



Addendum #3

Revenue Contract Solicitation (RCS) AVN RCS 21-023

Terminal 4 South 1 (T4S1) Concourse Retail Concessions Phase I at Phoenix Sky Harbor International Airport

ADD

1. Add the following paragraphs to the end of Section III – Evaluation Criteria and Response Instructions, Item B – Submission of Response – Electronic or In-Person Submission:

Respondents may submit electronic signatures on documents that do not require a Notary Public. The City does not accept electronic signatures for notarized documents; these documents must be submitted in paper form (hard copy) with original or “wet-signatures” at time of the Solicitation Deadline. Please ensure that electronically signed documents are submitted in separate pdf files.

Respondents will be allowed to submit an electronic test-submission. Please send electronic test-submission to avn.solicitations@phoenix.gov and specify in the title that the submission is only a test. The City will acknowledge receipt of the test submission but will not be responsible for providing any additional information related to the Respondent’s test submission. A test submission will not be counted as a final submittal. The actual Response must be submitted before the Solicitation Deadline.

DELETE AND REPLACE:

2. Please delete and remove all references to the R1 and R2 space square footage in the RCS and replace with the following square footage:
 - R1 **2,793** square feet: Store-within-a-Store; News and Convenience and Specialty Retail;
 - R2 **1,257** square feet: Specialty Retail (High Tech)
3. Section II – Scope Overview, Item G – Reports, is deleted in its entirety and replaced with the following:

The Successful Respondent will submit reports to Aviation. Monthly reports will be due within twenty (20) days after the close of each month and must include a detailed statement of gross sales and any deductions from gross sales for the preceding month. The monthly report must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and certified by a responsible financial officer of the Successful Respondent and must be submitted in a format approved by Aviation. Gross sales shall be reported by percentage rent category. Weekly reports will be due every Wednesday for the prior week’s sales.

Concessions Data Reporting Requirements:

The City will require the Successful Respondent to report concessions sales data via an automated process utilizing the City-provided Application Program Interface (API) standard. The Successful Respondent shall provide near real-time and monthly reporting of concession sales data using this published API specification. Reporting of concessions sales data via this method is required regardless of other means that the Successful Respondent might choose to report similar data to the City on a monthly basis for reporting Minimum Annual Guarantee (MAG) or percent sales revenue information to meet its other reporting requirements. Any and all equipment and transmission changes necessary to accomplish this reporting process will be the responsibility of the Successful Respondent.

Requests for the draft API specification must be submitted to the Procurement Officer via email (avn.solicitations@phoenix.gov) and a non-disclosure agreement (NDA) must be signed by the Respondent. Once the signed NDA has been received, the City will provide an FTP link.

The draft Lease will be revised prior to execution to reflect these changes.

- 4. Attachments A – F is deleted in its entirety and replaced with **Revised Attachments A – F**. The Attachments are posted and is available at the following link:
<https://solicitations.phoenix.gov/Solicitations/Details/928>

QUESTIONS AND RESPONSES:

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

Question 1:	Any idea of timing for Phase II																						
Response 1:	Terminal 4 South 1 (T4S1) Retail Concessions Phase II and Food and Beverage Concessions Phase II dates are to be determined. Please refer to Section II (B).																						
Question 2:	Did you say that S1 and S2 connect?																						
Response 2:	Yes, S1 connects to S2 through a connector bridge. See Exhibit 16 – Tenant Design Criteria (Rev. June 22, 2021), Page 15.																						
Question 3:	Enplanement projections for S1?																						
Response 3:	Projected enplanements are based on analysis and consistent with rating agency analysts and industry watchers. The City makes no representation or warranties, expressed or implied, as to the accuracy of these projections. Respondent assumes all risk associated with use of these projections, including its accuracy, relevance, and/or materiality to the formulation of its Response. <table border="1"> <thead> <tr> <th>Year</th> <th>Projected Enplanements</th> </tr> </thead> <tbody> <tr><td>2023:</td><td>1,500,000</td></tr> <tr><td>2024:</td><td>2,424,406</td></tr> <tr><td>2025:</td><td>2,453,499</td></tr> <tr><td>2026:</td><td>2,502,569</td></tr> <tr><td>2027:</td><td>2,603,672</td></tr> <tr><td>2028:</td><td>2,655,746</td></tr> <tr><td>2029:</td><td>2,708,861</td></tr> <tr><td>2030:</td><td>2,763,038</td></tr> <tr><td>2031:</td><td>2,818,299</td></tr> <tr><td>2032:</td><td>2,874,665</td></tr> </tbody> </table>	Year	Projected Enplanements	2023:	1,500,000	2024:	2,424,406	2025:	2,453,499	2026:	2,502,569	2027:	2,603,672	2028:	2,655,746	2029:	2,708,861	2030:	2,763,038	2031:	2,818,299	2032:	2,874,665
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Question 4:	The video be available online?																						

