



Addendum #3

Revenue Contract Solicitation (RCS) AVN RCS 24-001

Childcare Services at Phoenix Sky Harbor International Airport

Reminder - Potential or actual Respondents Must discuss their Responses, exception request, solicitation inquiries, or present solicitation recommendations only to the Procurement Officer, Cadle Collins cadle.collins@phoenix.gov. Violation of The Solicitation Transparency Policy by contacting any city staff other than the Procurement Officer may result in disqualification of this solicitation. Please see the RCS, Section V – General Terms and Conditions, A – Solicitation Transparency Policy.

According to Section I – Introduction, Item L – Addendum to RCS, the City hereby amends the above-referenced RCS as follows:

DELETE AND REPLACE:

1. Section I – Introduction, Item G – Lease Term and Contractual in this RCS is deleted in its entirety and replaced with the following:

The information in this RCS is not intended to completely define the proposed contractual relationship to be entered into by the City and the Successful Respondent. The Lease terms may be amended at the sole discretion of the City at any time during the RCS process and/or prior to execution of the Lease.

The Lease will be effective on the date of execution by the City (Effective Date). The Initial Term of the Lease will begin on the Effective Date, or the date listed in the Lease and last for twelve (12) to eighteen (18) consecutive months or until the Tenant begins all Childcare Facility Operations under this Lease, whichever comes first. The Primary Term of the Lease will commence twelve (12) to eighteen (18) months from the Effective Date or on the date the Successful Respondent begins all operations under the Lease, whichever occurs first. **The Primary Term of the Lease for this RCS will be ten (10) years, with two (2) five-year options to extend which may be exercised at the sole discretion of the Aviation Director.**

Respondents are advised to read the Draft Lease included as Exhibit 1, to which the Successful Respondent shall be bound, upon completion of the Draft Lease negotiation.

The Successful Respondent may terminate the Lease in five (5) years for any reason or no reason by giving Landlord at least six months (180 days).

This RCS is for a non-exclusive Lease with the City. The City will not enter into an exclusive Lease with a Successful Respondent and has the right to award leases to other operators for childcare and facility management services at any Airport location.

2. Section II – Scope Overview, Item B – Net Rental Rate in this RCS is deleted in its entirety and replaced with the following:

Beginning on year six (6) of the Lease the Awarded Responded must pay a net rental rate of \$134,620.00 per Year (i.e., \$10.00 per square foot), plus applicable taxes, and is payable to City in twelve (12) equal monthly installments (Net Rent). Unless otherwise specified, the payment of Net Rent is due without notice, demand, deduction, or setoff in advance on the first day of each month during the Primary Term of the Lease.

3. Section II – Scope Overview, Item C – Rent in this RCS is deleted in its entirety and replaced with the following:

At the beginning of the sixth Lease Year of the Primary Term and through each remaining Lease Year of the Primary Term and the Option Term, Tenant shall pay to Landlord net annual rent in the amount of \$134,620.00 per Year, plus applicable tax, which may be adjusted from time to time (Net Rent). At the beginning of the seventh (7) Lease Year of the Primary Term and every Year thereafter, Landlord may adjust Net Rent upward according two percent (2%).

4. Article 8 and Article 10 in **Exhibit 1 Childcare Facility Draft Lease – Final** have been revised to address the changes referenced in Paragraphs 1, 2, and 3, above, which includes renumbering of the provisions in Article 8. Please delete and remove all references in the RCS to **Exhibit 1 Childcare Facility Draft Lease – Final** and replace with the following:

Exhibit 1 Childcare Facility Draft Lease – Revised 2.29.2024

Excel Document located at: <https://solicitations.phoenix.gov/Solicitations/Details/1696>

5. Please delete and remove all references in the RCS to **Exhibit 9 Proposed Capital Investment** and replace with the:

Exhibit 9 Proposed Capital Investment Revised 2.29.2024

Excel Document located at: <https://solicitations.phoenix.gov/Solicitations/Details/1696>

