



Chicago Department of Aviation Concessions Open House

August 12, 2010



Richard M. Daley
Mayor, City of Chicago

Rosemarie S. Andolino
Commissioner, Department of Aviation



Networking Badge Colors

CDA and City of Chicago personnel - **BLUE** badges

ACDBE certified firms - **PURPLE** badges

Food & Beverage Concessionaires - **RED** badges

Specialty Retail Concessionaires - **BROWN** badges

Services - **ORANGE** badges

Suppliers - **YELLOW** badges

Everyone else - **WHITE** badges

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Exhibitors

Airport Minority Advisory Council (AMAC)
City of Chicago Department of Aviation (CDA)
Chicago Department of Aviation (CDA) Concessions Program
City of Chicago Department of Business Affairs and Consumer Protection
City of Chicago Department of Procurement Services
City of Chicago Office of Compliance
HMS Host
MAC-One

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Jorge Perez
Deputy Commissioner
CDA Concessions



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Agenda

- ▶ **Welcome**
Cortez Carter, Managing Deputy Commissioner, Real Estate, Planning And Concessions
- ▶ **City of Chicago Department of Business Affairs and Consumer Protection**
Alfredo Camarena, Project Administrator
- ▶ **Overview of Airport Concessions**
Jorge Perez, Deputy Commissioner of CDA Concessions
- ▶ **Operating in an Airport Environment**
Diana Miller, Unison Retail Management
- ▶ **Upcoming Bid Opportunities**
- ▶ **Airport Concessions Disadvantaged Business Enterprise**
Reshma Soni, Senior Compliance Officer, City of Chicago Office of Compliance

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Cortez Carter
Managing Deputy Commissioner
Real Estate, Planning And Concessions



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Alfredo Camarena
Projects Administrator
City of Chicago
Department of Business Affairs
and Consumer Protection



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Program Overview



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Concession Program Goals

- ▶ Provide High Quality Products and Services
- ▶ Provide First-Class Customer Service
- ▶ Promote High Quality Facility Designs
- ▶ Promote Fair Price/Value Relationship
- ▶ Maximize Customer Satisfaction
- ▶ Promote “Chicago Character”
- ▶ Provide Opportunity for Local Businesses
- ▶ Enhance Image of Airport and City
- ▶ Optimize Revenues to the Airport

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Passengers

- ▶ In total, over 82 Million passengers traveled through O’Hare and Midway International Airports last year
 - ✓ In 2009, 30,065,852 people departed from the domestic terminals of O’Hare International Airport
 - ✓ In 2009, 8,465,461 people departed from Midway International Airport
- ▶ Our airports provide direct and non-stop service to 230 cities worldwide
 - ✓ Just over 50% of the O’Hare departing passengers only connect through Chicago
 - ✓ Midway’s concessions are centrally located
 - ✓ Both airports provide good opportunities to capture revenue

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Opportunity for Business

O'Hare International Airport 2009 Concessions Performance (Terminals 1, 2 and 3)					
	Stores	Area (sq. ft.)	Sales (\$000)	Sales/ Enplane	Sales/SF
Food & Beverage	94	77,581	\$182,063	\$6.06	\$2,347
News & Gifts	28	15,398	\$42,263	\$1.41	\$2,745
Specialty Retail	38	17,814	\$35,650	\$1.19	\$2,001
Duty Free	4	2,567	\$12,756	\$3.80* International Enplane Only	\$4,969
Services	6	729	\$689	\$0.02	\$945
Total	170	114,089	\$294,544	\$9.09	\$2,396

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30 New Stores Opened in 2009 at ORD



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Opportunity for Business

Midway International Airport 2009 Concessions Performance					
	Stores	Area (sq. ft.)	Sales (\$000)	Sales/En plane	Sales/SF
Food & Beverage	24	27,477	\$43,633	\$5.15	\$1,589
News & Gifts	8	7,633	\$12,880	\$1.52	\$1,687
Specialty Retail	12	8,010	\$8,736	\$1.03	\$1,091
Services	2	120	\$55	\$.01	\$461
Total	46	43,240	\$65,304	\$7.71	\$1,510

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Process to open a new location at the airport