Response 4:	The design animation video of the T4S1 Concourse is available at the following link: https://www.youtube.com/watch?v=JB_9H2pJEE0 . See Addendum No. 1.
Question 5:	Are the projected Southwest enplanements for T4 S1 concourse when it opens June 2022?
Response 5:	See Response 3.
Question 6:	What is the projected enplanement growth for Southwest Airlines in calendar years 2022, 2023 and 2024?
Response 6:	See Response 3.
Question 7:	Percentage of Southwest enplanements will depart out of T4 S1?
Response 7:	Approximately 30% of Southwest Airlines total enplanements are projected to depart out of T4S1. This projection is subject to change and the City makes no representation or warranties, expressed or implied, as to the accuracy of this projection. Respondent assumes all risk associated with use of this projection, including its accuracy, relevance, and/or materiality to the formulation of its Response.
Question 8:	Will a CAD or DWG file be provided?
Response 8:	Please see Exhibit 16 – Tenant Design Criteria (Rev. June 22, 2021) for drawings related to AVN RCS 21-023. The City will provide relevant CAD drawings to interested parties. Requests for CAD drawings must be submitted to the Procurement Officer via email (avn.solicitations@phoenix.gov) and a non-disclosure agreement (NDA) must be signed by the Respondent. Once the signed NDA has been received, the City will provide an FTP link.
Question 9:	Are flight schedules known?
Response 9:	No, there is no information on flight schedules available at this time. This data is generally provided by the airlines approximately 60 days prior to the actual flights.
Question 10:	Can you confirm that bids can be sent electronically OR printed, not both?
Response 10:	Responses may be submitted electronically or in-person (hardcopy). There is no prohibition in the RCS precluding Respondents from submitting both electronically and in-person. The Response Guarantee, regardless of the Response submission method, must be received at the Aviation Headquarters located at 2485 East Buckeye Road, Phoenix, AZ 85034 by the solicitation deadline as defined at the Schedule of Events on page 1 of the RCS. See Section III (B).
Question 11:	Will an upload link be provided by the airport for electronic files over 150MB?
Response 11:	No. Electronic submittals may be compressed and/or submitted in multiple emails if the total file size exceeds the amount allowed in a single email. See Section III (B).
Question 12:	If you are a small business do you still need to provide small business outreach forms?
Response 12:	Yes. All Respondents are required to complete the outreach requirements defined in Section I (E) of the RCS regardless of their business size or status. If a Respondent is a small business, the Respondent must conduct outreach to other small businesses. A Respondent cannot outreach to itself. Failure to meet the outreach requirements defined in Section I (E) of the RCS will result in a non-responsive Response.
Question 13:	Is an ACDBE able to win in multiple categories?
Response 13:	Respondents, which may include ACDBEs, and their Partners, which also may include ACDBEs, are able to submit responses and be awarded for any of the current T4S1 RCS concession opportunities (AVN RCS 21-023 Retail / AVN RCS 21-025 Food & Beverage / RCS 21-018 Common-Use Lounge). The Retail RCS and Common-Use Lounge RCS only provide one concession opportunity. The Food & Beverage RCS offers two concession opportunities (Package 1 and Package 2) and Respondents may submit a