ADD

6. Add Exhibit 20 – T3 Childcare Aviation Annex Floor Level TI dwg CAD – Document located at <https://solicitations.phoenix.gov/Solicitations/Details/1696>
7. Add Exhibit 21 – T3 Childcare Aviation Annex Floor Level TI pcp CAD – Document located at: <https://solicitations.phoenix.gov/Solicitations/Details/1696>
8. Add Exhibit 22 – T3 Childcare Aviation Annex Floor Level TI Shell dwg CAD – Document located at: <https://solicitations.phoenix.gov/Solicitations/Details/1696>
9. Add Exhibit 23 – T3 Childcare Aviation Annex Floor Level TI Shell pcp CAD – Document located at: <https://solicitations.phoenix.gov/Solicitations/Details/1696>
10. Add Exhibit 24 – Electronic Media Transmittal Draw pdf– Document located at: <https://solicitations.phoenix.gov/Solicitations/Details/1696>

QUESTIONS AND RESPONSES:

The following questions were submitted by interested Respondents and represented as they were received.

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| Question 1: | *who will name this center and/or who will approve the name? |
| Response 1: | The Aviation Department will work with the Recommended Awardee to determine the name of the center. The name must be approved by the Aviation Director or his designee. |
| Question 2: | *fire code requires that infant rooms have at least two methods of egress. Will the outside courtyard surrounded entirely by a structure be considered egress to the outside? |
| Response 2: | Two means of egress to the outside have been provided out of the outdoor play area as part of the shell building design. Respondent should consult its own design professionals with regard to egress requirement. |
| Question 3: | *will this project be able to get priority review and re-reviews from Planning and Development? |
| Response 3: | Aviation staff will work with the successful Respondent to facilitate plan reviews but cannot guarantee the expedition of reviews. Respondent should consult with Planning and Development Department directly regarding the fastest way to obtain permit. |
| Question 4: | *Will the \$3000000 include all soft costs, permitting etc? |
| Response 4: | Yes, please see RCS Section II – Scope Overview, D. - “The City will provide non-Airport general funds in amount up to \$3,000,000 (City Funding) to the Successful Respondent to be used solely toward the Childcare Facility build-out which will benefit the Airport in the future.” “Any construction work, costs, or expenses for which Successful Respondent will seek City Funding reimbursement requires the City’s prior approval and must comply with the applicable advertisement, notification, competitive bidding, and bonding provisions of Arizona Revised Statutes (A.R.S.) Section § 34-101, et seq. (collectively, “Title 34”).” Please also see Response 8. |
| Question 5: | *will Sky Harbor employees be able to visit their child for breast feeding purposes or is that determined by the actual employment management? |
| Response 5: | This would be determined by the Successful Respondent and by the employee’s employer. |
| Question 6: | *How is our experience verified? |
| Response 6: | The Procurement Officer and evaluation panel will confirm the Respondent meets the minimum qualifications and verify experience by validating the references submitted in Exhibit 14. |
| Question 7: | *What type of references for this project consider most relevant, provide the most points? Would more than 3 be better? Or are 3 the maximum? For example; construction, banking, parental, employee, landlord, insurance etc? |
| Response 7: | Please see the RCS, Section III – Evaluation Criteria and Response Instructions, A, 1. Relevant References should provide an in-depth description of previous experience that are of similar size to PHX for a minimum of five (5) years, provide references that include a service description, dates of provided service, operation budgets, and compensation. |

