



CITY OF HOUSTON

Annise D. Parker

Mayor



Mario C. Diaz
Director of Aviation

George Bush Intercontinental ~ William P. Hobby ~ Ellington Airport

August 22, 2014

SUBJECT: Letter of Clarification No. 1

REFERENCE: Request for Proposal (RFP) Solicitation No. H21-ISC1-2015-008 Specialty Coffee for George Bush Intercontinental Airport Package One

TO: All Prospective Respondents

This Letter of Clarification (LOC) is issued for the following reasons 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:** The RFP does not specifically outline the locations that will be impacted by the Airport Improvement Projects. Based on the project outlined, can you please confirm the locations impacted are as follows: Terminal C North Redevelopment: The RFP mentions that Terminal C North, Gates C14-23, will be either renovated or demolished. Can you please confirm that in 2016 location # TCNF-1 & TCNC will be closed?

Response:

TCNF-1 and TCNC will be open as "Temporary" past 2016. Please see Mickey Leland International Terminal (New Terminal D) project definition on our website for further information <http://www.fly2houston.com/TDPlan>.

- 2. Question:** Terminal D Redevelopment – West Side: After roughly 4-5 years, HAS will buyout the unamortized investments of any concession operating in the space: can you please confirm that you are talking about locations #TDF-1, TDF-2, TDF-3 and TDF-4?

Response:

Yes.

- 3. Question:** Airport Improvement Projects mentions that locations in Terminal C North concession build out to be minimum and temporary. Can you confirm that location # TBF-9, TBF-10, TCNF-1 & TCNC will be excluded from the minimum capital investments of \$350.00 per square foot?

Response:

Only TCNC & TCNF-1 are exempt from the \$350.00 minimum capital investment. TBF-9 and TBF-10 are not temporary; therefore, full investment is required.

Council Members: Brenda Stardig Jerry Davis Ellen R. Cohen Dwight A. Boykins Dave Martin Richard Nguyen Oliver Pennington Edward Gonzalez
Robert Gallegos Mike Laster Larry V. Green Stephen C. Costello David W. Robinson Michael Kubosh C.O. "Brad" Bradford Jack Christie
Controller: Ronald C. Green

4. **Question:** Specialty Coffee Package 1: Compensation to the City Section 1.4.2 states that the Percentage Rent of no less than 14% for Specialty Coffee, however, Exhibit III states that the minimum acceptable percentage fee is 13%. Can you please confirm which of the two is the minimum percentage rent?

Response:

City Section 1.4.2 is incorrect. The minimum acceptable percentage fee for Specialty Coffee Package 1 is 13%. Please see revised Page 27 attached.

5. **Question:** Specialty Coffee Package 1 & 2: General Information Section 1.2 states that FY2014 is a partial year July-May, however, when you refer to Attachment C it states that the FY2014 is Jun-May. Can you please confirm the correct FY2014 data?

Response:

This data has been updated to include the full 2014 fiscal year. Updated sales are provided in this LOC as Attachment "B".

II. To replace the following page:

1. Please replace **Page 27**; page is marked "**Revised 8/22/2014**".

III. To add the following attachments:

1. Please add **Attachment D**, Enplanements By Terminal, **Attachment E**, Table 1 & 1-A, Projections for Fiscal Year 2015.

When issued, Letter(s) of Clarification shall automatically become a part of the solicitation documents and shall supersede any previous specification(s) and/or provision(s) in conflict with Letter(s) of Clarification. LOC(s) will be incorporated into the Contract as applicable. 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 proposal.

If further clarification is needed regarding this solicitation, please contact Julia Boutte, Sr. Procurement Specialist, via email (preferred method) at Julia.boutte@houstontx.gov or 281/230/8090 (ph).


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

ATTACHMENT A
SCOPE OF WORK – IAH SPECIALTY COFFEE PACKAGE ONE
SOLICITATION NO.: H21-ISC1-2015-008

1.3.3 Proposer shall submit with Proposal documentation that demonstrates Proposer is duly authorized to conduct business within the State of Texas; and

1.3.4 If the Proposer is a partnership, joint venture or newly formed entity (e.g. limited liability company or corporation), the minimum requirements set forth in this Section 1.3 (and throughout the RFP) must be satisfied by the entity or individual(s) that owns and controls a majority equity interest (at least 51%) of the partnership, joint venture or newly formed entity.

