CITY OF HOUSTON

Annise D. Parker
Mayor

HOUSTON AIRPORT SYSTEM

Mario C. Diaz
Director of Aviation

George Bush Intercontinental ~ William P. Hobby ~ Ellington Airport

October 22, 2014

SUBJECT: Letter of Clarification No. 5

REFERENCE: Request for Proposals (RFP) for Retail Concessions for William P. Hobby Airport
Solicitation Nos. H08-HR1-2015-001; HOU Retail Package One
H08-HR2-2015-002; HOU Retail Package Two

TO: All Prospective Respondents

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

I. Replace the following pages:

1. Please replace page 20, Proposal Outline and Minimum Content Requirements with the **"REVISED",** page 20 Proposal Outline and Minimum Content Requirements to include added **Section 5.14.**

2. Please replace **EXHIBIT XXII**, Required Proposal Submittal Check Sheet with the **EXHIBIT XXII "REVISED'**, Required Proposal Submittal Check Sheet to include added item 28.

3. Please replace **EXHIBIT XV**, Proposer Contact Directory Form with the **"REVISED" EXHIBIT XV**, Proposer Contact Directory Form with Footnote 2 removed.

II. Add ATTACHMENT D PASSENGER DEMOGRAPHIC HOU to the referenced solicitations.

III. To provide responses to the below questions:

1. **Question:** "With regard to the requirements of Clarification Letter No. 4: Are the employees currently unionized and if so, with which Union?
Note: Package #3 includes 7 locations currently operated by 3 different concessionaires, so the response may have to be location specific.
   - TADF1, TBDF1, TDDF1, and TDDF2 (Nuance)

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

- TCSR4 and TCSR5 (World Duty Free)
- TCNR8 (Paradies)

Response:
Unite Here currently represents certain concession employees at George Bush Intercontinental.

2. **Question:** Is it possible to propose multiple rent rates based on sales category (news vs souvenir/other)? Or is a single rate required for all sales?
Response:
No change. Please submit rates as described in the solicitation and subsequent LOC.

3. **Question:** Exhibit XXIII - #2 Describe in detail how will your business maintain labor peace? Is this referring to a labor peace agreement between a union and employer under which one or both sides agree to waive certain rights under federal law with regards to union organizing and related activities. Is this now a condition of doing business at the airport?
Response:
The Labor Relations Plan Form, Exhibit XXIII - #2, requires respondents to describe in detail how their businesses maintain labor peace. It does not require a labor peace agreement but the requirement may be satisfied if the respondent submits one. At this time, this is a condition of participating in the airport concession program.

4. **Question:** Is there any further information regarding projected international enplanements, destinations, international flights per day and timing of these flights, gate information at Hobby?
Response:
According to the Intervistas study, "The Economic Impact of International Commercial Air Service at William P. Hobby Airport", the new international facility will stimulate 1.3 million additional annual passengers in the developed phase. Please refer to http://www.fly2houston.com/HOUInternationalHistory.

5. **Question:** At Hobby, once the new Concourse West opens what is the anticipated movement of Passenger traffic from Concourse Central to Concourse West?
Response:
International flights may depart from any gate at HOU, but all international arrivals will be handled at the new FIS facility / international terminal.

6. **Question:** Section 5.4.1.3 – Detailed Executive Summary, All Retail Packages: Please confirm that this information is required only in connection with ACDBE certified sub concessionaires with whom the Proposer is partnering in order to meet the ACDBE participation goals.
Response:
Yes.

7. **Question:** Exhibit XV, Footnote 2, All Retail Packages: Please define the term "Service provider Key Personnel" as it is not defined in the Concession Agreement.
Response:
See revised Exhibit XV.

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 Agreement(s) 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 these solicitations, respondent(s) shall be deemed to have received all LOC(s) and to have incorporated them into this proposal(s).

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

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

5.5 PROPOSAL GUARANTEE

5.5.1 A certified or cashier's check for **$50,000.00** issued by a solvent bank, payable to the Houston Airport System shall be the Proposer's good faith deposit.