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| Question 8: | *How is the 3000000 disbursed? Is this stage funding or trade funded? |
| Response 8: | Please see RCS Section II – Scope Overview, D and Childcare Facility Draft Lease – Revised 2.13.2024, Article 4, 4.1, E. Childcare Facility Draft Lease – Revised 2.13.2024. |
| Question 9: | *The proposed floor plan needs quite a bit of practical improvement? Is our architect able to make changes? |
| Response 9: | Yes, as long as the layout of shell space is maintained. Please also see Response 10. |
| Question 10: | *the proposed floor plan completely surrounds the outdoor area. Is a horseshoe configuration also possible depending on fire code? Or are we to maintain the building envelope as designed? |
| Response 10: | The building envelope / shell is to remain as designed including window, fenestration, and door locations. The proposed conceptual interior tenant improvement plan provided in the RCS is for reference only as an example of how the interior TI could be configured. The conceptual plan was based on the program requirements identified by COP Human Services / AVN which included flexible classrooms and outdoor space that can be adaptable based on a changing demographic. Classrooms in the conceptual plan are sized to accommodate 15-20 children per Department of Health Services Bureau of Childcare Facilities Licensing square footage requirements. In development of the conceptual plan, COP Human Services indicated that jack and jill restrooms with gender separation between classrooms for ages 3-5 was preferred and that ages 0-2 could consider common unisex restrooms. The interior floor plan configuration can be modified by the operator based on the operator's proposed design but should be considerate of the building shell design including the placement of door and window locations as shown in the building shell design drawings. Modifications to the building shell if required shall be the responsibility of the operator and require approval by the COP / AVN. |
| Question 11: | *Are the number of parking spaces allocated to this area already approved by the city? |
| Response 11: | Yes. |
| Question 12: | *Fire code requires that there be an exterior meeting place. Has that already be determined? |
| Response 12: | No, the Successful Respondent will work with the Aviation Department to determine an outside meeting place. |
| Question 13: | *Are the Indoor/outdoor spaces square footage allocations predetermined or flexible? Licensing allow the number of occupancy depending on the lesser of the outdoor calculations or interior calculations? |
| Response 13: | Overall interior square footage and exterior outdoor play area square footage is fixed based on shell building design. Please also see Response 10. |
| Question 14: | *What does a staffing plan consist of? |
| Response 14: | Reference the Section III – Evaluation Criteria and Response Instructions, A, 2. |

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| Question 15: | *How are policies described or submitted? As a narrative? or as a formal handbook? |
| Response 15: | Please see the RCS, Section II – Scope Overview, I, 4 – “Establish policies and procedures for facility operations; maintain a current Program Policies and Procedures Manual and ensure its implementation; and train Respondent’s staff on program curriculum and Childcare Facility policies and procedures.” Please see the RCS, Section III – Evaluation Criteria and Response Instructions, A, 2. Respondent must provide all required detail in this section by narrative or formal handbook. |
| Question 16: | *I prefer physical submittals. Would you like this submittal in a Dropbox as well? |
| Response 16: | Please see the RCS, Section III – Evaluation Criteria and Response Instruction, B & C. The City will not accept Dropbox submittals. |
| Question 17: | *Are we able to get a written verification that a physical submittal is received? |
| Response 17: | For in-person delivery of responses to the Aviation Headquarters, the receptionist will time stamp the sealed package and present a time stamp receipt upon request. Respondent may also contact the Procurement Officer before the Solicitation Deadline to verify their response was received. |
| Question 18: | *There is no such thing as "necessary accreditation" in Childcare. There is mandatory Licensing. DES, CACFP Quality First, and a type of National Accreditation are earned through an application and an assessment process. |
| Response 18: | Statement, no response required. |
| Question 19: | *Will the City require a Civil submittal? |
| Response 19: | To be decided as required based on the Operator’s design proposal for the interior play area. |
| Question 20: | *If the operator creates and manages a successful, well-run center, it is unjust that this center will go to a new operator. The existing operator should have first right of refusal to continue. (opinion) |
| Response 20: | Statement, no response required. |
| Question 21: | *Does the design of the floorplan itself have to stay within the footprint of the the sample/proposed structure? Or can the square footage of the courtyard/structure be arranged differently? |
| Response 21: | Yes. The building envelope / shell footprint / square footage is to remain as designed. Respondents may submit floorplan layouts in their response. Please also see Response 10. |
| Question 22: | *The current floor plan includes a nursing station. Centers typically do not have full time nurses on staff. Sick Children are not permitted to stay at the center. If an emergency occurs, 911 is summoned, if there is a fever, lice, or mild illness which is not a regular occurrence, parents are called to pick up their child. Is a nursing station required? |
| Response 22: | This element is not a requirement of the Lease. Please also see Response 10. |
| Question 23: | *The playgrounds must be age appropriate. Infants need to be separated from the toddlers and the older toddlers must be be separated for the pre k. Are we able to provide barriers/fences to separate the playgrounds? |
| Response 23: | Yes. |