	Response for one or both Packages, but cannot be awarded both Packages. The Retail, Food & Beverage, and Common-Use Lounge procurements prohibit the submission of multiple responses in any concession opportunity. Per Section I, because "Subtenant" is not included in the definition of a Respondent or Partner, an ACDBE is eligible to participate as a subtenant on multiple proposals.
Question 14:	When will the sample small business plan template be available?
Response 14:	The Successful Respondent will receive a copy of the Small Business Participation Plan template once the Lease has been executed.
Question 15:	Will the financials/tax records we submit be kept confidential or put on any kind of public record?
Response 15:	All materials submitted by Respondents are the property of the City and become a matter of public record available for review pursuant to Arizona law. A Respondent may request specific information contained within its Response be treated by the Procurement Officer as confidential or proprietary (collectively confidential) provided the Respondent clearly labels the information "confidential". To the extent necessary for the evaluation process, information marked as "confidential" will not be treated as confidential. See Section V (C).
Question 16:	Can you please provide or advise when CAD or similar design files will be available in order for our teams to develop the floor plans and layout.
Response 16:	See Response 8.
Question 17:	Can the airport provided access to digital files (AutoCAD / REVIT) of all the proposed Lease areas – plans, elevations, sections, etc.?
Response 17:	See Response 8.
Question 18:	What is the current constructed condition of the sites?
Response 18:	The site is still under construction with substantial completion expected on or about April 2022. All timelines are subject to change.
Question 19:	What day can construction of the sites commence?
Response 19:	The T4S1 interior is expected to be complete and ready for Successful Respondents to begin their Tenant Improvement process on or about March 2022. All timelines are subject to change.
Question 20:	When submitting electronically, how would the City like the bond to be submitted?
Response 20:	The Response Guarantee must be submitted by the Solicitation Deadline to the Aviation Department Headquarters, 2485 East Buckeye Road, Phoenix, AZ 85034, in a sealed envelope with the Solicitation number and Procurement Officer name written on the outside of the envelope. Please refer to Section III (B).
Question 21:	When submitting electronically, how would the City like the small business outreach to be submitted? Should this be within the same email as the technical proposal?
Response 21:	The Small Business Outreach Requirements may be submitted electronically per the Electronic Submission instructions identified in the RCS. The Small Business Outreach Requirements may be submitted in the same email as the technical proposal. Large email files may take longer to upload or may take multiple email submittals.
Question 22:	When submitting electronically, how would the City like the Labor Organization document to be submitted? Should this be within the same email as the technical proposal?
Response 22:	The Statement Regarding any Agreement with Labor Organizations may be submitted electronically per the Electronic Submission instructions identified in the RCS. The statement may be submitted in the same email as the technical proposal.
Question 23:	While inputting projected sales information on the above referenced Attachment E, we noticed two discrepancies. The Scope Overview states Phase I Lease is estimated to become effective on or about February 2022. However, the ten-year

