



Rahm Emanuel
Mayor



CHICAGO DEPARTMENT OF AVIATION CONCESSIONS OPEN HOUSE

August 3, 2011



CHICAGO DEPARTMENT OF AVIATION



Rahm Emanuel
Mayor



WELCOME AND INTRODUCTIONS

Glen Ryniewski
Assistant Commissioner, CDA
Concessions



CHICAGO 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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CDA Concessions Outreach Opportunities

2010

- January – Concessions Open House at Fountain Blue in DesPlaines
- February – Concessions Open House at Marriott Chicago Midway
- February – International Council of Shopping Centers Midwest Idea Exchange
- May – Concessions Workshop at City Hall
- June – Business Works at Wright College
- August – Concessions Open House at South Shore Cultural Center
- August – Concessions Workshop at City Hall
- October – Pre-proposal meeting at Chicago O'Hare International Airport
- November – AWBC Magazine "Doing Business with Government Agencies" panel
- November – Concessions Workshop at City Hall

2011

- February – Concessions Open House at Malcolm X College
- March – Concessions Workshop at City Hall
- Spring – Pre-proposal meetings
- June – Concessions Workshop at City Hall
- August – Concessions Open House
- September – Concessions Workshop at City Hall
- Fall – Pre-proposal meetings
- December – Concessions Workshop at City Hall



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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

Food & Beverage Master Concessionaires:

- Delaware North
- HMS Host
- MAC-One
- OTG Management
- Westfield



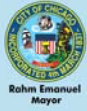
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Agenda

- ***Welcome and Introductions***
Glen Ryniewski, Assistant Commissioner, CDA Concessions
- ***City of Chicago Department of Business Affairs and Consumer Protection***
Alfredo Camarena, Projects Administrator
- ***Overview of Airport Concessions***
Andrew Weddig, Vice President, Unison Consulting, Inc.
- ***Operating in an Airport Environment***
Diana Miller, General Manager, Unison Consulting, Inc.
- ***Upcoming Bid Opportunities***
Glen Ryniewski, Assistant Commissioner, CDA Concessions
- ***Airport Concessions Disadvantaged Business Enterprise***
Victoria Wright, Training & Development Analyst, City of Chicago Office of Compliance



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CHICAGO
CDA
DEPARTMENT OF AVIATION
Rosemarie S. Andolino
Commissioner

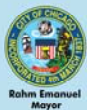


BUSINESS AFFAIRS AND CONSUMER PROTECTION

Alfredo Camarena
Project Administrator



CHICAGO DEPARTMENT OF AVIATION



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OVERVIEW OF AIRPORT CONCESSIONS

Andrew Weddig
Unison Consulting, Inc.



CHICAGO DEPARTMENT OF AVIATION

Concession Program Goals

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



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Passengers

- In total, over 84 Million passengers traveled through O’Hare and Midway International Airports last year
 - In 2010, 31,260,998 people departed from the domestic terminals of O’Hare International Airport
 - In 2010, 8,746,536 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 2010 Concessions Performance (Terminals 1, 2 and 3)					
	Stores	Area (sq. ft.)	Sales (\$000)	Sales/ Enplane	Sales/SF
Food & Beverage	106	82,326	\$209,236	\$6.69	\$2,541
News & Gifts	28	17,039	\$43,584	\$1.39	\$2,558
Specialty Retail	27	15,212	\$30,749	\$0.98	\$2,021
Duty Free	4	3,159	\$16,755	\$4.94* International Enplane Only	\$5,304
Services	6	729	\$797	\$0.03	\$1,093
Total	171	118,465	\$301,121	\$9.63	\$2,542



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Opportunity for Business

Midway International Airport 2010 Concessions Performance					
	Stores	Area (sq. ft.)	Sales (\$000)	Sales/ Enplane	Sales/SF
Food & Beverage	25	27,986	\$48,609	\$5.56	\$1,737
News & Gifts	7	7,193	\$13,504	\$1.54	\$1,877
Specialty Retail	11	5,501	\$6,894	\$0.79	\$919
Services	2	120	\$75	\$.01	\$625
Total	45	42,800	\$69,082	\$7.90	\$1,614



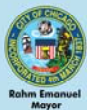
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Process to open a new location at the airport

- 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 Consulting, Inc.



