



# *Chicago Department of Aviation Concessions Open House*

*February 4, 2010*



**Richard M. Daley**  
Mayor, City of Chicago

**Rosemarie S. Andolino**  
Commissioner, Department of Aviation



## *Networking Badge Colors*

CDA and City of Chicago personnel - **BLUE** badges

ACDBE certified firms - **PURPLE** badges

Food & Beverage Concessionaires - **RED** badges

Specialty Retail Concessionaires - **BROWN** badges

Services - **ORANGE** badges

Suppliers - **YELLOW** badges

Everyone else - **WHITE** badges



## *Exhibitors*

Airport Minority Advisory Council (AMAC)

Chicago Minority Business Development Council

City of Chicago Department of Aviation

Chicago Department of Aviation (CDA) Concessions Program

City of Chicago Department of Business Affairs and Consumer Protection

City of Chicago Department of Procurement Services

City of Chicago Office of Compliance

HMS Host

Illinois Hispanic Chamber of Commerce

MAC-One

Women's Business Development Center



*Jorge Perez*  
*Deputy Commissioner*  
*CDA Concessions*



**Richard M. Daley**  
Mayor, City of Chicago

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Commissioner, Department of Aviation



## *Agenda*

### ▶ ***Welcome***

Erin O'Donnell, Managing Deputy Commissioner, Midway International Airport

### ▶ ***City of Chicago Department of Business Affairs and Consumer Protection***

Alfredo Camarena, Project Administrator

### ▶ ***Overview of Airport Concessions***

Jorge Perez, Deputy Commissioner of CDA Concessions

### ▶ ***Operating in an Airport Environment***

Diana Miller, Unison Retail Management

### ▶ ***Upcoming Bid Opportunities***

### ▶ ***Airport Concessions Disadvantaged Business Enterprise***

Reshma Soni, Senior Compliance Officer, City of Chicago Office of Compliance

Shelby Moorman Scales, Small Business Program Officer, Airport Minority Advisory Council



*Erin O'Donnell*  
*Managing Deputy Commissioner*  
*Midway International Airport*



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**Richard M. Daley**  
Mayor, City of Chicago

**Rosemarie S. Andolino**  
Commissioner, Department of Aviation



*Alfredo Camarena  
Projects Administrator  
City of Chicago  
Department of Business Affairs  
and Consumer Protection*



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# Program Overview



**Richard M. Daley**  
Mayor, City of Chicago

**Rosemarie S. Andolino**  
Commissioner, Department of Aviation



## *Concession Program Goals*

- ▶ Provide High Quality Products and Services
- ▶ Provide First-Class Customer Service
- ▶ Promote High Quality Facility Designs
- ▶ Promote Fair Price/Value Relationship
- ▶ Maximize Customer Satisfaction
- ▶ Promote “Chicago Character”
- ▶ Provide Opportunity for Local Businesses
- ▶ Enhance Image of Airport and City
- ▶ Optimize Revenues to the Airport



## *Passengers*

- ▶ In total, over 82 Million passengers traveled through O'Hare and Midway International Airports last year
  - ✓ In 2009, 30,065,852 people departed from the domestic terminals of O'Hare International Airport
  - ✓ In 2009, 8,465,461 people departed from Midway International Airport
- ▶ Our airports provide direct and non-stop service to 230 cities worldwide
  - ✓ Just over 50% of the O'Hare departing passengers only connect through Chicago
  - ✓ Midway's concessions are centrally located
  - ✓ Both airports provide good opportunities to capture revenue



## *Opportunity for Business*

<b>O'Hare International Airport                      2009 Concessions Performance                      (Terminals 1, 2 and 3)</b>					
	<b>Stores</b>	<b>Area (sq. ft.)</b>	<b>Sales (\$000)</b>	<b>Sales/ Enplane</b>	<b>Sales/SF</b>
<b>Food &amp; Beverage</b>	94	77,581	\$182,063	\$6.06	\$2,347
<b>News &amp; Gifts</b>	28	15,398	\$42,263	\$1.41	\$2,745
<b>Specialty Retail</b>	38	17,814	\$35,650	\$1.19	\$2,001
<b>Duty Free</b>	4	2,567	\$12,756	\$3.80* International Enplane Only	\$4,969
<b>Services</b>	6	729	\$689	\$0.02	\$945
<b>Total</b>	170	114,089	\$294,544	\$9.09	\$2,396

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## 30 New Stores Opened in 2009 at ORD



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## *Opportunity for Business*