- ▶ CDA identifies locations available for lease
- ▶ CDA determines desired use for location
- ▶ CDA generates and issues Request for Proposals (RFPs)
- ▶ Respondents prepare and submit proposals
- ▶ CDA evaluates responses and selects concessionaire
- ▶ Selected concessionaire and CDA finalize the lease
- ▶ CDA obtains approval of City Council
- ▶ Concessionaire submits construction plans for review and approval
- ▶ Concessionaire completes construction and opens for business

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Operating in an Airport Environment

*Diana Miller
Unison Retail Management*



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Operating at the Airport

- ▶ Hours of Operation
- ▶ Badging and security
- ▶ Employee parking and public transportation
- ▶ Merchandise delivery and storage



Typical Business Terms

- ▶ Term: 5 – 10 years
- ▶ Rent and Fees
 - ✓ Base Rent: ORD: \$47.75 psf; MDW: \$15.00 psf
 - ✓ License Fee:
 - Proposed Percentage of Sales
 - Proposed Minimum Annual Guarantee (MAG)
 - ✓ Marketing Fee: 0.5% of Sales
 - ✓ Leasehold Tax
 - ✓ Utilities
- ▶ Security Deposit: 6 Months MAG
- ▶ Minimum Investment
 - ✓ \$275 psf for In-Line Stores
 - ✓ \$40,000 per Kiosk
- ▶ Value Pricing

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Rent and Fees

Base Rent

O'Hare \$47.75/sq. ft.

Midway \$15/sq. ft.

Escalates 3% annually

- ✓ Usually this is the SMALLER portion of the amount paid to the City
- ✓ Similar to a Common Area Maintenance (CAM) charge
- ✓ Not subject to change or negotiation

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Rent and Fees

Minimum Annual Guarantee (MAG) and Percentage Rent

- ✓ Proposed by the Concessionaire
- ✓ Usually greater than the Base Rent
- ✓ Relates to the amount of sales expected to be generated
- ✓ Concessionaire pays the greater of the two amounts, MAG or percentage rent
- ✓ Payable monthly
- ✓ Percentage Rent typically is between 10 – 20% of sales

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Rent and Fees

Minimum Annual Guarantee (MAG) vs. Percentage Rent Example:

Concessionaire proposes to pay the greater of \$100,000 (MAG) or 15% of sales.

If annual sales are \$800,000.
 $\$800,000 * .15 = \$120,000$
Concessionaire pays \$120,000

If annual sales are \$500,000
 $\$500,000 * .15 = \$75,000$
Concessionaire pays \$100,000

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Upcoming Concessions Bid Opportunities



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2010 Requests for Proposals (RFPs)

▶ 3rd Quarter

- ✓ Specialty Retail – 22 locations at O'Hare
- ✓ Specialty Retail/News & Gifts – 18 locations at Midway
- ✓ ATMs – 26 at O'Hare; 12 at Midway

▶ 2011

- ✓ Food & Beverage – 87 locations at O'Hare
- ✓ Food & Beverage – 14 locations at Midway

Note: Exact number of locations, uses and timing are subject to change.

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Merchandising Concept Descriptions

- ▶ **Apparel/Accessories:** High-end apparel and accessory products focused on a specific brand or theme.
- ▶ **Automated Retailing:** Self-service automated retail vending of high value nationally recognized electronic products, language learning software and/or skin care/cosmetics.
- ▶ **Chicago-Themed Merchandise:** A variety of Chicago memorabilia, apparel and distinctive gift items, all of which must be specific to or indicative of the Chicago area.
- ▶ **Coffee:** Quick service coffee and related products.
- ▶ **Electronics/Multi-Media:** Electronics and related merchandise such as portable electronic equipment, digital media players, cameras, video recorders, cellular telephones, portable digital assistants, game toys, recorded music and video, software and accessories.
- ▶ **Extended Stay Services:** Micro-hotel, health club, business services or other similar services.
- ▶ **Jewelry/Fashion Accessories:** Fine, fashion and/or costume jewelry, and a limited selection of related fashion accessories for men and women.

