

Milwaukee County
Department of Transportation
Airport Division

Addendum No. 1
December 30, 2013

Invitation to Submit Proposal
For Advertising Display Concession
At General Mitchell International Airport
Milwaukee, Wisconsin

Official Notice No. 6845

TO ALL PROPOSERS:

GENERAL INFORMATION FROM THE PRE-PROPOSAL MEETING

1. Official Notice No. 6845 requires that the selected proposer install a large double sided electronic sign in the center area of the concession mall. The selected proposer will be required to hire a structural engineer to determine the hanging points and the method of hanging the sign from the Airport space frame.
2. A marked up drawing of the Baggage Claim building was discussed with meeting participants. The current building remodeling will be completed in mid-2015. The completed building will contain space for advertising on 5 baggage carousels, 1 Reservation Center to be placed in the newly created Gathering Center in the center of the building, and some building back wall locations. The selected proposer will be expected to phase in advertising in the baggage claim building, and make modifications as remodeling progresses.
3. **The Agreement Term is changed to from 5/1/14-4/30/19 to 9/1/14-8/31/19 in order to provide a transition period from the current advertising program to the new program. The affected sections of the RFP and the Informational Agreement are contained in this Addendum No. 1.**
4. Exhibit A page 3 of 5 of the Informational Draft Concession Agreement is deleted from the Official Notice No. 6845, and the attached Exhibit A page 3 of 5 is added. One of the wall areas on the North end of the hammerhead was reduced in size.

5. A walk-through of the terminal building to view the actual locations for advertising displays was conducted at the end of the meeting.

INFORMATION TO PROPOSERS CHANGES

1. Page 7, M. 1. is changed to read as follows:

M. GENERAL INFORMATION

1. Term of Agreement

The agreement shall effective on the first day of the month after the month in which the County awards the Advertising Display Concession Agreement. The Agreement Contract Term begins on September 1, 2014 and ends on August 31, 2019.

2. Page 11, 9. Proposal Process and Anticipated Award Schedule,

The words, "Execute Agreement April 30, 2014" are changed to read, "Execute Agreement May 31, 2014"

INFORMATIONAL DRAFT AGREEMENT CHANGES

1. Page 2., F. is changed to read as follows:

F. "Contract Year" shall mean the twelve-month period commencing on September 1, 2014 and each anniversary thereof thereafter.

2. Page 3. 3. TERM OF AGREEMENT is changed to read as follows:

3. TERM OF AGREEMENT

Subject to earlier termination as hereinafter provided, the Agreement shall effective on the first day of the month after the month in which the County awards the Advertising Display Concession Agreement, and the term commences on September 1, 2014 and ends on August 31, 2019.

3. Page 17, the following Paragraph 9.C.(4) is added to read as follows:

- (4) Notwithstanding the foregoing, it is understood and agreed that from the Commencement Date through August 31, 2014, payments of the Minimum Annual Guarantee provided in Paragraph 9.A.(1) shall be waived. It is further provided that the Percentage Fee provided in Paragraph 9. A. (2) shall be payable throughout such waiver period, and that said Percentage Fees due and payable during in this time period shall be reported separately in the first Contract Year audit as contained in Paragraph 9.F. (3).

THE FOLLOWING QUESTIONS WERE PRESENTED AT THE DECEMBER 12, 2013 PRE-PROPOSAL MEETING THAT ARE NOT INCLUDED IN THE WRITTEN QUESTIONS BELOW:

1. **Question:** Concerning the Investment Schedule on Attachment F, is an annual investment required? Will existing displays be available to the successor?

Answer: Attachment F is to contain the amount of investment the proposer intends to make each year. It can be a one-time investment or an annual investment. Existing displays vest with the incumbent.

2. **Question:** On page 9 of the Informational Draft Agreement, it states that the Concessionaire ensure that a minimum of fifty percent of advertising displays shall be sold to individuals, firms, companies or organizations whose primary place of business in located in Wisconsin. Is this old language given that most business is national or international these days?

Answer: The County expects that a good faith effort be made to achieve 50% Wisconsin advertisers. Preference is to be given to showcasing Wisconsin advertisers. The County should receive no complaints from parties who say that they do not have opportunities to advertise at the Airport.

3. **Question:** There was a question concerning proposer qualifications. The parties asking the question was asked to please put the question in writing so it could be reviewed and responded to appropriately.

Answer: No written question was received by the question due date of December 19, 2013. Airport staff has reviewed

the qualifications sections of the RFP and determined that they are appropriate.

