

Addendum #2

REQUEST FOR PROPOSAL – RETAIL & DUTY FREE CONCESSION OPPORTUNITY

QUESTIONS & REQUESTS FOR INFORMATION – APRIL 22, 2022

On February 1, 2022 the Port of Oakland issued a Request for Proposal – Retail & Duty Free Concession Opportunity at Oakland International Airport (the “RFP”). On March 25, 2022, Port of Oakland Staff issued Addendum #1 whereby responses were provided to Questions and Requests for Information (“RFI”) received on or before 4:00PM on March 11, 2022.

Pursuant to Addendum #1 of the RFP, the Port extended the deadline for additional questions to the RFP, Questions and Requests for Information (“RFI”) to be submitted to the Port at email address concessions@portoakland.com by 4:00 p.m. on April 13, 2022. Questions, comments and RFI have been received. Port of Oakland Staff has collected these questions, comments and RFI, and has reviewed, consolidated similar questions, comments and RFI, and summarized in the table below.

#	Questions & Request for Information	Port Response						
A.	DATES & DEADLINES: No additional questions or RFIs							
B.	UNIT INFORMATION							
17.	Will the incumbent retail operator (Hudson) be eligible to submit a proposal in response to this RFP?	The Port seeks to minimize disruption and limitation to passenger amenities by developing its retail program under two packages, with those units under consideration for development by World Duty Free Group (aka “Hudson”) shown in pink in Addendum #1-Exhibit “A-2R”. As discussions with Hudson have not been finalized, Hudson is eligible to submit a response to this RFP. In the event the Port accepts Hudson’s proposal for the development of the “pink” units, Hudson will no longer be eligible to participate in this RFP.						
18.	Will the uses for Retail units that Hudson continues to operate remain consistent, or will any be re-concepted to a different use or category? If so, please specify any anticipated changes in use or category by unit for: T2-R-C2-1, T2-R-C2-2, T2-RF-G22, T1-R-1, T1-R-G3, T1-R-G5, T1-R-G7 and T1-R-G15.	While not yet formally approved by the Port, the following concept categories are anticipated to be developed by Hudson: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="background-color: #f4a460;">Unit</th> <th style="background-color: #f4a460;">Anticipated Concept</th> </tr> </thead> <tbody> <tr> <td>T1-R-1</td> <td>News/Convenience</td> </tr> <tr> <td>T1-R-G3</td> <td>Specialty Retail</td> </tr> </tbody> </table>	Unit	Anticipated Concept	T1-R-1	News/Convenience	T1-R-G3	Specialty Retail
Unit	Anticipated Concept							
T1-R-1	News/Convenience							
T1-R-G3	Specialty Retail							

#	Questions & Request for Information	Port Response	
		T1-R-G5	News/Convenience
		T1-R-G7	Automated Specialty Retail Node
		T1-R-G15	News/Convenience
		T2-RF-G22	Specialty Retail
		T2-R-C2-2	News/Convenience
		T2-R-C2-1	Specialty Retail
19.	Does the airport anticipate replacing any of the 4 retail units slated to close? Or opening any additional retail locations that are not noted on the map provided on page 13 of Addendum? If yes to either, please provide details as to locations, size and use of future retail.	<p>The four units shown "Remove" on Addendum #1 – Exhibit "A-2R" will be replaced by the Kiosk Replacement (T2-R-C2-1) and Newsstand Replacement (T2-R-C2-2) units shown on Addendum #1 – Exhibit "A-2R".</p> <p>The Port does not currently have plans to add Retail Units; however, as noted in the second paragraph of Section I – Concession Opportunities Over – "The successful Respondent will enter into a non-exclusive (emphasis added), long-term Space/Use Permit..."</p>	
20.	Can respondents remove the west and south wall in the Terminal 1 News & Convenience (T1-R-G1) space?	Yes. Port Staff encourages a design that would provide more visibility to the interior of this space.	
21.	The Airport stated they have ideas for this location (T2-R-G24), but this is not reflected in the RFP. What are the plans for this location?	This location is at the top of the escalators. Passengers using the security checkpoint at Terminal 2 must ascend using a set of escalators which will bring them to the secured concourse level. Port Staff strongly encourages the Respondent to provide more visibility to the interior of this Unit. It may be possible to both open the existing wall and extend the lease line facing the escalators to help draw passengers into this storefront. See drawing and notes on Page 88 of the Tenant Design Standards.	
22.	NEW INFORMATION FROM PORT: Reminder concerning the cost of installing adequate utility services to each Unit.	Pursuant to Attachment "A" of the Form of Space/Use Permit (Attachment 12 to the RFP), the Port will reimburse the Successful Respondent for the cost of Utility Services Connections.	