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| Question 24: | *Are we able to have a kitchen to provide meals or must all food be prepackaged and imported from the outside? |
| Response 24: | Per RCS Section II – Scope Overview, I. General Requirements (Duties of Operators), 7. “Provide nutritious meals and snacks including, but not limited to breakfast, morning snack, hot lunch and afternoon snack.” This facility will not have infrastructure for full food preparation such as, but not limited to, exhaust vents, grease traps, etc. A designated area for a non-cooking kitchen can be proposed. Please also see Response 10. |
| Question 25: | <p>One of the big concerns is the timeline.</p> <p>I have little faith that the city of phoenix can even permit a project of this size within 12 months let alone a full build out, so we would need an accommodation for an extension of the buildout timeframe if the city takes 18 months to approve the project, obviously this would be after we do all we can do to push it along, some of these can drag on for 3 plus years. This would obviously depend on if the site plan is already approved or not and other engineering variables that are unknown at this time.</p> |
| Response 25: | Statement, no response required, however, please also see Response 3. |
| Question 26: | The lease termination clause: Both at the end of the 10 year term and the ability for the city to pull out of the Lease at any time are HUGE issues. In order to consider this that would have to be removed or you could add that upon termination of the lease you would potentially fund us relocating to another facility nearby if things don't pan out, however its hugely disruptive to all things to not have a lease that is reliable and renewable. |
| Response 26: | Please see RCS 24-001 Addendum 3, Item 1. The Primary Term of the Lease for this RCS will be ten (10) years, with two (2) five-year options to extend. |
| Question 27: | One 10 year term: A business is not safe if the landlord has all the control. Is this an area of the lease that can be looked at? Adding Potentially 2, 5 year extensions or a clause that says that if both parties agree the lease can be terminated, not a unilateral ability for the landlord to pull out at any time, this is a deal killer. There is no way to bid out to new owners an actively open and functioning childcare center at the end of a 10 year term, the business just doesn't work like that. Why if its not running successfully would you not want to renew? |
| Response 27: | Please see Response 26. |
| Question 28: | Also, I would request an option to end the lease, or adjust the lease terms to \$100/child per month, if we cannot after sufficient marketing efforts and outreach get to at least 75% enrollment after 18 months of operation. This will ensure financial viability in the event its impossible to fill up the school because of the location, if we cannot get the airlines to subsidize childcare additionally. This will be a difficult site to bring external families for care because of the congestion around airports in general. |
| Response 28: | Statement, no response required. |