4. **Question:** The 5% DBE goal relates to what?

Answer: The level of DBE involvement in the concession is equal to a value equal to 5% of the of the concessions gross receipts.

5. **Question.** Are DBEs to be certified at the time of the contract or the proposal submission?

Answer: Proposal submission is preferred. The DBE office will review the DBE compliance submitted with the proposal.

6. **Question:** What caused the significant rise and drop in traffic?

Answer: The traffic rise was due to Southwest, AirTran, Frontier (and previously Midwest Airlines) vying for customer at the Airport. The traffic decline was due to airline mergers, airline route reductions, and Frontier Airlines de-hubbing at the Airport.

**THE FOLLOWING ARE WRITTEN QUESTIONS THAT WERE RECEIVED BY THE
DECEMBER 19, 2013 QUESTION DEADLINE:**

1. **Question:** The Award Schedule (page 11) does not contemplate any transition period. According to the schedule, the County will execute the agreement on April 30, 2014 and the Contract Terms begin on May 1, 2014 (page 7). The only proposer able to meet these terms is the incumbent concessionaire because they have an advertising display concession already in-place, operating and generating revenue.

If a new company were to be awarded the concession, they would have to design displays and concepts, obtain design approval from the County, fabricate advertising equipment and install the advertising displays. Meanwhile, the incumbent concessionaire would need to remove all existing advertising fixtures and replace/repair walls to the County's standards. All these activities would have to take place in less than 24 hours.

Will the County consider an Interim Term of 3-6 months in order to ensure a smooth and seamless transition from the incumbent

concessionaire? This Interim Term should be on a percentage of sales only, with no MAG commitment.

Answer: Page 7, M. 1. is deleted and the following language is added to read as follows:

1. Term of Agreement

The agreement shall be effective on the first day of the month after the month in which the County awards the Advertising Display Concession Agreement. The Agreement Contract Term begins on September 1, 2014 and ends on August 31, 2019.

2. **Question:** The RFP stipulates that "Advertising displays in Baggage Claim should not be included in the proposal financials." (Page 1). While we understand the rationale for this, we believe that this presents a circumstance that puts the incumbent concessionaire in a clear advantage. While all proposers are asked not to use Baggage Claim opportunities in the sales or capital projections, these opportunities do exist for the incumbent concessionaire and will continue for them even if they do not include them in the RFP response. New proposers will not have the ability to generate revenues in baggage claim until after construction completion in late 2014 or early 2015.

Answer: While the RFP stipulates that the Baggage Claim should not be included in the proposal financials (Attachment E), the baggage claim areas will be available to the Concessionaire as construction permits. After the concession award, the Concessionaire is expected to develop a display plan for the baggage claim building. Approved temporary displays may be installed during the construction process. Approved final displays may be installed as soon as areas of the building are completed.

3. **Question.** While the RFP presents revenue history at MKE, Page 1 states that "Proposers should base their proposal financials only on approved locations." These approved locations account for about 60% of the display locations throughout the terminal and exclude baggage claim and escalator soffits. After surveying the terminal, we estimate that there are approximately

8 to 10 advertisers on the digital screens located on the baggage carousels, 15-18 paid advertisers on the courtesy phone centers, and one premier advertiser over the soffit. We have no way of determining the amount of revenue these advertisers represent. Would the airport provide us the latest 3 months of monthly advertising concession revenue reports, so that we accurately determine how much revenue is being generated by displays in Baggage Claim and Escalator Soffits?

Answer: The Airport does not require the reporting of revenues by location. The 2013 revenues from January through September are contained in page 14 of the RFP. The revenues reported for September, October and November, 2013 are as follows:

September	\$ 49,323
October	\$ 47,617
November	\$ 45,172

4. **Question:** Because opportunities in Baggage Claim are not included in our financial proposals, all proposers will have to exclude these revenues in their projections, which will ultimately result in underbidding the MAG. Wouldn't the County be best served to wait until after the baggage claim construction to issue the RFP so that proposers can bid the entire airport?

Answer: The MAG is bid for the first year of the Agreement, and then it is adjusted to 85% of the fees paid for the previous year. Fees paid to the County are the greater of the MAG or the Percentage fees. Since Proposers bid both the MAG and the percentage fees, MAG underbidding would affect County revenues only if the initial MAG greatly exceeds the percentages.