	term as shown on Attachment E starts with Year 2023. Please provide a corrected Attachment E that allows input of projected sales for the Year 2022.
Response 23:	The Phase I Lease (Initial Term) shall commence on the Effective Date (on or about February 2022) and the Primary Term will be for 10 years and begin approximately 12 months after the Effective Date . The Retail Spaces are not operational until on or about February 2023. Please refer to Section I (G) and Section II (E).
Question 24:	Projected enplanements for 2023 show as 1.5M, which is 60% less than the enplanement number shown for 2024. We assume the increased enplanements are related to the Phase II construction and build out of the terminal. Please confirm this is correct.
Response 24:	Projected enplanements are estimations and the City makes no representation or warranties, expressed or implied, as to the accuracy of these projections. Respondent shall assume all risk associated with the use of these projections, including its accuracy, relevance, and/or materiality to the formulation of its Response.
Question 25:	Will the second RCS process for Phase 2 be released in late 2021 or sometime in 2022?
Response 25:	The RCS timeline for Phase 2 has not been determined. Please refer to Section II (B).
Question 26:	Do the Table of Contents, Section Dividers, and proposal cover count toward the page limit?
Response 26:	No, the Table of Contents, Section Dividers, and Proposal Cover does not count towards the page limitation.
Question 27:	During the pre-bid meeting on June 6th, a projection of 1.5M enplanements in June 2022 was mentioned. Is that 1.5M figure an annual number or, does that represent enplanements from June 2020 through December 2022?
Response 27:	See Response 3.
Question 28:	When will the prebid presentation on June 15th be posted to your website?
Response 28:	The presentation is available at the City's solicitation website: https://solicitations.phoenix.gov/Solicitations/Details/928
Question 29:	Please confirm that hard-copy responses are to be submitted in a standard-size 3-ring binder intended to hold 8 ½ - 11-inch paper with standard-size tabs.
Response 29:	Yes. Please refer to Section III (D).
Question 30:	Is it permissible to submit all Outreach materials and information electronically?
Response 30:	See Response 21.
Question 31:	Should a respondent not have the required audited financial statements for fiscal years 2019 and 2020, will a financial statement compilation report prepared by an outside accounting firm be acceptable?
Response 31:	Documentation must be provided in the Response consisting of audited financial statements for 2 years of the required 3 years of Retail ownership/management operation within the last 5 years and/or current letters of intent from financial institutions.
Question 32:	Will storage space for use by concessionaires be available in the terminal? If so, please provide information as to size and location of anticipated storage options.
Response 32:	Limited storage space is available for rent at T4S1 and will be charged at the terminal rate in effect at the time of leasing. Please refer to Section II (I).
Question 33:	In reference to Attachment E – Projected Ten-Year Gross Sales by Concession Space/Units in the Aggregate, the formula in cells Row 14, Columns F through N, are locked. The formula causes the Total Gross Sales to miscalculate. In addition to adding input numbers top to bottom in Column F, it adds projected gross sales from Column E. This causes Total Gross Sales to automatically calculate incorrectly for years labeled 2024 through 2032. Please provide a revised Attachment E with the correct formula.

Response 33:	Delete Attachments A – F in its entirety and is replaced with Revised Attachments A – F and is available at: https://solicitations.phoenix.gov/Solicitations/Details/928 .
Question 34:	Our understanding is that the “statement regarding any agreement with labor organization” is excluded from panel deliberations and scoring criteria, yet one is to be submitted along with our response. Please clarify the statement’s purpose in this procurement event and any relevance it may have in the selection process.
Response 34:	The statement regarding any labor organization agreement is for City information only and is not evaluated and does not affect the selection process.
Question 35:	Please confirm whether a Small Business Plan is required with our submission.
Response 35:	Refer to Section I (E) – Outreach Requirements and Section III (I) – Small Business Outreach Requirements Documentation. A Small Business Participation Plan is due on an annual basis by the anniversary date of contract (Lease) award.
Question 36:	What is the method of points allocation to each submission for A) the proposed business plan and B) financial return to the city?
Response 36:	Please refer to Section III (A) (5) and (6). Point allocation for Proposed Business Plan is 100 points. Point allocation for Financial Return to the City is 100 points.
Question 37:	During the Pre-Response Meeting it was stated that emails should not be more than 150mb but if documents were larger, we needed to submit multiple emails? a. Will you please confirm the steps for electronic submissions? b. If the documents are larger than 150mb, is it okay to use a file sharing program to submit the documents? c. Please confirm if the electronic submission is to be sent as one file or separated liked the In-Person submission?
Response 37:	Please refer to Section III (B) “Electronic Submittal” and (C) “Delivery of Responses”. The City will not accept the electronic documents through a file sharing program. The Response should be organized in “tabs” or “folders” and can be submitted as one PDF document.
Question 38:	For an Electronic Submission how is one to properly provide / submit the electronic copy of the proposed material board?
Response 38:	Please refer Section III (C) “Tab 3”. In lieu of submitting physical material boards and samples for each concession space, the Respondent must provide an 11”x17” foldout with pictures of proposed materials, including the floor and wall coverings, ceiling treatments. The 11”x17” document may be submitted electronically.
Question 39:	It is possible to use a different font type and/or size for proposal headers?
Response 39:	Yes, the RCS requires the narrative portions of the Response to be Arial font of at least 12 point but does not restrict the font type or size for proposal headers. Please refer to Section III (D).
Question 40:	On page 35 of the RFP, it states that responses are limited to 50 double-sided, letter size pages. Will you please confirm if Tabs are included in this count? Also, please confirm that Design pages are not counted the page count as they are 11x17 pages not letter.
Response 40:	See Response 26. Design pages are counted towards the page limitation.
Question 41:	TAB 6 – Proposed Business Plan: What years of Audited Financial Statements are to be provided?
Response 41:	Please refer to Section I (C). To demonstrate financial ability to fund the Capital Investment, documentation must be provided in the Response consisting of audited financial statements for fiscal years 2019 and 2020 and/or current letters of intent from financial institutions.
Question 42:	Is it possible to get the base building model drawings, as this is new construction?
Response 42:	See Response 8.