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Merchandising Concept Descriptions

- ▶ **Massage Services:** Neck, shoulder and back massage services and related products.
- ▶ **News & Gifts:** Newspapers, magazines, periodicals, books, souvenirs, travel accessories, sundries, pre-packaged snacks, tobacco, and bottled or canned beverages.
- ▶ **Open Specialty:** Distinctive gift items, especially from popular national brand concepts. Excludes food/beverage, newsstand, bookstore, or Chicago souvenir concepts.
- ▶ **Spa Services:** Personal services, full-service spa/salon, which may include manicure/pedicure services, massage services, hair/makeup, waxing, aromatherapy and similar personal care services and a limited selection of related products as offered in upscale salons.
- ▶ **Automatic Teller Machines:** ATM services to include cash withdrawals, deposits, account/balance inquiries, fund transfers, credit card advances and other transactions as permitted by the governing network regulations.

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Concessions RFPs*

RFP #	Merchandising Concept	Issue Date	Description
ORD - 1	Apparel/Accessories	Summer 2010	One kiosk space in Terminal 3, approximately 1,400 sq. ft.
ORD - 1	Apparel/Accessories	Summer 2010	Two in-line spaces, one each in Terminals 1 and 3, approximately 2,000 sq. ft.
ORD - 1	Apparel/Accessories	Summer 2010	One in-line space in Terminal 3, approximately 500 sq. ft.
ORD - 1	Automated Retailing	Summer 2010	Two kiosks, one each in Terminals 1 and 3, approximately 120 sq. ft.
ORD - 1	Automated Retailing	Summer 2010	Two kiosks, one each in Terminals 1 and 3, approximately 120 sq. ft.
ORD - 1	Electronics/Multi Media	Summer 2010	Two in-line spaces, one each in Terminals 1 and 3, approximately 1,375 sq. ft.
ORD - 1	Extended Stay Services	Summer 2010	One in-line and three kiosk spaces in Terminals 1, 2 and 3, approximately 3,200 sq. ft.; respondent may submit for one or multiple locations in this package.
ORD - 1	Jewelry/Fashion Accessories	Summer 2010	Two in-line spaces, one each in Terminals 1 and 3, approximately 520 sq. ft.
ORD - 1	Massage Services	Summer 2010	One kiosk in Terminal 3, approximately 200 sq. ft.
ORD - 1	Open Specialty	Summer 2010	One kiosk in Terminal 3, approximately 150 sq. ft.
ORD - 1	Open Specialty	Summer 2010	Two kiosks, one each in Terminals 1 and 3, approximately 350 sq. ft.
ORD - 1	Spa Services Terminal 1	Summer 2010	One in-line space in Terminal 1, approximately 1,100 sq. ft.
ORD - 1	Spa Services Terminal 3	Summer 2010	One in-line space in Terminal 3, approximately 1,400 sq. ft.

*Respondents can submit proposals for one or multiple Merchandising Concepts for each RFP

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Concessions RFPs*

RFP #	Merchandising Concept	Issue Date	Description
MDW - 1	Chicago-Themed Merchandise	Summer 2010	One in-line space in the main terminal building, approximately 630 sq. ft.
MDW-1	Coffee	Summer 2010	One in-line space in Concourse B, approximately 690 sq. ft.
MDW - 1	Electronics/Multi-Media	Summer 2010	One in-line space in the main terminal building, approximately 680 sq. ft.
MDW - 1	Jewelry/Fashion Accessories	Summer 2010	One kiosk in the main terminal building, approximately 360 sq. ft.
MDW-1	Jewelry/Fashion Accessories	Summer 2010	One kiosk in the main terminal building, approximately 400 sq. ft.
MDW - 1	News & Gift/Specialty Retail	Summer 2010	Four in-line news & gift spaces, approximately 4,515 sq. ft. and three in-line specialty retail locations, approximately 1,560 sq. ft.
MDW-1	News & Gift/Specialty Retail	Summer 2010	Four in-lines news & gift spaces, approximately 3,820 sq. ft. and one in-line specialty retail location, approximately 810 sq. ft.
MDW - 1	Open Specialty	Summer 2010	One in-line space in the main terminal building, approximately 450 sq. ft.
MDW - 2	Automatic Teller Machines (ATMs)	Fall 2010	Two packages of 6 ATMs each, various locations throughout the airport; one package to include one in-line space for banking services.
ORD - 2	Automatic Teller Machines (ATMs)	Fall 2010	Two packages of 13 ATMs each with locations in the domestic and international terminals of the airport.
ORD/MDW	Food & Beverage	2011	Packages to be determined.