5. **Question:** Because opportunities in Baggage Claim are not included in our financial proposals, the RFP does not contemplate continuity of the Courtesy Phone Center (CPC) service in Baggage Claim. This display accounts for a significant capital investment from proposers and provides an essential service for the airport-area hotels and transportation companies. We assume the airport would like to continue to offer this service during the construction period. Can language

be added to the RFP that addresses the continuity of courtesy phone service?

Answer: With the new Contract Effective Date of September 1, 2014, there will be ample time for the selected proposer to work with Airport staff in the design and installation of a Courtesy Phone Center, and time to work with the incumbent concessionaire in transitioning subscribers to this service, if the incumbent does not succeed itself.

6. **Question:** The only capital requirement is the large digital electronic display in the Concession Mall. While new proposers have to invest in an entirely new advertising display program throughout the terminal, the existing concessionaire is only required to build-out the large electronic display. Will the airport designate a minimum capital expenditure requirement which has to be deployed no matter who wins the procurement?

Answer: No.

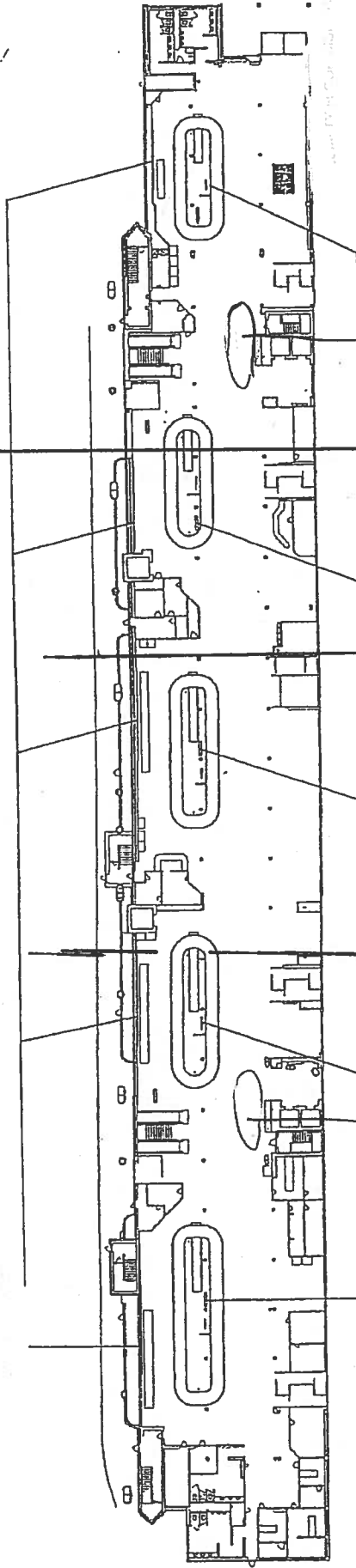
7. **Question:** Will you please provide us a copy of the current contract between the County and the existing concessionaire?

Answer: The County will forward an electronic copy of the contract on receipt of a written request in which you request specific documents in accordance with Wisconsin Open Records Law. Requests can be sent to Kathy Nelson knelson@mitchellairport.com. Your request should contain your name, email address, and a description of the document you wish to receive.

8. **Question:** Can you please provide us with all required forms and/or documents in Word, or Excel formats as well as an electronic version of the airport map that does not show current locations?

Answer: Please print and use all forms that are contained in the RFP package.