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| Question 29: | Further I worry about the noise levels in the skytrain building as children nap during part of the day and any noises even cars going by can be an issue in nap time, do you know if the noise levels are insulated enough at present or will be with they new shell buildout? |
| Response 29: | The Respondent should include insulating measures for the site deemed necessary as part of their Response. |
| Question 30: | When will the shell be completed? Is this already permitted? |
| Response 30: | Estimated completion of the shell is mid to late fall of 2024. Yes, the shell has been permitted. |
| Question 31: | Does the 3 million include furnishings? |
| Response 31: | Please see Response to Question 4. |
| Question 32: | Can I sublease out the area? |
| Response 32: | Please see Draft Lease, Article 17. Sublease for childcare related services may be acceptable but will be subject to prior approval by the City. All proposed subleases must be noted in the Respondent's Response. |
| Question 33: | Is the information we submit to be considered proprietary? For example; I will be spending quite a bit of money to obtain proper architectural renderings. If we are not granted the lease, yet our renderings are the most desirable, will those be allocated to the winning lessee? |
| Response 33: | An unsuccessful Respondent's Response is subject to Section V – General Terms and Conditions of the RCS, C – Disclosure of Confidential and Proprietary Information. The Respondent recommended for award will be recommended based on the renderings they have submitted in their Response and their overall score of the evaluation criteria best-value-to-the-City-procurement. |
| Question 34: | While I recognize circumstances may prevent the tenant from having exclusive use of the premises, will the said tenant have some degree of control to be further delineated in the Lease? |
| Response 34: | Please refer to the Draft Lease Article 4 regarding use of the premises. |
| Question 35: | Is it possible to have the landlord and tenant's specific responsibilities related to the premises construction, improvements, and maintenance enumerated in the Lease? |
| Response 35: | The City will consider specific responsibility requests during the Lease negotiation portion following the Award Recommendation and/or Council Award of the Lease. |
| Question 36: | What is the timing and manner city funding would be distributed in connection with the tenant's work? |
| Response 36: | Please see response to Question 8. |
| Question 37: | I note the provision that references Additional Payments. Are you able to confirm Additional Payments are an anticipated monthly expenditure above and beyond Net Rent and, if so, are you able to provide an estimate of such amount at this time? |
| Response 37: | The City is not able to anticipate monthly expenditures above and beyond Net Rent. Refer to Article 10 Net Rent of the Draft Lease |

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| Question 38: | My Client is committed to providing affordable childcare. Will the tuition rates be subject to the landlord's discretion, and, if so, is there a formula as to how such amount will be determined? |
| Response 38: | The City has requested the Respondent propose tuition rates in Exhibit 16 that will be evaluated in the Method of Approach and Management, Marketing, Operations, and Technology Plans evaluation criteria. The Successful Respondent must demonstrate the ability to effectively operate and manage the Childcare Facility within a competitive tuition structure with a strategy to implement best practices. |
| Question 39: | Given the investment, are there any limitations on the landlord's ability to unilaterally amend the Lease? |
| Response 39: | Both parties must agree to any amendments to the Lease once executed. |
| Question 40: | Any costs of the program, including rent, are incorporated into the tuition rates for families. At the proposed rental rate, this requires us to increase tuition significantly and we believe many working families would be unable to pay the required rates. Can you make the rental fee as close to no-cost as possible? This ensures families are not burdened with increasingly high childcare fees. a. If the rental rate cannot be changed, is there an opportunity to provide tuition scholarships in lieu of rent payment, or suggest another type of exchange? |
| Response 40: | Please see RCS 24-001 Addendum 3, Item 2 - Net Rental Rate and Item 3 – Rent. |
| Question 41: | The \$3M investment in the build-out of the childcare center, does it include FFE (fixtures, furniture and equipment)? |
| Response 41: | Please see response to Question 4. |
| Question 42: | In the space provided, can we include space for additional youth and family programs, community benefit programs beyond the licensed childcare services? |
| Response 42: | No. |
| Question 43: | At what stage of this project will the 'effective date' of the lease begin? |
| Response 43: | Please see Section I – Introduction, G. “The Lease will be effective on the date of execution by the City (Effective Date).” The execution date of the Lease must be before January 2025. |
| Question 44: | what will the approximate 'real property' taxes be? How will this be calculated? |
| Response 44: | The City does not anticipate the assessment of real property tax. Respondents should consult their own tax advisors. |
| Question 45: | Will follow up questions be allowed after the answer period? How will we get any clarifications that come up after the award is granted? |
| Response 45: | No further questions will be accepted after the Question Deadline of 1/30/2024 at 3:00 p.m. unless the City extends the deadline through a formal addendum. Once City Council has awarded this Solicitation the Solicitation Transparency Policy will no longer be in effect and City staff is free to communicate with any Respondents including the Recommended Awardee. |
| Question 46: | are we able to get the CAD file of the current footprint? or any /all of the current renderings? |
| Response 46: | Please see RCS 24-001 Addendum 3, Item 4 - 8. CAD file will be made available to the Successful Respondent. |