<b>Midway International Airport 2009 Concessions Performance</b>					
	<b>Stores</b>	<b>Area (sq. ft.)</b>	<b>Sales (\$000)</b>	<b>Sales/En plane</b>	<b>Sales/SF</b>
<b>Food &amp; Beverage</b>	24	27,477	\$43,633	\$5.15	\$1,589
<b>News &amp; Gifts</b>	8	7,633	\$12,880	\$1.52	\$1,687
<b>Specialty Retail</b>	12	8,010	\$8,736	\$1.03	\$1,091
<b>Services</b>	2	120	\$55	\$.01	\$461
<b>Total</b>	46	43,240	\$65,304	\$7.71	\$1,510

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## *Process to open a new location at the airport*

- ▶ CDA identifies locations available for lease
- ▶ CDA determines desired use for location
- ▶ CDA generates and issues Request for Proposals (RFPs)
- ▶ Respondents prepare and submit proposals
- ▶ CDA evaluates responses and selects concessionaire
- ▶ Selected concessionaire and CDA finalize the lease
- ▶ CDA obtains approval of City Council
- ▶ Concessionaire submits construction plans for review and approval
- ▶ Concessionaire completes construction and opens for business



# *Operating in an Airport Environment*

*Diana Miller  
Unison Retail Management*



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Commissioner, Department of Aviation



## *Operating at the Airport*

- ▶ Hours of Operation
- ▶ Badging and security
- ▶ Employee parking and public transportation
- ▶ Merchandise delivery and storage



## *Typical Business Terms*

- ▶ Term: 5 – 10 years
- ▶ Rent and Fees
  - ✓ Base Rent: ORD: \$47.75 psf; MDW: \$15.00 psf
  - ✓ License Fee:
    - Proposed Percentage of Sales
    - Proposed Minimum Annual Guarantee (MAG)
  - ✓ Marketing Fee: 0.5% of Sales
  - ✓ Leasehold Tax
  - ✓ Utilities
- ▶ Security Deposit: 6 Months MAG
- ▶ Minimum Investment
  - ✓ \$275 psf for In-Line Stores
  - ✓ \$40,000 per Kiosk
- ▶ Value Pricing



## *Rent and Fees*

### **Base Rent**

O'Hare \$47.75/sq. ft.

Midway \$15/sq. ft.

Escalates 3% annually

- ✓ Usually this is the SMALLER portion of the amount paid to the City
- ✓ Similar to a Common Area Maintenance (CAM) charge
- ✓ Not subject to change or negotiation



## *Rent and Fees*

### **Minimum Annual Guarantee (MAG) and Percentage Rent**

- ✓ Proposed by the Concessionaire
- ✓ Usually greater than the Base Rent
- ✓ Relates to the amount of sales expected to be generated
- ✓ Concessionaire pays the greater of the two amounts, MAG or percentage rent
- ✓ Payable monthly
- ✓ Percentage Rent typically is between 10 – 20% of sales



## *Rent and Fees*

### **Minimum Annual Guarantee (MAG) vs. Percentage Rent Example:**

Concessionaire proposes to pay the greater of \$100,000 (MAG) or 15% of sales.

If annual sales are \$800,000.

$\$800,000 * .15 = \$120,000$

Concessionaire pays \$120,000

If annual sales are \$500,000

$\$500,000 * .15 = \$75,000$

Concessionaire pays \$100,000



# *Upcoming Concessions Bid Opportunities*



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Commissioner, Department of Aviation



## *2010 Requests for Proposals (RFPs)*

### ▶ 1<sup>st</sup> Quarter:

- ✓ Specialty Retail – 21 locations at O’Hare; 5 locations at Midway
- ✓ ATMs – 26 at O’Hare; 12 at Midway

### ▶ 2<sup>nd</sup> Quarter:

- ✓ Food & Beverage – 5 locations at O’Hare; 14 locations at Midway

### ▶ 3<sup>rd</sup> Quarter/4<sup>th</sup> Quarter:

- ✓ Food & Beverage – 82 locations at O’Hare
- ✓ Specialty Retail and News & Gifts – 16 locations at Midway

