAHC	-	66,937.82	136,266.96	180,825.89	246,763.76
Sunglass Icon	-	-	85,950.12	207,237.82	190,013.03
Destination Houston	712,614.95	859,517.31	862,295.36	916,230.34	860,572.68
Fox News	2,417,318.66	2,714,556.28	2,885,697.07	2,543,190.75	2,872,370.70
Clyde Drexler's Sport Scene	334,373.50	294,617.12	413,082.73	452,955.81	501,814.45
Zoom #BBA011GBTC	225,095.80	265,602.46	262,858.49	263,033.69	376,583.50
Zoom - PRA005GBTC	156,450.79	63,139.05	53,249.50	-	-
Zoom - BOA002IAHC	15,420.09	29,009.39	-	-	-
Zoom-MXA002IAHC	-	-	5,930.51	29,948.08	16,752.95
Zoom BFA007IAHC	-	-	-	-	66,932.00
Zoom 3FA002IAHC	-	-	-	-	17,177.91
Zoom ZEAZA0003	-	-	-	-	28,227.30
Zoom ZEAZA0007	-	-	-	-	15,538.69
Houston News Connection	1,453,133.16	1,702,129.10	1,787,271.29	1,583,394.41	1,698,501.35
TERMINAL D/FIS					
Zoom BBA045IAHD	199,763.55	309,419.66	278,804.05	312,264.96	511,996.75
Zoom BFA006IAHD	-	-	-	-	70,814.00
Zoom SEA006IAHD	60,523.55	16,192.50	4,480.97	-	-
Zoom RSA031GBTD/SOA021GBTD	71,386.43	-	-	-	-
Zoom PWA001IAHD	-	-	17,301.70	5,338.15	-
Zoom TFA008IAHD	-	-	-	25,932.27	56,282.84
Zoom 3FA001IAHD	-	-	-	-	28,031.43
Zoom TFA035IAHD	-	-	-	-	11,266.33
Spirit of the Red Horse- Gross	1,303,062.83	1,353,505.48	1,452,152.54	1,475,101.51	1,568,492.34
GRAND TOTAL	11,772,767.82	12,968,865.55	14,287,289.83	14,693,153.91	15,297,239.94

ATTACHMENT B "REVISED"
SALES HISTORY BY LOCATION - IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-005

NUANCE					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Term - A Kiosk 405	403,590.92	533,748.69	596,336.78	659,011.91	612,050.59
Term - B 403	674,202.80	853,438.37	1,096,037.87	1,123,285.01	740,677.35
Term D - Main 401	5,430,475.05	6,766,125.19	7,075,001.62	7,569,135.37	10,322,663.25
Liberty Duty Free 402	126,608.27	152,997.30	214,528.89	261,680.33	293,443.63
Jack Daniels 404	104,901.94	110,822.58	121,261.62	136,702.31	324,241.79
Nuance Gross	6,739,778.98	8,417,132.13	9,103,166.78	9,749,814.93	12,293,076.61

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ATTACHMENT C "REVISED"
ENPLANEMENTS BY TERMINAL - IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-005

