

Select Questions & Answers

1) Why were all proposers not given the opportunity to do an oral presentation?

An extensive evaluation process was implemented that featured two distinct levels of review. The first level of review required two evaluation committees to score written proposals using consensus scoring methodology. One committee evaluated and scored Retail Concessions for IAH and HOU; the other committee evaluated and scored Food & Beverage and Specialty Coffee concessions for IAH. If a proposal scored sufficient points above all others—a minimum of five—the proponent was selected for recommendation to award following an oral presentation to assure clarity on all points made in the proposal.

The second level of review, when needed, required invited respondents to deliver oral presentations before the evaluation committees. The oral interview process was essential in helping the evaluation committees clarify critical points made in the proposals and establish a decisive winner for each package. At the conclusion of oral interviews, the evaluation committees scored each proposal once more, taking into account the new information gathered during the oral interview. The scores developed during the written proposal phase were set aside, and new scores were developed. The oral interviews were scored using consensus scoring, consistent with the scoring method at first level of review, and became the basis for determining the winning proposal.

2) Why is the ACDBE goal for retail / duty free different at IAH and HOU?

The ACDBE goal for the Retail Package containing Duty Free was higher at HOU than IAH because of a difference in the mix of retail versus duty free concepts within the packages. At HOU, duty free represents only one location out of 7 locations in the package – the other six locations representing specialty retail or news/convenience. At IAH duty free represents five out of 8 locations in the package – the other three locations representing specialty retail or news/convenience. Historically, ACDBE participation has been lower in the Duty Free segment relative to other retail segments, which is why the goal set by the Office of Business Opportunity was higher in the package at HOU, with its disproportionately lower mix of Duty Free stores, than in the package at IAH.

3) How does consensus scoring work? Can't a strong personality in a selection panel skew the results?

The evaluation panel consisted of two teams of five middle managers from the Houston Airport System, one team for all Retail Packages and another for all Food and Beverage and Specialty Coffee Packages.

Consensus scoring worked as follows. First, a score from 1-5 was assigned, by consensus, against the criteria specified in the RFP that indicated how well the proposal addressed the particular point of focus. Then to emphasize the importance of the criteria a weighting factor, ranging from 1-5, was applied. The resultant products were then summed to obtain the overall score which could total as much as 100 points.

The teams were selected so that every team member was at a similar pay grade level as the rest of the team. This was done to ensure no one could pull rank. Additionally, representatives from HAS Supply Chain Management, and the Office of Business Opportunity sat in as observers to ensure the integrity of the process and that all views were properly reflected in the consensus scoring.

4) What is the response to the anonymous allegation of HAS employees being bribed?

While the anonymous allegation did not appear to be credible, it was referred to the Houston Police Department for investigation. The investigation is ongoing and is due to be concluded shortly.

5) Did any of the unsuccessful bidders propose higher revenue or capital outlay? Why were they not selected?

Concession rent to HAS was important but not the primary driver in making the selections. The over-riding focus and most important objective of the RFPs was customer service. We wanted to create value for our passengers who use our airports to travel across the state or around the world. We were looking for products and services that satisfied the needs, wants and desires of our passengers. We were looking for great service support on the frontline or in the after-sale period – attentive standby assistance and no-questions asked return policies, as examples. Accordingly, concession rent received a weighting of only 10 points out of 100 and, in some categories, the recommended winner did not propose the highest rent. However, the winner did propose the highest percentage rent in 5 of the 9 packages and, in all cases, exceeded the minimum percentage rent required in the RFP. In total, HAS projects that we will roughly double the concession rent earned today.

6) Who are the key people involved in each proposal?

Please see the list of proposers and team composition detailed in Tab 5 of this binder.

7) What new local concepts will we see in food and beverage and retail?

Local concepts include: The Breakfast Klub, Hubcap Grill, Pinks Pizza, Ray's Real Pit BBQ, Café Adobe, Space Corner, Univision, and Pinto Ranch.

8) What experience do the individuals on the selection panels have in managing airport concessions or evaluating airport concessions? Why was the selection panel not made up exclusively or predominantly by Houston Airports Concessions personnel?

The concession program is an important part of the customer experience and is integrated into the overall operation of the airport. Consequently, many groups at the Houston Airport System are involved in supporting the concession program, including Commercial Development, Infrastructure, Airport Operations and Finance/Procurement. The evaluation committee was carefully selected to be comprised of representatives from a cross section of areas, some with general airport experience and many with commercial experience. This ensured that a diverse set of perspectives were considered in the evaluation. All evaluation committee members received training from our nationally recognized concessions consultant, AirProjects, on how to properly evaluate concepts. The evaluators were provided tours of the airport concessions to familiarize them with each location and prepare them for the role.

As a matter of policy the Houston Airport System refrains from composing panels exclusively or in large measure from the business units for which the services that are the subject of any RFP are to be procured. The rationale for this policy is that we recognize that employees engaged in day-to-day management of services build relationships with the companies providing those services. We wanted to make sure that there was no ability for those relationships to spill over into the rating for any proposal. We did have very seasoned and experienced concessions personnel involved in the selection process and were present in the sessions during which the ratings and interviews took place. But they were there to answer questions and did not participate in any voting that determined the outcome for any recommendation.

9) Wasn't Sun IAH quoted in the press as having won a concession?

One of the proposers, Sun IAH, was quoted in the local press that they were hoping to operate several new concepts at the airports, such as Krispy Kreme. These stories were simply premature as no award had been recommended at the time by HAS.

10) Will current concession employees be able to keep their jobs if a new concessionaire wins?

The RFPs included an employee retention requirement that concessionaires offer continued employment to existing non-supervisory concession personnel. The requirement did allow some flexibility to the concessionaire if they can demonstrate that the existing personnel do not have the experience and cannot be appropriately trained to provide the services required or the

concessionaire does not need as many employees in the particular facility as its predecessor did.

11) Can the City require ATU Americas, the recommended winner of the IAH Retail package that includes Duty Free, to partner with local companies? Will ATU Americas use any local firms?

The City has established an Airport Concession Disadvantaged Business Enterprise (“ACDBE”) program in accordance with regulations of the U.S. Department of Transportation, 49 CFR parts 23 and 26. Under these regulations, the City must provide all qualified ACDBEs—regardless whether they are local, state, national or, as in this case, multinational as to origin and executive office location—an opportunity to receive and participate in the Houston Airport System’s concession program. This means that the City may not use local geographic preference as a basis for selection and cannot require a concessionaire, who otherwise satisfies the ACDBE requirements, to change its legal structure in order to include a local company. ATU Americas is a joint venture with ATU Turizm Isletmeciligi A.S., a company organized under the laws of Turkey, and Air Ventures Inc., an ACDBE partner organized under the laws of Maryland—and certified in the State of Texas—which fully satisfies the ACDBE requirements.

ATU Americas brings extensive worldwide experience in the operation of high-end Duty Free stores to Houston, which will serve well the needs of our large and extensive international passenger base. The operation will be done, of course, at the local level, hiring local employees and managers, and using local construction firms, trades, and professional services, such as lawyers, marketing professionals, and accountants.