#	Questions & Request for Information	Port Response
C.	AUTOMATED SPECIALTY RETAIL NODES ("ASR")	
15.	Does ASR Retail Node T1-R-C1-1 have existing electrical service available for use by the selected Proposer? It appears that there are electrical outlets within the space. Or will new electrical need to be brought to the space?	There are electrical outlets at this location. Successful Respondent will be responsible for verifying whether existing amperage is sufficient. The Port will commit to reimbursing Successful Respondent the cost to install adequate/appropriate utility service to this Unit; see Response B.22 above.
16.	Given that the ASR Retail Nodes do not require a full retail store build-out; shelving, fixtures, furnishing, POS systems and other equipment, would the Port consider reducing the minimum capex required for these units to \$250 per square foot?	Yes. The minimum capital investment for the ASR nodes will be reduced to \$250 per square foot. The Mid-Term Refurbishment minimum of \$75 per square foot remains unchanged.
17.	Please provide details as to site conditions in the ASR retail nodes. For example, will the Concessionaire be required to perform any demo of existing improvements? Are electrical, data lines or plumbing connected to the sites. Are there any specific improvements the airport is looking for in the ASR retail nodes?	<p>The Airport desires for the ASR nodes to be developed in a manner which will help to define these nodes as designated locations. Such cohesive grouping of ASR units may be accomplished by selective lighting, paint, flooring, framing around ASR units, etc., to distinguish these nodes from the rest of the concourse.</p> <p>The ASR nodes contained in the RFP have existing electrical. The successful Respondent will be responsible for verifying whether existing amperage is sufficient. As noted in Response No. B.6., the Port will contribute up to \$5,000 in verifiable costs to upgrade utility connections at this location.</p> <p>ASR node at T2-R-G27 has limited plumbing. The successful Respondent will be responsible for verifying whether the existing plumbing is sufficient for its desired ASR unit(s) installation.</p>
18.	Which rent category do ASR nodes fall under – specialty retail, news & convenience or does it depend on the concept?	ASR nodes are considered News/Convenience and will be assessed at 15% of gross receipts.
19.	Is the Airport open to additional vending locations over and above what is currently there?	Yes.

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20.	Is the Airport receptive to fresh Grab n Go vending as part of a retail submission for any space, including, but not limited to ASR retail nodes.	Yes.																																																						
D. RENTAL STRUCTURE:																																																								
2.	Question from Addendum #1: "In Section I.C.3.b of the RFP could you please share how the Port is arriving at the gross sales projection?"	Analysis based on each Unit's historical sales plus assumptions that sales will increase with new concepts and improved sales per ENP. Details below:																																																						
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E. OPERATION OF UNITS																																																								
11.	<p>The RFP indicates that a CRDC and Pouring Rights will be implemented by the Port at some point during the term of the proposed agreement. The costs associated with each of these are materially impactful to the financial performance and viability of the proposed opportunity, and must be accounted for in our financial analysis.</p> <p>Please provide estimated timing for implementation of these functions so that we can allow for the additional costs in our analysis. (Note: It has been our consistent experience that CRDC's do not provide operating efficiencies or cost-savings.)</p>	<p>There is no estimated timing for either constructing a Consolidated Receiving & Distribution Center ("CRDC") or entering into a entering into an Exclusive Pouring Rights Agreement.</p> <p>To address severe delivery congestion impacting the loading docks at OAK, the Port is in the early stages of exploring the development of a CRDC. If eventually implemented, it is anticipated that all Concessionaires will be required to participate and use the CRDC, with costs of operation apportioned to all participants. Further, based on experience, it is anticipated that the expense to the Concessionaires will be mitigated by reduced labor costs and increased efficiency.</p> <p>The Port reserves the right to implement Pouring Rights during the Term of the Agreement.</p>																																																						

#	Questions & Request for Information	Port Response
12.	Does the airport have a timeline for implementation of the pouring rights agreement? Experience tells us that these agreements have a significant impact on our beverage sales, a reduction in sales that we need to allow for in our financial analysis.	No. There is no estimated timing for entering into a entering into an Exclusive Pouring Rights Agreement.
13.	Can you identify the location, area, and any additional costs associated with the additional storage/support areas to be assigned and incorporated into the space/use permit, per the RFP?	Storage and support space is charged according to the Airport's annual Rates & Charges ordinance. The Concessions Storage rate for FY2021-22 is \$4.596 per square foot, per month. Airport staff will be working with the successful Respondent on the location of additional storage/support areas, as needed.
14.	The RFP states that a maximum of 5% of each location's floor plan can be used for storage/support. Please confirm that the 5% limitation applies only to the concept area noted for each unit in Addendum 1, and not any additional storage/support added in accordance with the support/storage spaces to be assigned per the RFP.	Yes. A maximum of 5% of each Unit's floor plan can be used for storage/support. The successful Respondent may rent additional storage/support space, if available.
15.	Can CBD products be sold at OAK?	Subject to any TSA or other federal, state or municipal regulation, the Port does not object to Hemp-derived CBD products being sold at OAK.
16.	Is packaged alcohol able to be sold?	The Port does not prohibit the sale of packaged alcoholic beverages. Pursuant to Section III.J.: "Respondent or its proposed joint venture partner or subtenants must meet the State of California's requirement for the package sale of alcoholic beverages."
F. AIRPORT INFORMATION & STATISTICS		
7.	Please provide a map with existing ASR units, and sales for 2019 and 2021 by unit.	There is no map of existing ASR units. ASR units are spread throughout both pre- and post-security terminals. ASR units are frequently relocated to accommodate construction projects and customer demand. The Port's desire is to consolidate ASR units in