Question 43:	Within the R1 Store-within-a-Store concept description that begins on Page 18, Travel and Tech Accessories (including High Tech merchandise) is outlined as a required merchandise category on Page 20, while High Tech is specifically excluded as a merchandise category on Page 22. Please clarify what type of technology merchandise will required to be included in the Store-within-a-Store and what the difference is between
Response 43:	Examples of tech merchandise include earphones, chargers, connectors, adaptors and USB drives. Please refer to Section II.
Question 44:	Will sealed bottles of alcohol and wine be allowed for sale as gifts within the R1 Store-within-a-Store concept?
Response 44:	Yes, sealed bottles of alcohol and wine will be allowed for sale as gifts within the R1 Store-within-a-Store concept but may not be consumed within any PHX terminal. The Successful Respondent offering such alcohol and wine for sale must comply with the appropriate liquor laws and ordinances of the City of Phoenix and State of Arizona.
Question 45:	Will prescription drugs be allowed for sale as part of a health & wellness merchandise category within the R1 Store-within-a-Store concept?
Response 45:	No.
Question 46:	With regards to the adjacent R1 Store-within-a-Store location and R2 High Tech locations, please advise if we are allowed to create a pass-through between the two spaces in order to create a more seamless overall shopping experience for the customer.
Response 46:	Respondent must comply with the Tenant Design Criteria outlined in Exhibit 16.
Question 47:	Will you please supply the current level of ACDBE participation across the airport wide concession program and broken out between airport and food category.
Response 47:	PHX Airport reported an overall 30% ACDBE participation in concessions for FFY19. Food and Beverage: 25% ACDBE Participation Retail: 5% ACDBE Participation Miscellaneous: 0.2% ACDBE Participation
Question 48:	Lease: Section 2.1.2: We request clarification that support space will be available since it is critical to operation of the Premises.
Response 48:	See Response 32.
Question 49:	Lease: Section 2.2.8: Would Lessor consider including the exception that any such modification will only be effective upon reasonable prior notice to Lessee and will not otherwise materially impact operation of the Concessions.
Response 49:	No.
Question 50:	Lease: Section 3.2: We request Lessee to consider excluding sales at a discount to employees from the definition of Gross Sales.
Response 50:	No.
Question 51:	Lease: Section 6.1: We request clarification regarding whether Lessor would consider prohibiting such termination during the first 5 years of the Lease Term, or in the alternative reimburse Lessee for a portion of its lost profits over the term remaining.
Response 51:	No.
Question 52:	Lease: Section 10: We request that Lessor consider qualifying Lessee's indemnification such that it would not apply to the negligent acts or omissions of Lessor.
Response 52:	No.
Question 53:	Lease: Section 12.2.2: We request that Lessor consider providing 90 days' notice if it intends to relocate Lessee's support space.