*Note: Exact number of locations, uses and timing are subject to change.*



## ***Merchandising Concept Descriptions***

- ▶ ***Apparel/Accessories:*** Apparel and accessory products focused on a specific brand or theme.
- ▶ ***Automated Retailing:*** Self-service automated retail vending of high value nationally recognized electronic products, language learning software and/or skin care/cosmetics.
- ▶ ***Chicago-Themed Merchandise:*** A variety of Chicago memorabilia, apparel and distinctive gift items, all of which must be specific to or indicative of the Chicago area.
- ▶ ***Children's Merchandise:*** Children's items such as apparel, accessories, educational toys and gifts.
- ▶ ***Electronics/Multi-Media:*** Electronics and related merchandise such as portable electronic equipment, digital media players, cameras, video recorders, cellular telephones, portable digital assistants, game toys, recorded music and video, software and accessories.
- ▶ ***Fashion Jewelry/Fashion Accessories:*** Fine, fashion and/or costume jewelry, and a limited selection of related fashion accessories for men and women.
- ▶ ***Lifestyle:*** Home and/or personal merchandise that specifically targets and is in keeping with the lifestyle trends, wants, and needs of the passengers.



## ***Merchandising Concept Descriptions***

- ▶ ***Massage Services:*** Neck, shoulder and back massage services and related products.
- ▶ ***Open Specialty:*** Distinctive gift items, especially from popular national brand concepts. Excludes food/beverage, newsstand, bookstore, or Chicago souvenir concepts.
- ▶ ***Spa Services:*** Personal services, full-service spa/salon, which may include manicure/pedicure services, massage services, hair/makeup, waxing, aromatherapy and similar personal care services and a limited selection of related products as offered in upscale salons.
- ▶ ***Automatic Teller Machines:*** ATM services to include cash withdrawals, deposits, account/balance inquiries, fund transfers, credit card advances and other transactions as permitted by the governing network regulations.
- ▶ ***Fast Food:*** Quick service food and beverage items focused on one specific food theme such as American, ethnic, or local favorites, freshly prepared for service during all parts of the day.
- ▶ ***Restaurant and Bar:*** Sit-down restaurant with bar service and a full-service, themed bar located across the concourse.
- ▶ ***Grocery/Quick Service:*** Assorted grocery and pre-packaged food and beverage items.



## Concessions RFPs\*

RFP #	Merchandising Concept	Issue Date	Description
ORD - 1	Apparel/Accessories	1 <sup>st</sup> qtr 2010	Two kiosks, one each in Terminal 1 and 3, approximately 600 sq. ft.
ORD - 1	Apparel/Accessories	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 1, approximately 1,200 sq. ft.
ORD - 1	Automated Retailing	1 <sup>st</sup> qtr 2010	Four kiosks, two each in Terminals 1 and 3, approximately 240 sq. ft.
ORD - 1	Chicago-Themed Merchandise	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 3, approximately 675 sq. ft.
ORD - 1	Children's Merchandise	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 3, approximately 500 sq. ft.
ORD - 1	Electronics/Multi Media	1 <sup>st</sup> qtr 2010	Two in-line spaces, one each in Terminals 1 and 3, approximately 1,375 sq. ft.
ORD - 1	Fashion Jewelry	1 <sup>st</sup> qtr 2010	Two in-line spaces, one each in Terminal 1 and 3, approximately 520 sq. ft.
ORD - 1	Lifestyle	1 <sup>st</sup> qtr 2010	One kiosk in Terminal 3, approximately 515 sq. ft.
ORD - 1	Lifestyle	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 3, approximately 800 sq. ft.
ORD - 1	Massage Services	1 <sup>st</sup> qtr 2010	One kiosk in Terminal 3, approximately 200 sq. ft.
ORD - 1	Open Specialty	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 3, approximately 250 sq. ft.
ORD - 1	Open Specialty	1 <sup>st</sup> qtr 2010	Two kiosks, one each in Terminals 1 and 3, approximately 350 sq. ft.
ORD - 1	Spa Services Terminal 1	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 1, approximately 1,100 sq. ft.
ORD - 1	Spa Services Terminal 3	1 <sup>st</sup> qtr 2010	One in-line space in Terminal 3, approximately 1,400 sq. ft.

