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Date: April 21, 2017

To: Prospective Proposers

From: City of Cleveland, Department of Port Control

Subject: Addendum No. 2 to Request for Proposal – Advertising Concession

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Please be advised that the City of Cleveland, through its Director of the Department of Port Control ("Department"), hereby publishes Addendum No. 2 to the Request for Proposal – Advertising Concession, dated March 16, 2017.

This addendum serves as notice of extension for the following:

Proposal Submittal Deadline **Extended until Wednesday, May 17, 2017 4 p.m. local time**

This addendum also serves as the response to all inquiries received by prospective proposers prior to the question deadline of April 12, 2017.

PROPOSAL SUBMITTAL DEADLINE: **Wednesday, May 17, 2017 4 p.m. local time**

INQUIRIES

NOTE - Proposers should rely on these written responses to questions received pertaining to ACDBE goals and/or requirements. Do not rely on verbal information that may have been provided at the pre-proposal meeting.

1.	**Question**	Who owns the current advertising display equipment?
	Answer	**Clear Channel owns all equipment and infrastructure including the in-gate entertainment system screens, etc.**
2.	**Question**	Can the Airport provide the annual gross revenues generated by the current advertising concession for the past 5 years?
	Answer	**2016 –$1.74 M** **2015 – $1.46 M** **2014- $1.80 M** **2013 - $2.36 M** **2012- $3.26 M**
3.	**Question**	Can the Airport send monthly revenue/franchise reports that include advertiser display locations and rate information for the past 12 months?
	Answer	**This information is proprietary and cannot be released.**
4.	**Question**	What is the current MAG and percentage share of revenue?
	Answer	**Current MAG is $700,000** **Static Displays at 50%** **Technology at 40%**

		Outdoor at 20% ClearVision in-gate at 10%
5.	**Question**	Section 5.1 (A) – Requires operation at 5 or more locations, with at least 3 such operations generating annual gross revenues not less than $700,000 per year. The $700,000 gross revenues requirement for 3 airports creates a barrier for ACDBEs because it limits the ability for ACDBE firms that are responsible and have the ability, experience and resources to participate as a prime concessionaire. Some airports that recognize these types of barriers are modifying their experience requirements to be inclusive of experienced ACDBE advertising firms. For example, St. Louis International Airport amended the experience criteria in its advertising RFP in order to receive more qualified bids, as follows: "Bidder has successfully owned, managed and operated a profitable advertising program within an airport, transportation center or similar large facility for a minimum of two years during the last four calendar years and currently owns, manages and operates a profitable advertising program at a minimum of two airports with greater than one million annual enplanements." We are asking to amend this requirement to two airports instead of three for the gross revenues requirement.
	Answer	**The requirement has been reduced to: Operation at 5 or more locations, with at least 2 such operations generating annual gross revenues not less than $700,000.00 per year.**
6.	**Question**	Regarding the requirement in Section 3.3 for the Performance Guarantee, is it acceptable to provide an annually renewable Performance Bond in accordance with industry standards?
	Answer	**Yes**
7.	**Question**	At the pre-proposal meeting it was mentioned that proposers can bid higher than the set MAG of $700,000. Please confirm that the MAG is set at $700,000 per page 5 of the RFP.
	Answer	**Yes, MAG is set at $700,000 for the first full year. Firms can however propose a MAG in excess of $700,000 for each year 2 – 10 and the available 3 year option period. Proposers also have flexibility in 2.5(B) to bid percentages that they feel would provide more revenue to the City in excess of any MAG.**
8.	**Question**	Is the proposer expected to replace the Clear Vision gate-room displays throughout the terminal? If so, please provide an inventory and map of display locations. (Appendix 1 does not identify those locations.)
	Answer	**Yes, a similar system will be required. Current locations are: A1, A2, A3, A6, A7, A8, A11, A12, B2, B4, B5, B6, B8, B10, C3, C5, C7, C9, C11, C14, C22, C23, C24, C25, C26 and C27. As airlines relocate periodically, the expectation is that additional screens be added to ensure maximum coverage.**
9.	**Question**	Is Clear Vision a separate agreement? What are the terms? Please provide a 3 year revenue history of the Clear Vision program.
	Answer	**No, it was an amendment to the agreement since it was introduced in late 2013.** **2016 - $61,800** **2015 - $55,019** **2014 - $32,525**
10.	**Question**	Please confirm that the existing concessionaire will be removing all equipment at the end of their term. Please identify any display types which will remain.