CHICAGO DEPARTMENT OF AVIATION

Operating at the Airport

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



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Typical Business Terms

- Term: 5 – 10 years
- Rent and Fees
 - Base Rent
 - 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
- Not subject to change or negotiation



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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 BID OPPORTUNITIES

Glen Ryniewski
Assistant Commissioner, CDA
Concessions



CHICAGO DEPARTMENT OF AVIATION

2011 Requests for Proposals (RFPs)

- 3rd Quarter
 - ATMs, Foreign Currency Exchange and Banking at Midway and O'Hare
 - Food & Beverage at Midway
 - Advertising at Midway and O'Hare
- Winter
 - Food & Beverage at O'Hare

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



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Merchandising Concept Descriptions

- **Advertising:** Static, interactive, digital, sponsorship and display.
- **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.
- **Food Court:** Multiple food concepts that may include quick service food, coffee, and liquor bar. May include a limited amount of specialty retail. Food court common area completed by CDA.
- **Food & Beverage:** May include single or multiple locations, sit-down or fast food. Liquor service may be included.
- **Foreign Currency Exchange, Banking and Financial Services:** Foreign currency exchange services and full service banking to include all services provided in typical banks.
- **Snack:** Snack items such as popcorn, ice cream, pretzels.
- **Wine Bar:** Sit-down wine bar offering food.



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Concessions RFPs

RFP #	Merchandising Concept	Issue Date	Description
MDW- 1	Automatic Teller Machines (ATMs)	3 rd Qtr 2011	Two packages of 6 ATMs each, various locations throughout the airport.
ORD - 1	Automatic Teller Machines (ATMs)	3 rd Qtr 2011	Two packages of 15 ATMs each with locations in the domestic and international terminals of the airport.
MDW & ORD – 1	Foreign Currency Exchange, Banking and Financial Services	3 rd Qtr 2011	ORD: Three in-line locations totaling approximately 1,900 s.f. and three kiosk locations totaling approximately 300 s.f. in Terminals 1, 2, 3 and 5. MDW: One in-line location.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in-line space in concessions triangle, approximately 817 s.f.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 1,260 s.f.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 613 s.f.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 600 s.f.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 771 s.f.
MDW- 2	Snacks	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 508 s.f.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 915 s.f.
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 817 s.f.

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



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Concessions RFPs

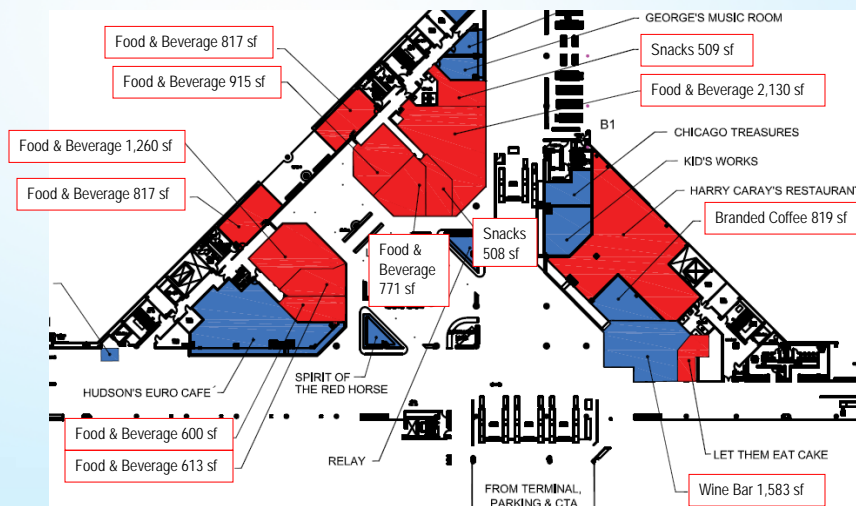
RFP #	Merchandising Concept	Issue Date	Description
MDW- 2	Food & Beverage	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 2,130 s.f.
MDW- 2	Snacks	3 rd Qtr 2011	One in- line space in concessions triangle, approximately 509 s.f.
MDW- 2	Food Court and Wine Bar	3 rd Qtr 2011	Food court in Concourse A, space to be developed for food & beverage concepts including fast food, coffee, and liquor bar and wine bar in concessions triangle, approximately 7,400 s.f. May include specialty retail.
ORD - 2	Food & Beverage	Winter 2011 - 2012	Numerous food & beverage locations; details to be determined.
MDW & ORD - 3	Advertising	3 rd Qtr 2011	Numerous locations throughout both airports.