BAGGAGE BUILDING

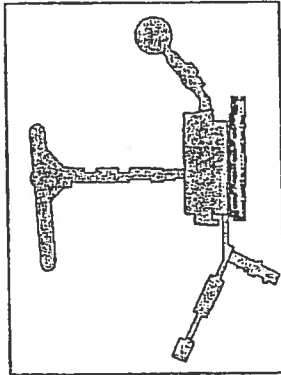


Current
Reservation
Center

BAGGAGE CLAIM

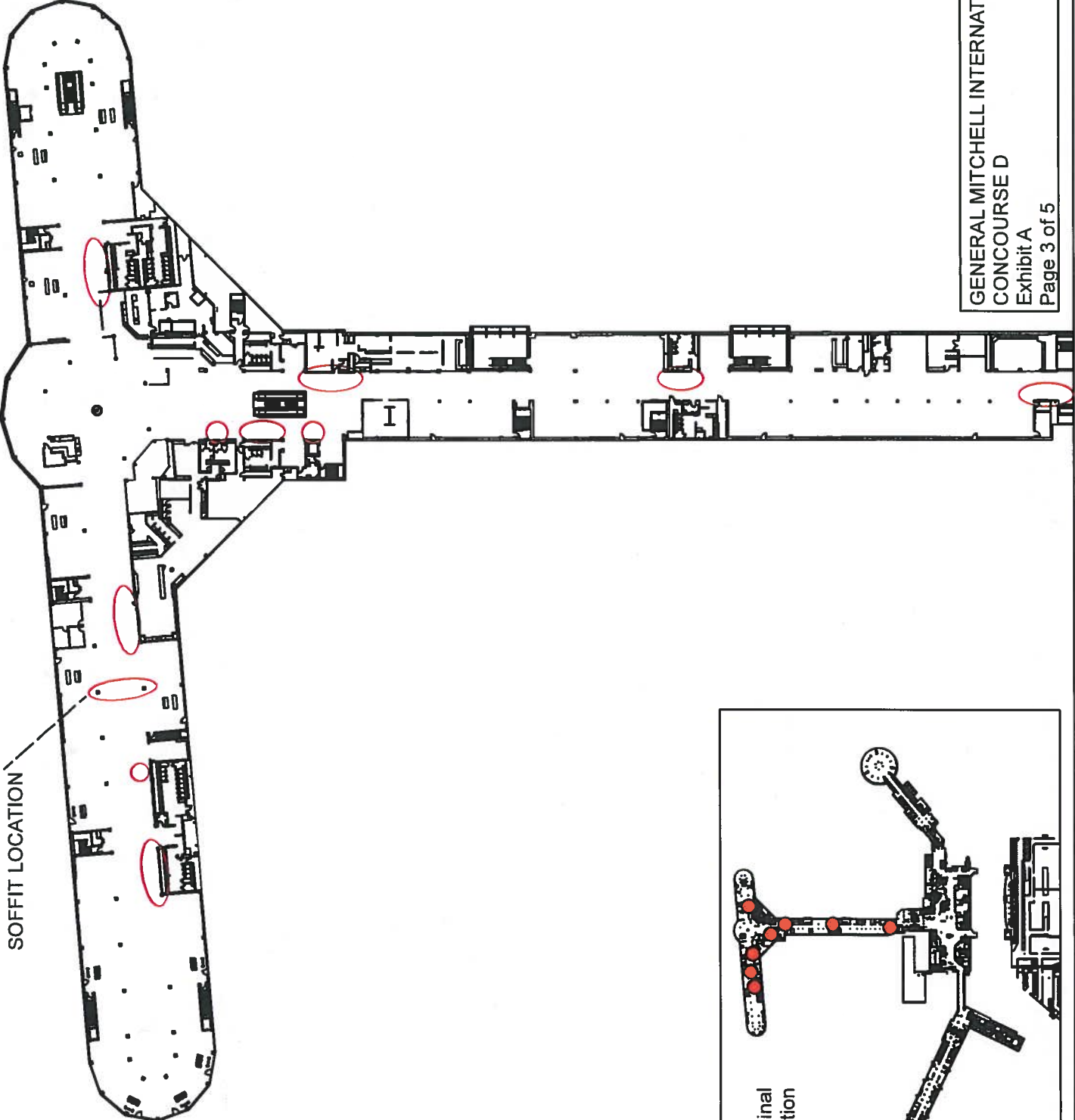
New Gathering
Center

Current
Reservation
Center

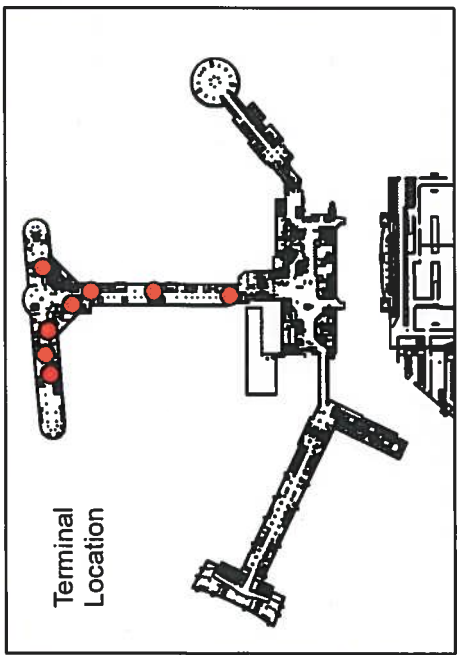


New Building (Renodel)

- 5 Counters
- 1 Reservation Center
- Some Back Wall Locations



SOFFIT LOCATION



Terminal
Location