• Respondents can submit proposals for one or multiple Merchandising Concepts for each RFP

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## Concessions RFPs\*

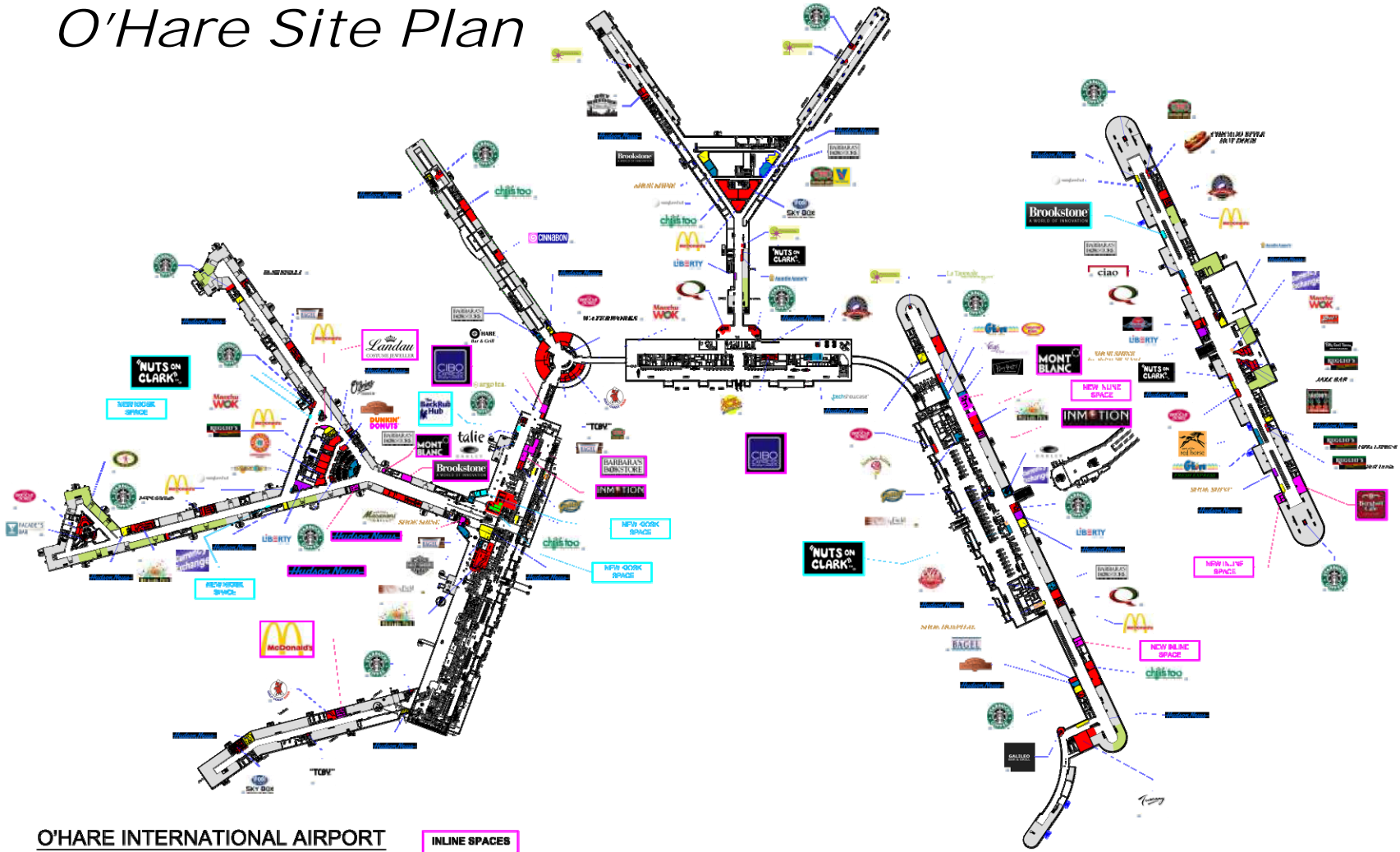
RFP #	Merchandising Concept	Issue Date	Description
ORD - 2	Automatic Teller Machines (ATMs)	1 <sup>st</sup> qtr 2010	Two packages of 13 ATMs each with locations in the domestic and international terminals of the airport.
MDW- 1	Chicago-Themed Merchandise	1 <sup>st</sup> qtr 2010	One in-line space in Concourse A, approximately 830 sq. ft.
MDW- 1	Chicago-Themed Souvenirs, Apparel, Gifts	1 <sup>st</sup> qtr 2010	One in-line space in the main terminal building, approximately 630 sq. ft.
MDW- 1	Jewelry/Fashion Accessories	1 <sup>st</sup> qtr 2010	One kiosk in the main terminal building, approximately 360 sq. ft.
MDW- 1	Open Specialty	1 <sup>st</sup> qtr 2010	One in-line space in the main terminal building, approximately 275 sq. ft.
MDW- 1	Open Specialty	1 <sup>st</sup> qtr 2010	One in-line space in the main terminal building, approximately 450 sq. ft.
MDW- 2	Automatic Teller Machines (ATMs)	1 <sup>st</sup> qtr 2010	Two packages of 6 ATMs each, various locations throughout the airport; one package to include one in-line space for banking services.
ORD - 3	Fast Food	2 <sup>nd</sup> qtr 2010	One in-line space in Terminal 3, approximately 950 sq. ft.
ORD - 3	Restaurant and bar	2 <sup>nd</sup> qtr 2010	Two in-line spaces in Terminal 1, one for a sit down restaurant and the second for a bar, approximately 2,700 sq. ft.
ORD - 3	Grocery/Quick Service	2 <sup>nd</sup> qtr 2010	Two in-line spaces, one each in Terminals 2 and 3, approximately 1,125 sq. ft.