*Respondents can submit proposals for one or multiple Merchandising Concepts for each RFP

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O'Hare Site Plan





Chicago O'Hare International Airport
Specialty Retail RFP Plan


LEGEND	
Blue square	A1 - AIRPORTS
Green square	A2 - AIRPORTS
Yellow square	A3 - AIRPORTS
Red square	A4 - AIRPORTS
Orange square	A5 - AIRPORTS
Light blue square	A6 - AIRPORTS
Light green square	A7 - AIRPORTS
Light yellow square	A8 - AIRPORTS
Light red square	A9 - AIRPORTS
Light orange square	A10 - AIRPORTS
Light blue square	A11 - AIRPORTS
Light green square	A12 - AIRPORTS
Light yellow square	A13 - AIRPORTS
Light red square	A14 - AIRPORTS
Light orange square	A15 - AIRPORTS
Light blue square	A16 - AIRPORTS
Light green square	A17 - AIRPORTS
Light yellow square	A18 - AIRPORTS
Light red square	A19 - AIRPORTS
Light orange square	A20 - AIRPORTS

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Midway Site Plan





Chicago Midway International Airport
Specialty Retail and News & Gifts RFP Plan

LEGEND	
Blue square	A1 - AIRPORTS
Green square	A2 - AIRPORTS
Yellow square	A3 - AIRPORTS
Red square	A4 - AIRPORTS
Orange square	A5 - AIRPORTS
Light blue square	A6 - AIRPORTS
Light green square	A7 - AIRPORTS
Light yellow square	A8 - AIRPORTS
Light red square	A9 - AIRPORTS
Light orange square	A10 - AIRPORTS
Light blue square	A11 - AIRPORTS
Light green square	A12 - AIRPORTS
Light yellow square	A13 - AIRPORTS
Light red square	A14 - AIRPORTS
Light orange square	A15 - AIRPORTS

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Submitting a Proposal

- ▶ **Minimum Qualifications**
 - ✓ 3 Years Experience in Proposed Business
 - ✓ Minimum Sales in Existing Business
- ▶ **ACDBE Participation**
- ▶ **Responding Entity**
 - ✓ Direct Lease
 - ✓ Sublease
 - ✓ Joint Venture

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CHICAGO CDA DEPARTMENT OF AVIATION

Reshma Soni
Senior Compliance Officer
City of Chicago
Office of Compliance



Richard M. Daley
Mayor, City of Chicago



Rosemarie S. Andolino
Commissioner, Department of Aviation



What is ACDBE?

- ▶ Airport Concessions Disadvantaged Business Enterprise (ACDBE)
- ▶ Concessions program at the Airport is subject to federal regulations governing ACDBEs
- ▶ ACDBE goal is established for each Request for Proposals
- ▶ Can be fulfilled by:
 - ✓ direct ownership
 - ✓ joint venture partnership with ACDBEs
 - ✓ purchase of goods and services from ACDBEs

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ACDBE Certification

- ▶ www.cityofchicago.org
- ▶ Chicago Government
- ▶ Department Directory
- ▶ Compliance
- ▶ Certification and Compliance/Supplier Diversity
- ▶ MBE/WBE/DBE/BEPD Certification

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Find an ACDBE Certified Business

▶ www.dot.state.il.us/ucp/ucp.html

OR

- ▶ www.cityofchicago.org
- ▶ Chicago Government – Department Directory
- ▶ Compliance – Certification and Compliance/Supplier Diversity
- ▶ MWDBE Directory
- ▶ MWDBE Directory

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- Pre-Bid Conferences
- Upcoming Concessions/Contractor Open Houses and other events

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Resources

Airport Minority Advisory Council: www.amac-org.com
Airport Revenue News: www.airportrevenuenews.com
Airport Council International: www.aci-na.org
City of Chicago: www.cityofchicago.org
Chicago Department of Aviation: www.flychicago.com

*Attendee roster and this presentation will be posted
on www.flychicago.com website next week.*

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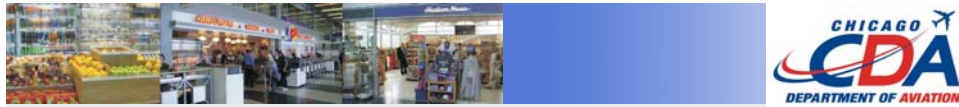
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Conclusion

Thank you for joining us today!

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