	Answer	**The City's contract with current concessionaire requires removal of all equipment at any time of concessionaire changeover.**
11.	**Question**	If the incumbent concessionaire wins the proposal, will they have to replace all existing equipment with new displays?
	Answer	**Not necessarily, but an aggressive capital expenditure plan would be expected in-line with investment that would be made by a new concessionaire.**
12.	**Question**	The RFP mentions upgrading the Welcome Centers. Does that mean they are staying and won't be removed? What upgrades does the airport desire?
	Answer	**This item is open for discussion after contract award. The future of these areas, as well as expectations, will be decided by end of 2017.**
13.	**Question**	The RFP calls for sponsored play areas. Where are these located? Please identify on a map.
	Answer	**These areas would be identified in partnership with concessionaire. Likely footprints would be a portion of unleased hold rooms, in close proximity to leased hold rooms, and in the range of 300 - 800 sf each depending on available space at agreed upon locations. As several airlines on Concourse A may swap gates on the concourse by end of 2017, definitive locations will be identified by end of 2017.**
14.	**Question**	The RFP calls for lactation stations. Where are these located? Please identify on a map.
	Answer	**1 per concourse, locations TBD by City after award. A preliminary location for Concourse B is identified as display C19 in orange on Concourse B map in appendix 1-4.**
15.	**Question**	The RFP calls for charging stations and/or work stations. Where are these located? Please identify on a map.
	Answer	**These areas would be identified in partnership with concessionaire. Likely footprints would be a portion of unleased hold rooms in close proximity to leased hold rooms, definitive locations will be identified by end of 2017.**
16.	**Question**	The RFP calls for touchscreen directories. Where are these located? Please identify on a map.
	Answer	**These locations would be identified in mutually agreed upon locations, providing maximum utility to passengers while supplementing current wayfinding efforts.**
17.	**Question**	How many Taxi Toppers are included in the program? What are the sizes and specifications? Will the Taxi Toppers remain on the vehicles or will we need to replace those displays?
	Answer	**It has been decided that the current Taxi Toppers program will be removed from the advertising footprint and not be available for concessionaire use.**
18.	**Question**	It was mentioned in the pre-proposal meeting that DBEs are considered equal to ACDBEs in meeting the goal of 9%. Please confirm that we may utilize DBEs to achieve the 9% ACDBE goal.
	Answer	**No, firms can only participate as an ACDBE on this concession contract. If a firm that is currently certified as a DBE wants to be certified as an ACDBE they must submit an application for ACDBE certification. Also, they must demonstrate that they can perform in the areas in which they are seeking certification as an ACDBE and meet the standards of the regulations regarding ACDBE certification and the Ohio Unified Certification program (UCP). Certification is**

		granted through and under the Ohio UCP.
19.	**Question**	The RFP states that there is a 9% ACDBE goal. Is this goal based on gross receipts, costs of goods and services, capital investment?
	Answer	**Gross Receipts**
20.	**Question**	It was mentioned in the pre-proposal meeting that capital buildout expenses may count for ACDBE goals. Please confirm that capital buildout can count toward your ACDBE participation.
	Answer	**No, ACDBE work performed on build-out does not count. 23.55 (k) Do not count costs incurred in connection with the renovation, repair, or construction of a concession facility (sometimes referred to as the "build-out"). We do request voluntary compliance with build-out and construction. This means that we ask the successful proposer to makes its best efforts to include DBE/ACDBE, small, female and/or local firms in the build-out construction portion of this project. We also request that the successful proposer reports this information to CLE on a monthly basis.**
21.	**Question**	Concerning ACDBE compliance, does the airport recognize and adhere to the FAA's Guidance on Counting Advertising Services?
	Answer	**Yes**
22.	**Question**	Can we use the airport's fiber for data connectivity?
	Answer	**Consistent with current practice, the City's IT services are not available for concessionaire use and would be part of the capital investment.**
23.	**Question**	An airport advertising concession of this scope and scale (130 plus locations, gate room entertainment, lactation stations, charging stations, touchscreen directories, exterior wraps, Taxi Toppers, ACDBE compliance, etc.) requires an enormous amount of time to develop a thoughtful and innovative proposal with meaningful ACDBE participation. Accordingly, please extend the proposal due date to 60 days from the date Written Response to Questions date.
	Answer	**The Proposal Submittal Due Date has been extended until May 17, 2017, 4 p.m. local time, via this Addendum 2.**
24.	**Question**	Is it true that all subcontractors over the amount of $10,000.00 must submit Enclosure A4? What if all subcontractors are not identified at the time of proposal submission?
	Answer	**If you committed, to the assigned goal, upon submission of the proposal, those subcontractors that are not included/identified can be added later. However, if you did not commit to the assigned goal, then the Good Faith Effort must be submitted. The Good Faith Efforts guidelines are provided in the ACDBE proposal forms.**
25.	**Question**	Does Enclosure B-4B need to be submitted for all contractors if the proposer expects to meet or exceed all ACDBE goals? Is this form just for Good Faith Efforts?
	Answer	**The Enclosure B-4B must be signed, by non-certified ACDBEs, listed on Enclosure B-6 regardless of whether the Proposer is meeting or exceeds the assigned goal. This is not for Good Faith Efforts; Good Faith Effort is submitted if Proposer cannot commit to the assigned ACDBE goal.**