TOTAL ENPLANED PASSENGER TERMINAL A - FISCAL YEAR													
TERMINAL A	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2010	222,923	199,781	172,049	190,319	183,901	205,424	177,511	168,365	206,545	203,189	211,821	230,587	2,372,415
2011	232,776	197,606	162,001	169,067	164,195	161,827	171,746	136,243	193,864	199,581	218,682	229,310	2,236,998
2012	236,488	214,523	198,020	212,430	212,256	228,936	217,057	210,159	249,962	239,896	231,303	242,221	2,693,251
2013	234,966	242,563	205,982	239,093	235,897	231,007	222,085	204,733	249,807	260,120	269,903	302,075	2,898,231
2014	298,599	297,024	252,492	282,353	261,306	279,348	247,770	227,609	273,755	265,940	255,558	262,424	2,941,754
TOTAL ENPLANED PASSENGER TERMINAL B - FISCAL YEAR													
TERMINAL B	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2010	449,682	415,709	342,997	369,681	353,740	386,141	353,772	342,333	411,552	398,768	395,064	431,543	4,650,882
2011	452,986	417,704	347,043	373,235	348,858	377,524	317,176	286,040	366,868	298,227	369,054	379,276	4,333,991
2012	419,286	388,876	328,952	329,000	325,817	356,103	324,318	327,674	374,771	356,727	373,739	392,961	4,298,224
2013	394,588	381,396	316,473	341,544	340,960	348,151	334,113	311,571	381,969	362,049	375,794	373,943	4,262,551
2014	372,611	346,000	312,992	331,892	300,371	321,358	279,355	283,954	359,559	324,952	374,029	372,611	3,979,684
TOTAL ENPLANED PASSENGER TERMINAL C - FISCAL YEAR													
TERMINAL C	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2010	613,667	584,020	391,666	439,047	449,830	499,707	437,660	398,712	465,058	434,414	498,884	546,619	5,759,284
2011	561,917	542,799	493,395	564,701	539,395	573,370	509,422	459,872	564,501	517,705	581,297	614,760	6,523,134
2012	636,379	574,411	468,907	519,779	517,822	542,435	483,745	449,087	523,411	534,291	576,728	604,686	6,431,681

ATTACHMENT C "REVISED"
ENPLANEMENTS BY TERMINAL - IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-005

	2013	2014		588,301	522,692	512,570	509,574	528,103	504,802	470,524	545,420	504,398	551,565	597,664	6,457,227
	621,614	608,954		568,489	460,238	512,644	548,730	605,652	551,306	523,451	605,305	560,109	618,689	612,813	6,776,380
TOTAL ENPLANED PASSENGER TERMINAL D - FISCAL YEAR															
TERMINAL D															
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total		
2010	66,352	54,967	49,111	52,554	52,316	62,762	55,134	42,239	54,420	49,401	65,068	72,441	676,765		
2011	70,868	63,274	58,542	58,631	60,951	70,702	63,935	47,421	63,664	59,945	81,461	80,883	110,809		
2012	75,704	66,147	62,844	62,986	70,305	76,634	68,823	49,036	66,792	67,339	85,393	91,237	843,240		
2013	87,398	78,886	70,813	72,237	74,790	81,374	74,673	59,503	76,236	74,890	89,825	92,541	933,166		
2014	90,850	84,737	74,830	74,428	76,863	90,497	81,677	64,394	81,105	81,664	109,417	110,809	1,021,271		

ATTACHMENT C-1 "REVISED"
INTERNATIONAL ENPLANEMENTS BY TERMINAL - IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-005

INTERNATIONAL ENPLANED PASSENGER BY TERMINAL FOR FISCAL YEAR 2010 - 2014

Campus	Terminal	Int'l. / Dom.	JUL.13	AUG.13	SEP.13	OCT.13	NOV.13	DEC.13	JAN.14	FEB.14	MAR.14	APR.14	MAY.14	JUN.14	YTD Total
IAH	Terminal A	International	9,694	10,199	8,682	9,471	9,785	10,231	10,402	10,452	11,551	11,163	12,707	12,330	126,667
	Terminal B	International	63,052	54,011	46,118	51,156	51,832	55,477	47,254	46,036	54,975	50,634	50,286	52,820	623,651
	Terminal C	International	43,148	25,957	14,829	16,437	23,624	32,429	32,034	26,221	36,308	33,893	37,766	53,498	376,144
	Terminal D	International	89,603	84,284	74,601	74,243	76,670	89,485	81,657	64,206	81,092	81,455	109,245	110,524	1,017,065
	Grand Total		205,497	174,451	144,230	151,307	161,911	187,622	171,347	146,915	183,926	177,145	210,004	229,172	2,143,527

ATTACHMENT E: TABLE 1

PROJECTIONS FOR FISCAL YEAR 2015 –IAH RETAIL PACKAGE THREE

SOLICITATION NO.: H08-IR3-2015-0005

Table 1

AIR TRAFFIC ACTIVITY George Bush
Intercontinental Airport For Fiscal Years Ending
June 30