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		Retail Nodes. Sales data can be found in Exhibit J-2 of the RFP Zoom and SouveNEAR.
8.	Please provide enplanements and number of flights from Gate 1, Terminal 1 for 2019 and 2021	The Port does not keep this specific information.
9.	Please provide sales and square footage for Food and Beverage concepts, by unit, for 2019 and 2021.	Please see Exhibit "J-1" of the RFP for Gross Sales of all OAK Food & Beverage Concessions for Calendar Years 2016 through 2021.
10.	Enplanement forecasts show a very slow return to "normal". Are there factors other than COVID impacting the enplanement forecasts (reduction in airlines, flights, etc.?)	The Port is utilizing conservative assumptions incorporated into its annual operating budget. Airlines have issued press releases indicating additional destinations will be added to their scheduled. However, the Port cannot confirm nor guarantee the number of passengers utilizing the Airport.
G. EXPERIENCE AND QUALIFICATIONS, FORM OF PROPOSAL, ACDBE PARTICIPATION		
7.	Within the submission requirements, it is stated each subsection should have a tab. Please clarify what the subsections are within each tab.	See Section IV.-Submission Requirements. The required tabs are as follows: <ol style="list-style-type: none"> 1. Proposed Concepts 2. Design and Quality of Tenant Capital Improvements, Including Construction Phasing Plan 3. Management, Marketing and Operations Plan for Respondent and Respondent's Subtenants, if any 4. Experience and Qualifications of Respondent and Respondent's Partners (Joint Venture and/or Subtenants), if any 5. Proposed Business Plan 6. Required Statements and Information
8.	Please clarify the format for ACDBE paperwork submittal for Section B. If the rest of the proposal is in a large 3 ring binder, what does "must be submitted with the Proposal, but separately bound and in a separate envelope" mean?	ACDBE paperwork will need to be submitted in tandem with the Proposal. ACDBE paperwork will need to be submitted in a separate envelope.

#	Questions & Request for Information	Port Response
9.	There are no Duty Free spaces in this opportunity, but the title of the RFP and rent structure still include "Duty Free". Should this be revised?	No. Please see response A.1 above. In the event the Port does not accept Hudson's proposal for the development of the "pink" units, the Port will issue a second RFP for those units not currently included in this RFP.
10.	Since the release of the new map in Addendum 1, the excel exhibits now have incorrect square footage. For example, in Exhibit I-2, T2-R-G24 shows 1,200 SF but the new map shows 1,483 SF and T2-R-G27 shows 100 SF but the new map shows 165 SF. Is it ok for us to change the SF in the excel documents, including total SF in multiple exhibits, or will new exhibits be released?	Respondents should update the excel spreadsheets to reflect the corrected square footages as advised in the Addendum #1-Exhibit "A-2R" map. However, if Respondents do not adjust the square feet, the Evaluation Committee will not negatively score.
11.	In Exhibit M, it makes reference twice to "food and beverage". Will a corrected exhibit be released?	Yes. See Attached: Addendum #2 – Exhibit "M-R".
H.	FORM OF SPACE/USE PERMIT	
1.	The language describing the "benefits fee" doesn't seem to align with industry practices. Please confirm that the Benefits Fee added to retail sales, not the "cost of goods sold". And that the Benefits Fees collected are excluded from the gross revenues used to calculate rent.	The Benefits Fee is not attributable to gross receipts and are excluded from gross revenues used to calculate rent.

Addendum #2 - Exhibit "M-R"

SMALL BUSINESS

SELF-CERTIFICATION FORM

FOR 2022 RETAIL & DUTY FREE CONCESSION OPPORTUNITY

For the purposes of the Oakland International Airport Retail & Duty Free concession opportunity, I hereby certify in good faith that the following business meets the definition of "Small Business."

"Small Business" is defined as a firm with not more than \$15 million average annual gross receipts operating a **retail & duty free operation** in the preceding three years (not more than \$45 million total over the three-year time frame).

Legal Name of Entity: _____
Contact Person (Name and Title): _____
Street Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____ Email: _____

I hereby certify, under penalty of perjury, that the above information is true and correct. The undersigned agrees that, upon request of the Port of Oakland, the undersigned will provide back-up documentation (i.e. tax returns and financial statements) to support the information in this Small Business Self-Certification Form. I further understand that any false statements or material misrepresentations will be grounds for termination of any contract which may be awarded.

Signature of person authorized to sign on behalf of legal entity

Name: _____

Name of Business: _____

Date: _____