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



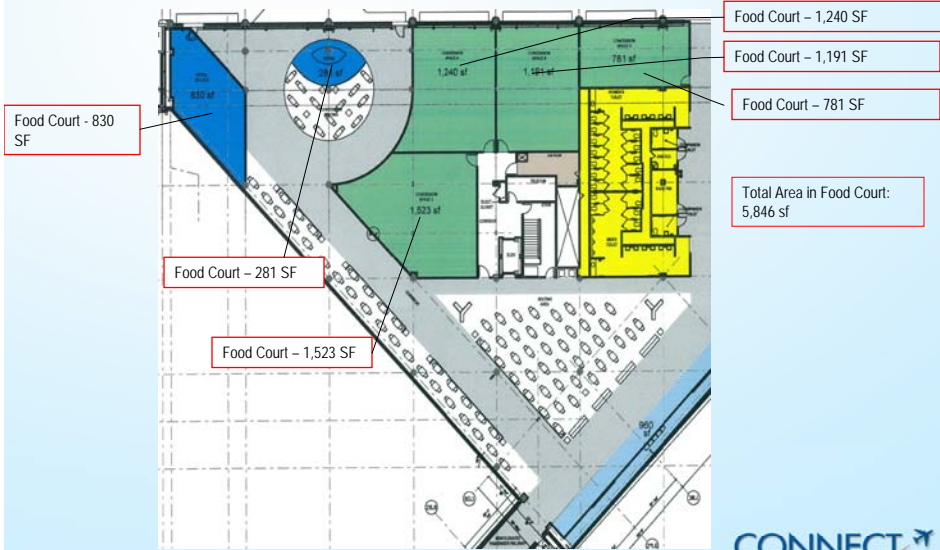
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Midway Site Plan – Concessions Triangle



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Midway Site Plan – Concourse A Food Court



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O'Hare International Airport Food & Beverage



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AIRPORT CONCESSIONS DISADVANTAGED BUSINESS ENTERPRISE

Victoria Wright
Training & Development Analyst,
Office of Compliance



CHICAGO DEPARTMENT OF AVIATION

What is ACDBE?

- Airport Concessions Disadvantaged Business Enterprise (ACDBE)
- Designed to aid small businesses owned and controlled by socially and economically disadvantaged individuals compete for airport concessions opportunities
- 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

Become certified:

www.chicago.mwdbe.com

Find an ACDBE Certified Business:

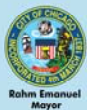
www.chicago.mwdbe.com

or

www.dot.state.il.us/ucp/ucp.html



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CONCLUSION

Glen Ryniewski
Assistant Commissioner, CDA
Concessions



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Visit our Website - www.FlyChicago.com

Sign up for CDA Web Alerts and be notified of:

- Bid packages advertisements
- Pre-Bid Conferences
- Upcoming Concessionaire/Contractor Open Houses and other events

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Resources

Airport Minority Advisory Council: www.amac-org.com

Airport Revenue News: www.airportrevenue.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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