	Actual 2013	Budget	
		2014	2015 (a)
Enplaned passengers			
Domestic			
Originating			
United	3,352,296	3,795,812	3,358,429
United Express	1,537,820	1,528,957	1,587,544
Other	2,200,925	1,811,742	2,340,343
	<u>7,091,041</u>	<u>7,136,511</u>	<u>7,286,315</u>
Percent originating	46.15%	46.52%	46.53%
Connecting			
United	5,477,510	5,182,138	5,487,530
United Express	2,795,973	2,718,849	2,886,847
Other	-	304,805	-
	<u>8,273,483</u>	<u>8,205,792</u>	<u>8,374,378</u>
	15,364,524	15,342,303	15,660,693
International			
United			
Originating	1,013,738	1,041,537	1,055,828
Connecting	1,772,673	1,784,861	1,846,273
United Express			
Originating	219,138	195,772	229,191
Connecting	425,313	427,639	442,017
Other	960,816		
Originating		995,610	1,174,526
Connecting		46,150	65,974
	<u>4,391,678</u>	<u>4,491,569</u>	<u>4,813,809</u>
	19,756,202	19,833,872	20,474,502
Percent change		0.39%	3.23%
Landed Weight			
Domestic			
United	11,134,484	10,198,580	9,484,679
United Express	4,856,192	4,739,550	5,023,923
Other	2,604,213	2,605,565	3,000,565
	<u>18,594,889</u>	<u>17,543,695</u>	<u>17,509,167</u>
International			
United	3,423,481	4,051,690	4,132,724
United Express	650,180	655,200	687,960
Other	2,103,177	2,440,900	2,751,609
	<u>6,176,838</u>	<u>7,147,790</u>	<u>7,572,293</u>
Total - passenger airlines	24,771,727	24,691,484	25,081,460
Cargo	<u>1,631,360</u>	<u>1,600,000</u>	<u>1,700,000</u>
	26,403,087	26,291,484	26,781,460
Percent change		-0.42%	1.86%

(a) Enplanement and landed weight estimates are based on historical data and HAS projections.

ATTACHMENT E: TABLE 1-A
PROJECTIONS FOR FISCAL YEAR 2015 – IAH RETAIL PACKAGE THREE
SOLICITATION NO.: H08-IR3-2015-0005

Table 1-A

ENPLANED PASSENGERS BY TERMINAL
George Bush Intercontinental Airport
FY 2015

Enplaned Passengers By Terminal	Enplaned passengers (a)	Percent by Terminal	Originating Enplaned passengers (b)	Percent by Terminal
Terminal A				
United Express				
Domestic	675,000		238,673	
International	9,343		9,111	
Other				
Domestic	2,340,343		2,340,343	
International	<u>117,500</u>		<u>117,500</u>	
	3,142,186	15.35%	2,705,627	27.76%
Terminal B				
United				
Domestic	-		-	
International	-		-	
United Express				
Domestic	3,643,643		1,294,747	
International	<u>651,534</u>		<u>216,602</u>	
	4,295,177	20.98%	1,511,349	15.51%
Terminal C				
United				
Domestic	6,130,435		2,329,231	
International	269,355		98,064	
United Express				
Domestic	70,460		24,813	
International	<u>10,331</u>		<u>3,478</u>	
	6,480,581	31.65%	2,455,587	25.20%
Terminal D (IAB)				
United				
Domestic	1,389		481	
International	274		99	
United Express				
Domestic	85,288		29,311	
International	-		-	
Other	<u>1,123,000</u>		<u>1,057,026</u>	
	1,209,951	5.91%	1,086,917	11.15%
Terminal E				
United				
Domestic	2,714,135		1,028,716	
International	2,632,472		957,664	
United Express				
Domestic	-		-	
International	-		-	
	<u>5,346,607</u>	<u>26.11%</u>	<u>1,986,381</u>	<u>20.38%</u>
	20,474,502	100.00%	9,745,860	100.00%

(a) Enplanement and landed weight estimates are based on historical data and information from United Airlines and HAS projections.

(b) Based on CY 2012 actuals.

13JUN14