•Respondents can submit proposals for one or multiple Merchandising Concepts for each RFP

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# O'Hare Site Plan



**O'HARE INTERNATIONAL AIRPORT**  
**INLINE AND KIOSK PACKAGES**

DISCLAIMER: ANY AND ALL INFORMATION CONTAINED HEREIN IS  
 SUBJECT TO CHANGE WITHOUT NOTICE

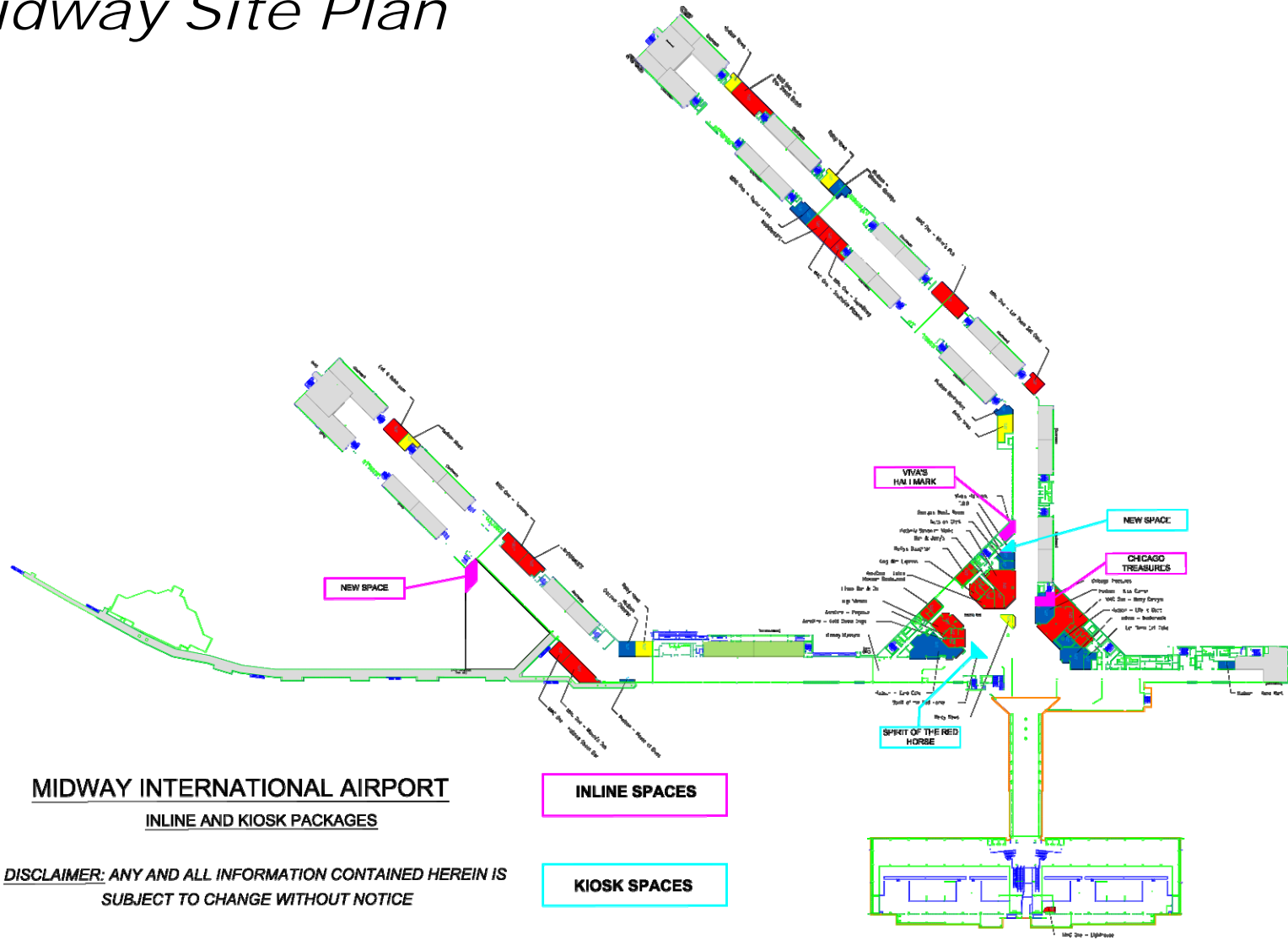
INLINE SPACES

KIOSKS SPACES

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# Midway Site Plan



**MIDWAY INTERNATIONAL AIRPORT**  
**INLINE AND KIOSK PACKAGES**

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**INLINE SPACES**

**KIOSK SPACES**

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## *Submitting a Proposal*

- ▶ **Minimum Qualifications**
  - ✓ 3 Years Experience in Proposed Business
  - ✓ Minimum Sales in Existing Business
  
- ▶ **Responding Entity**
  - ✓ Direct Lease
  - ✓ Sublease
  - ✓ Joint Venture
  
- ▶ **ACDBE Participation**



*Reshma Soni*  
*Senior Compliance Officer*  
*City of Chicago*  
*Office of Compliance*



**Richard M. Daley**  
Mayor, City of Chicago

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Commissioner, Department of Aviation



## *What is ACDBE?*

- ▶ Airport Concessions Disadvantaged Business Enterprise (ACDBE)
- ▶ Concessions program at the Airport is subject to federal regulations governing ACDBEs
- ▶ ACDBE goal is established for each Request for Proposals
- ▶ Can be fulfilled by:
  - ✓ direct ownership
  - ✓ joint venture partnership with ACDBEs
  - ✓ purchase of goods and services from ACDBEs



## *ACDBE Certification*

- ▶ [www.cityofchicago.org](http://www.cityofchicago.org)
- ▶ For Business: Doing Business with the City
- ▶ MBE WBE DBE
- ▶ DBE or ACDBE Certification Application:  
Application and information on regulations for becoming a Disadvantaged Business Enterprise (DBE) vendor with the City of Chicago.



## *Find an ACDBE Certified Business*

- ▶ [www.dot.state.il.us/ucp/ucp.html](http://www.dot.state.il.us/ucp/ucp.html)

OR

- ▶ [www.cityofchicago.org](http://www.cityofchicago.org)
- ▶ Doing Business with the City
- ▶ MBE WBE DBE
- ▶ Search the MWBE BEPD Directory Data Base