26.	**Question**	Addendum 1 indicates the proposals can be submitted via email instead of providing printed copies. Can an FTP (File Transfer Protocol) site be used to submit electronic copies?
	Answer	**Yes**
27.	**Question**	Can we simply deliver/send a flash drive instead of emailing the copies?
	Answer	**Yes, hand delivery to Sharri Muia is recommended in this case; overnight service with signed receipt should be used for tracking purposes.**
28.	**Question**	Section 2.3 states that the winning firm must accrue 3% of gross sales receipts and expend those funds for the refurbishment and betterment of the display program. Is there a deadline as to when these funds must be used? Are there any guidelines?
	Answer	**Consistent with current practice, these funds would be used in years 5-6 at mid-term.**
29.	**Question**	Please clarify if it should be $700,000.00 or $1,000,000.00 in Section 5.1 Minimum Qualifications (A).
	Answer	**$700,000.**
30.	**Question**	Section 4.5 Equal Opportunity Clause states that successful concessionaire must submit a written affirmative action plan 60 days after the award of a contract. Attachment A seems to indicate that the Affirmative Action Plan is required as part of the proposal. Is a written affirmative action plan required as part of the proposal or 60 days after award?
	Answer	**The Affirmative Action Plan is not part of the proposal and can be submitted 60 days after award.**
31.	**Question**	Can we propose different percentage Fees for different Display types and Advertising Concepts?
	Answer	**Yes**
32.	**Question**	Can you please provide floorplans/maps without existing advertising displays indicated?
	Answer	**Please see CLE Concourse Diagrams 03-03-2017.pdf file**
33.	**Question**	We appreciate the delay of the proposal due date to May 12, however, due to the depth and scope of this project (especially pertaining to the ACDBE certifications and partnership relationships) more time would be appreciate to ensure the airport receives the best and most comprehensive proposals available. Can the due date be further extended?
	Answer	**The submittal date has been extended until Wednesday May 17, due to the minimal delay in Addendum 2 being published. The City is not expecting a design and full schematic for each and every current display location in submittal. Proposers can make the ACDBE proposal at the time of submission (this is for all partnerships) and we will issue final approval prior to going to Board of Control. In reference to certification, an ACDBE firm must be certified prior to going to Board of Control to be counted in the initial compliance review. Firms can always be added after the contract award. If a company has an ACDBE firm that they want to partner with, and the firm is not currently certified in the State of Ohio, we recommend the Proposer submits the ACDBE application immediately. By law, CLE has 90 days, with allowable extensions, to certify a firm. CLE certifies**

		typically according to the order in which certification applications are received. There is no guarantee the firm will receive certification prior to Board of Control. Also, if the potential ACDBE firm is located in another state, they must be certified in their home state before seeking certification with the Ohio UCP. Finally, just because a firms home state granted the company ACDBE certification, we do not have to honor that certification and the company can be denied by the state of Ohio if they do not meet the certification standards. Also, for clarification, the Participation Form must contain the name and address of each ACDBE, a detailed description of the work (including a supply effort) to be performed by each named ACDBE and the percentage and dollar amount of participation. An entity wishing to participate as a joint venture ACDBE shall, in addition to the Participation Form, submit all joint venture information. The guidance regarding JV can be found in FAA JV Guidance.
34.	**Question**	Please clarify that the first year MAG is set at $700,000 and is not biddable as stated on page 3, Section 2.5 (A).
	Answer	**Yes, MAG is set at $700,000 for the first full year. Firms can however propose a MAG in excess of $700,000 for each year 2 – 10 and the available 3 year option period. Proposers also have flexibility in 2.5(B) to bid percentages that they feel would provide more revenue to the City in excess of any MAG.**
35.	**Question**	Will a sample agreement be provided?
	Answer	**A sample agreement is not available, but current agreement and amendments are attached and will be similar. See files titled LA Interspace 66839.pdf, FA Interspace 66839.pdf, SA Interspace 66839.pdf, TA Clear Channel 66839.pdf.**
36.	**Question**	Where in its Proposal would a proposer address exceptions to the sample agreement, if one is provided?
	Answer	**N/A – Awarded concessionaire would address any exceptions with City legal during finalization of agreement for execution.**
37.	**Question**	On page 13 of the RFP, 5.1(A), please confirm the minimum revenue for Proposer's minimum qualifications. Is it $700,000 or $1 million?
	Answer	**$700,000.00**
38.	**Question**	Our annual audited financial statements are over 100 pages long per year. In an effort to comply with the City's green initiatives, would the City allow proposers to submit the financial statements on a CD or USB flash drive in PDF format?
	Answer	**Yes**
39.	**Question**	What is (1) Notice to Bidders Schedule referenced on page 16 (L) Additional Submittal Requirements? If it was not included in the RFP, please provide.
	Answer	**This Schedule is not applicable for this project. Please disregard the reference on page 16.**
40.	**Question**	Please clarify the expected timing for required refurbishment equal to accrued 4% of annual gross sales in Section 2.3. Capital assets, by nature, have useful lives of more than one year, so it wouldn't be reasonable to perform refurbishments soon after they are installed or right before contract expiration. Would it be acceptable for Proposers to lay out a timeline of anticipated periodic refurbishments, where total scheduled refurbishments, over the term of the agreement, are at least equal to 3% of total cumulative gross receipts?

	Answer	**Consistent with current practice, the 3% funds would be used in years 5-6 at mid-term.**