Response 53:	No.
Question 54:	Lease: Section 11.3: We request Lessee to consider a Performance Bond to secure Lessee’s obligations under the Lease.
Response 54:	No.
Question 55:	Lease: Section 17: We request that Lessee consider including the occurrence of a pandemic as a Force Majeure event.
Response 55:	No.
Question 56:	General: We request Lessor to consider adding a provision addressing rental abatement or other relief based on the occurrence of a severe decline in enplanements for an extended period of time.
Response 56:	No.
Question 57:	If we are submitting electronically, should we also submit the “Statement Regarding any Agreement with Labor Organizations” electronically as well?
Response 57:	Yes. The written response to the Statement Regarding any Agreement with Labor Organizations may be submitted electronically.
Question 58:	Please confirm that, aside from the required mail in documents, no additional printed responses need to be submitted if an organization is submitting electronically.
Response 58:	Please refer to Section III (B). Respondents are responsible to ensure the Response is timely and meets the submittal requirements as instructed in the RCS. The Response Guarantee, regardless of the Response submission method, must be submitted in a sealed envelope and received at the Aviation Headquarters located at 2485 East Buckeye Road, Phoenix, AZ 85034 by the Solicitation Deadline . Documents requiring signatures with notarization should be submitted in paper form (hard copy) with original or “wet-signatures” (See Response 66) by the Solicitation Deadline.
Question 59:	Please confirm that the “Small Business Outreach” forms and back up can be submitted electronically.
Response 59:	Yes.
Question 60:	In the introduction, City states that it is important to City that concessionaires offer access to “affordable quality health insurance.” Please define what “affordable quality health insurance” means and what benchmarks will be used to evaluate concessionaire’s proposal for this requirement.
Response 60:	The City has not defined affordable health insurance. Instead, as described in Section III Tab 4, Management Plan, Respondent must set forth its criteria used in determining compensation and benefits. Per Section III (A) (3), all referenced sub-criteria in Respondent’s Management, Marketing, Operations, and Technology Plans will be considered by the evaluation panel but will not be individually weighted.
Question 61:	In the introduction, City states that it is important to City that concessionaires offer access to “livable wages”. Please define what “livable wages” means and what benchmarks will be used to evaluate concessionaire’s response for this requirement.
Response 61:	The City has not defined livable wages/fair wages. Instead, as described in Section III Tab 4, Management Plan, Respondent must set forth its criteria used in determining compensation and benefits. Per Section III (A) (3), all referenced sub-criteria in Respondent’s Management, Marketing, Operations, and Technology Plans will be considered by the evaluation panel but will not be individually weighted.
Question 62:	In Section 3, Management Plan, City requires a narrative on employee wages that includes “how fair wages derived.” Please define what is meant by “fair wages.”
Response 62:	See Response 61.

Question 63:	In Section 3, Management plan, City requires narrative regarding health insurance benefits/ “affordability.” Please define what “affordability” means and what benchmarks City will use to evaluate concessionaire’s response for this requirement.
Response 63:	See Response 60.
Question 64:	In Section 3, H., City is requiring Labor Organization Documentation. City states that this information “will not be considered as part of the panel deliberations or scoring criteria.” In light of that, what is the purpose in requiring concessionaires to provide this information? How will City use this information for purposes of this RCS? Who will have access to this information?
Response 64:	The statement regarding the labor organization agreement is for City information only and is not evaluated and does not affect the selection process. The statement will be a public record subject to Arizona Revised Statutes Section 39-121.
Question 65:	Should Respondents who choose to submit a proposal via the electronic option submit the "Response Guarantee" in a physical envelope per the instructions on page 31 of the solicitation?
Response 65:	See Response 20. See Section III (B).
Question 66:	Will the City accept electronic signatures for all forms for Respondents who choose to submit a proposal via the electronic option? Or should paper forms with original signatures be submitted via a physical envelope?
Response 66:	Respondents may submit electronics signatures on documents that do not require a Notary Public. The City does not accept electronic signatures for notarized documents; these documents must be submitted in paper form (hard copy) with original or “wet-signatures”.
Question 67:	Page 30 of the solicitation directs Respondents who will submit hard copies to submit "Small Business Outreach Requirements" as a separate sealed package. For those Respondents who choose to submit a proposal via the electronic option, should "Small Business Outreach Requirements" be submitted via a separate email or can this part of the response be submitted as a separate file attached to the primary submission email?
Response 67:	See Response 21.
Question 68:	Page 30 of the solicitation directs Respondents who will submit hard copies to submit the “Statement Regarding any Agreement with Labor Organizations” as a separate sealed package. For those Respondents who choose to submit a proposal via the electronic option, should the “Statement Regarding any Agreement with Labor Organizations” be submitted via a separate email or can this part of the response be submitted as a separate file attached to the primary submission email?
Response 68:	See Response 22.

The balance of the specifications and instructions remain the same.