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| Question 47: | Will non airport children be able to enroll in this center? |
| Response 47: | Please see the RCS Section II – Scope Overview, I, 2. “Priority enrollment given to badged Airport Workers and space shall be offered upon availability to the general public only when no children of Airport Workers remain on the enrollment Wait List.” |
| Question 48: | Will employees of the childcare center be considered airport personelle? |
| Response 48: | Yes, because the employees of the childcare center will be required to be badged by the Airport Please see Section I – Introduction, B Definitions. “AIRPORT WORKERS means eligible Airport employees and workers confirmed through the City’s Aviation Department badging verification process.” |
| Question 49: | Clarification on exterior door question: Infant rooms must have 2 separate exits. One of these exits can be internal, I believe |
| Response 49: | Statement, no response required. |
| Question 50: | are the exterior doorways to the courtyard able to be moved/added/or deleted based on layout necessity? |
| Response 50: | The building envelope / shell is to remain as designed including window, fenestration, and door locations. If modifications to the door locations included in the shell delivery by the City of Phoenix are required by code based on the alternate interior design configuration proposed by the tenant, said changes to the door locations would be by the operator and require approval from the City of Phoenix / AVN and Core and Shell Design Team. |
| Question 51: | Will there be transportation to and from public schools? a. Can you provide the names of local schools that we will have to transport children to? |
| Response 51: | It is the Respondent’s responsibility to research and coordinate all transportation requirements. |
| Question 52: | Are you open to ages 6 weeks thru Pre – K, with children exiting the program when they enter kindergarten? |
| Response 52: | Per the RCS, Section I, Introduction – “The Childcare Facility will serve children ages six (6) weeks to six (6) years old...” There will be no requirement for children to exit the program once they begin kindergarten unless they exceed the age of 6. |
| Question 53: | -Infant and 1 year old rooms do not require water closets. These children are in diapers only. |
| Response 53: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 54: | -jack and jill bathrooms cause challenges with teacher supervision, children can meander into the adjoining classroom. It is a better practice to have a single water closet in each classroom beginning with 2 year olds. |
| Response 54: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 55: | -A commercial kitchen should be required. If a fire hood is impractical then the center can utilize baking appliances. |
| Response 55: | Please see Response 24. |

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| Question 56: | -A rather large storage area is necessary for classroom supplies, required file storage, facility maintenance supplies, and center holiday decorations. |
| Response 56: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 57: | - a conference room is unnecessary. |
| Response 57: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 58: | -This center should have a larger lobby with at least 3 personnel located at the front desk including the directors and assistant directors. Parents also need a space to complete required paperwork |
| Response 58: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 59: | - a smaller owners office will suffice |
| Response 59: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 60: | -gender bathrooms are not necessary in a child center |
| Response 60: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 61: | -multiple sinks will be required in certain classrooms. |
| Response 61: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 62: | -the classrooms sizes need to be adjusted depending on the age of the child and the square foot allocation per age |
| Response 62: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 63: | -infant classrooms need to be in close proximity to the main lobby and within visual site of the the front office personnel. Infants are the most vulnerable age |
| Response 63: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 64: | -the number of toilets exceeds the need of a center this size |
| Response 64: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 65: | -food storage, refrigeration, and a janitorial area with a floor sink is necessary. |
| Response 65: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 66: | -current design requires that parents traverse through multiple playgrounds with barriers (fencing) to get their child to their classroom. There must be a better way |
| Response 66: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 67: | -secondary barriers should be in place at all exists in case a child is a "runner" |
| Response 67: | Respondents may propose interior designs/layout. Please also see Response 10. |
| Question 68: | The Grant include build -up , general equipment, equipment for playground, furniture, toys, materials and electronic equipment as well? |
| Response 68: | Please see Response to Question 4. |

The balance of the specifications and instructions remain the same.