# *Shelby Moorman Scales* *Small Business Program Officer* *Airport Minority Advisory Council*



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Commissioner, Department of Aviation



# Resources



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Mayor, City of Chicago

**Rosemarie S. Andolino**  
Commissioner, Department of Aviation



**Visit our Website - [www.FlyChicago.com](http://www.FlyChicago.com)**

**THE CHICAGO AIRPORT SYSTEM**

Richard M. Daley, Mayor  
Rosemarie S. Andolino, Commissioner

Flight Information | Parking | Ground Transportation | ADA Friendly Services | TSA | Weather | Customer Services/Maps | Search

O'Hare International Airport | Midway International Airport | Gary-Chicago International Airport

City of Chicago

List of Announcements

- CDA Security Update and Information for Traveling Public
- Concessions Open House - [Registration Open](#)
- RSIP Contractor Open House - January 22
- Public Meeting Notices-Midway Noise Mitigation Program

Sign up for our Web Alerts! | Share Your Experience | Video Tour of Chicago | Explore Chicago | Terminal Tunes...

O'Hare Tips | Midway Tips

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- Sign up for CDA Web Alerts and be notified of:
- Bid packages advertisements
  - Pre-Bid Conferences
  - Upcoming Concessionaire/Contractor Open Houses and other events

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## *Resources*

Airport Minority Advisory Council: [www.amac-org.com](http://www.amac-org.com)

Airport Revenue News: [www.airportrevenue.com](http://www.airportrevenue.com)

Airport Council International: [www.aci-na.org](http://www.aci-na.org)

City of Chicago: [www.cityofchicago.org](http://www.cityofchicago.org)

Chicago Department of Aviation: [www.flychicago.com](http://www.flychicago.com)

A list of attendees and this presentation will be posted on [www.flychicago.com](http://www.flychicago.com) website next week.



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## *Conclusion*

**Thank you for joining us today!**

**Attendee roster and presentation materials will be posted on [www.flychicago.com](http://www.flychicago.com)**