5.5.2 The certified or cashier's check shall be given as security to guarantee that if the Proposer's Proposal is accepted, the Proposer will furnish HAS with the required Performance Security, insurance, and signed Contract documents prior to submission of the Contract(s) for City Council consideration. Upon City Council approval of a Concession Contract, all good faith deposits will be returned to all Proposers. If the Selected Proposer(s) fail(s) to enter into the Retail Concession Contract(s) or furnish the required performance security and insurance documents, the Proposer(s)'s good faith deposit(s) may be cashed and retained by HAS.

5.6 CUSTOMER SERVICE/MANAGEMENT AND OPERATIONS PLAN

5.6.1 Proposers shall submit a customer service/management and operation plan per **ATTACHMENT A,** Scope of Work, Section 1.11.

5.6.1.1 Proposer shall submit **EXHIBIT XIV,** to support business plan proposed per **ATTACHMENT A,** Scope of Work, Section 1.11.

5.7 CONCEPT DEVELOPMENT AND MERCHANDISE MIX

5.7.1 Proposer shall submit Concept Development and Merchandise Mix per **ATTACHMENT A,** Scope of Work, Sections 1.21 and 1.22. **(EXHIBIT XIII)**

5.8 DESIGN, MATERIAL AND SUSTAINABLITY

5.8.1 Proposer shall submit physical design and construction of the proposed locations per **ATTACHMENT A,** Scope of Work, Section 1.13.

5.9 BACKGROUND AND EXPERIENCE

5.9.1 Proposer shall submit overall background and experience per **ATTACHMENT A,** Scope of Work, Section 1.14 and Experience and Qualification Statements **(EXHIBIT X).**

5.10 COMPENSATION TO CITY

5.10.1 Proposers shall propose Percentage Fee Rate(s) **(EXHIBIT III)**

5.11 FINANCIAL CAPABILITY OF PROPOSER

5.11.1 Submit your company's audited annual financial statements, in accordance with and as defined in the Financial Accounting Standards Board (FASB) regulation(s) for the past two years. In addition, include your Dunn & Bradstreet Report or Federal Tax Forms filed with the Internal Revenue Service (IRS) for the past two years.

5.12 ACDBE PLAN

5.12.1 Proposer should submit a proposed ACDBE Plan using **EXHIBIT II**, Airport Concessions Disadvantaged Business Enterprise (ACDBE) Forms.

5.13 LABOR RELATIONS PLAN

Proposer shall submit Labor Relations Plan Form **(EXHIBIT XXIII)**

5.14 TRANSITION PLAN

Proposer shall submit Transition Plan per **ATTACHMENT A,** Scope of Work, Section 1.15.

ATTACHMENT D
PASSENGER DEMOGRAPHICS HOU

Arriving Passenger Summary

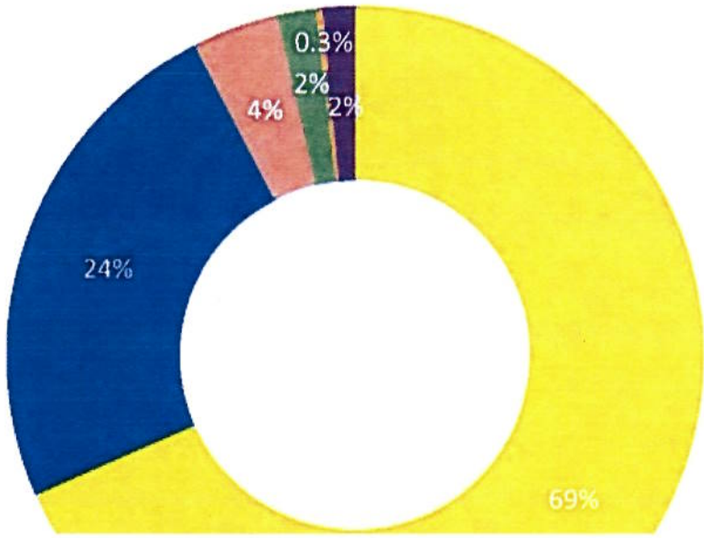
Summer 2014

Average age	44
Gender	
Male	42%
Female	58%
Region of residence	
USA	98%
Other countries	2%
Average income	$86,430
Average of number in travel party	1.7 persons
Average number of checked bags	1.7 bags

ATTACHMENT D
PASSENGER DEMOGRAPHICS HOU

Arriving Passenger Summary

Summer 2014



- Leisure/Vacation/Visiting friends/relatives
- Business
- Both Business/Non-Business
- School-Related
- Health-Related
- Other