1.4 COMPENSATION TO THE CITY

1.4.1 In consideration of the rights and privileges to be granted to the Selected Proposer by the City, each Selected Proposer shall pay to the City, without demand, a sum equal to the greater of the Minimum Annual Guarantee ("MAG") or the Percentage Fee (to equal the Percentage Fee Rate multiplied by gross revenues) **EXHIBIT III**.

1.4.2 The proposers shall propose a Percentage Fee Rate(s) of no less than 13% for Food/Non-Alcohol for Specialty Coffee the Term by location, product category and/or revenue levels, as desired.

1.4.3 Beginning on the effective date of the agreement and for a period of twelve (12) months there will be no MAG. The MAG for the second full twelve (12) month period and each twelve (12) month period thereafter shall be 85% of the actual fees paid to the City during the preceding twelve (12) month period.

1.5 INITIAL CAPITAL INVESTMENT AND IMPROVEMENTS

1.5.1 The City requires a minimum capital investment of \$350.00 per square foot for each location described in the package (to include improvements such as build out, fixtures, furnishings and equipment).

1.5.2 The City reserves the right to review and approve all improvements and subsequent changes to the Premises including, but not limited to, the initial improvements and refurbishment and re-concept improvements. All improvements shall conform to the requirements of the HAS Tenant Improvement Manual <http://www.fly2houston.com/TIP>.

1.6 MID-TERM CAPITAL INVESTMENT FOR IMPROVEMENTS/NEW CONCEPTS

1.6.1 During the 5th full twelve (12) month period of the agreement the City requires a minimum capital investment of \$50.00 per square foot for each location for upgrades, renovations, cosmetic improvements and/or concept changes as approved by the Director.

1.7 VALUE PRICING

1.7.1 The City desires that all concessionaires at the Airport offer value pricing to the customers. Accordingly, the Agreement will include product-pricing requirements generally as follows:

1.7.1.1 All products sold by the Selected Proposer shall be equal in price to those products sold in comparable off-Airport locations (excluding special promotional items) within the greater Houston metropolitan area plus 10%. Comparable locations will be determined by the City, in consultation with the Selected Proposer, and may change throughout the Term as determined by the City. The following venues are excluded as Comparable Locations: concessions located in stadiums, arenas, amusement and entertainment venues, and hotel gift shops.

ATTACHMENT B - REVISED
SALES HISTORY BY LOCATION – IAH SPECIALTY COFFEE PACKAGE ONE
SOLICITATION NO.: H21-ISC1-2015-008

STARBUCKS

LOCATION	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<u>Term-A/North</u>	605,003.14	1,231,592.30	1,137,619.76	1,171,047.21	1,235,817.87
<u>Term-A/South</u>	915,156.01	1,318,735.77	925,407.60	1,282,637.26	1,567,274.33
<u>Term-A/Lobby</u>	517,221.22	438,615.74	554,297.36	681,890.08	789,208.73
<u>Term - B</u>	300,457.97	314,835.45	363,793.91	386,462.80	352,815.33
<u>Term - C/North</u>	-	999,262.19	1,198,649.68	1,671,102.47	1,636,520.91
<u>Term - C/South</u>	1,269,126.55	1,442,443.70	1,558,411.93	1,504,055.51	1,594,072.29
HMS HOST	3,606,964.89	5,745,485.15	5,738,180.24	6,697,195.33	7,175,709.46

ATTACHMENT D
ENPLANEMENTS BY TERMINAL - IAH SPECIALTY COFFEE PACKAGE ONE
SOLICITATION NO.: H21-ISC1-2015-008

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	199,681	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	449,582	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

ATTACHMENT D
ENPLANEMENTS BY TERMINAL - IAH SPECIALTY COFFEE PACKAGE ONE
SOLICITATION NO.: H21-ISC1-2015-008

	2012	2013	2014		468,907	519,779	517,822	542,435	483,745	449,087	523,411	534,291	576,728	604,686	6,431,681	
•	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	
•	621,614	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	
▲	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	66,362	54,967	49,111	52,554	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	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	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	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	90,497	81,677	64,394	81,105	81,664	109,417	110,809	1,021,271			

ATTACHMENT E: TABLE 1
PROJECTIONS FOR FISCAL YEAR 2015 –IAH SPECIALTY COFFEE PACKAGE ONE
SOLICITATION NO.: H21-ISC1-2015-008

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 SPECIALTY COFFEE PACKAGE ONE
SOLICITATION NO.: H21-ISC1-2015-008

Table 1-A

ENPLANED PASSENGERS BY TERMINAL
George Bush Intercontinental Airport
FY 2015

<u>Enplaned Passengers By Terminal</u>	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>-</u>		<u>-</u>	
	<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.

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