

SASKATOON AIRPORT AUTHORITY
REQUEST FOR PROPOSALS
TO LEASE, DEVELOP AND OPERATE
FOOD AND BEVERAGE CONCESSIONS AT
SASKATOON JOHN G. DIEFENBAKER INTERNATIONAL AIRPORT
DECEMBER, 2012

The Saskatoon Airport Authority (the “Authority”) invites the submission of proposals to lease, develop, and operate Food and Beverage Concessions at Saskatoon John G. Diefenbaker International Airport (the “Airport”). Proposals prepared in accordance with the instructions stated in this Request for Proposals (“RFP”) will be received by the Authority until the due date and time listed below. This RFP may be viewed online at www.yxe.ca; however, those wishing to make a submission must be officially registered and on file in the office of the Saskatoon Airport Authority as identified below. One original and two copies of the proposals shall be submitted in a sealed envelope or container, as well as one copy of the proposal on CD or flash drive. Each envelope or container must be clearly marked on the outside with the notation **“Food and Beverage Concessions Proposal.”** Respondent’s name and address must be on the outside of the envelope or container.

Deliver responses to:

Saskatoon Airport Authority
Suite 1, 2625 Airport Dr.
Saskatoon, SK
S7L 7L1
Attention: Shelley Moser, Contract Administrator

PROPOSALS SUBMITTED IN RESPONSE TO THIS RFP WILL BE ACCEPTED UNTIL:
2:00 P.M. SASKATOON TIME, THURSDAY, FEBRUARY 21, 2013

Late proposals will not be considered for selection and will be returned to the respondent unopened. The Authority is not responsible for late or misdirected delivery of proposals.



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A. REQUEST FOR PROPOSALS SUMMARY

1. Summary of Terms and Conditions

Purpose The Saskatoon Airport Authority (the “Authority”) desires to enter into a sublease and concession agreement with a qualified food service operator for the development and operation of food and beverage concessions in the Air Terminal Building (“Building”) of Saskatoon John G. Diefenbaker International Airport (“Airport”).

The Authority is offering one food and beverage concession totaling approximately 545 square meters (5,789 square feet) in four restaurant locations and two common seating areas in the Building. The Selected Respondent will have the right and obligation to develop and operate these facilities in accordance with the terms and conditions of a sublease to be executed by and between the Authority and Selected Respondent (the “Lease”) similar to the Sample Form of Lease attached as Appendix “A”.

Due Date **Proposals submitted in response to this Request for Proposals (“RFP”) will be accepted by the Authority, at the address set forth herein, until the due date and time set forth in the invitation to propose on Page 1 of this RFP (the “Proposal Due Date”). Late proposals will not be accepted and will be returned to the respondent unopened.**

Pre-Proposal Meeting The Authority will conduct a pre-proposal meeting at the time and place stated below. Interested parties are strongly encouraged to attend.

**Saskatoon John G. Diefenbaker International Airport
2nd Floor Air Terminal Building Conference Room
9:00 a.m. Saskatoon Time, January 9, 2013**

Question Deadline Any questions or comments regarding this RFP must be submitted in writing and addressed to Shelley Moser, Contract Administrator no later than 10:00 a.m. Saskatoon Time on February 18, 2013.

Minimum Qualifications The Authority has established minimum qualifications for respondents in regards to financial capability, experience, and other considerations. The minimum qualifications are set forth in Section C.3.

Lease Term 11 years.

Leased Premises	The Selected Respondent will develop and operate concessions in the Leased Premises. The Leased Premises are comprised of four locations totaling approximately 376 square meters (3,998square feet), as well as two common seating areas totaling approximately 169 square meters (1,791 square feet). Detailed listing of the location and sizes of the Leased Premises is shown in Section D.1.
Rent	<p>Rent shall be the greater of the Percentage of Gross Revenues Rent and Minimum Annual Guarantee Rent, calculated in accordance with the terms of the Lease, summarized as follows:</p> <ul style="list-style-type: none">• Minimum Annual Guarantee Rent for each Lease Year shall equal \$215,000.00 per annum subject to an annual adjustment based on the rate of growth of enplanements at the Airport.• Percentage Rentals proposed by the Selected Respondent, subject to minimally acceptable percentage rent rates established by the Authority and set forth in Section D.5.
Minimum Capital Investment	The Authority has established a minimum average capital investment in leasehold improvements and furniture, fixtures, and equipment for each portion of the Leased Premises as set forth in Section D.3.

2. Program Goals

The Authority wishes to attract those proponents who will work together with the Authority in pursuit of the following common objectives:

- Develop a customized concession program that will offer a variety of food and beverage services that meet and exceed the expectations of our airport users.
- Incorporate a local theme for a unique Saskatoon “sense of place” environment.
- Provide an enhanced level of customer service.
- Offer an environment for business partners to be profitable while increasing revenues for the Authority.

B. AIRPORT EXPANSION PROJECT AND CONCESSIONS PROGRAM

1. Passenger Activity

The Airport has been experiencing substantial growth in passenger activity. From 2008 through 2011, total enplanements have grown at an annual average rate of 3.1 percent (Table 1). Growth has continued into 2012: during the first six months of the year, enplanements increased 6.7 percent over the same period one year earlier. The growth of international passenger travel has been particularly notable: from 2008 through 2011, international enplanements increased nearly 65 percent, as well as another 11.7 percent in the first half of 2012.

Table 1
Saskatoon International Airport
Historical Enplanements

	2008	2009	2010	2011			2012
				Jan-Jun	Jul-Dec	Total	Jan-Jun
Domestic	499,060	480,530	498,143	241,821	264,440	506,261	254,646
International	72,716	96,367	112,471	66,314	53,409	119,723	74,088
Total	571,776	576,897	610,614	308,135	317,849	625,984	328,734

Note:

Total Enplanements as reported by Saskatoon Airport Authority. Allocation between Domestic and International Enplanements estimated by Unison; assumes all charter flights are international.

Although the Authority does not publish enplanement or passenger volume projections, it anticipates enplanement levels to continue to increase. However, the Authority offers no assurance that the levels of aviation activity at the Airport will continue to increase in the future. Future traffic at the Airport is sensitive to a variety of factors including: (1) the growth in population and economy of the area served by the Airport, (2) national and international economic conditions, (3) air carrier economics and air fares, (4) the availability and price of aviation fuel, (5) air carrier service and route networks, (6) the capacity of the air traffic control system, and (7) the capacity of the Airport/airways system. Accordingly, the Authority does not guarantee the accuracy of this projection.

2. Air Terminal Building Complex Expansion Program

Since taking over the operation of the Airport, the Authority has embarked upon its second major air terminal building expansion project that will be completed in 2-phases over the next 30 months. This expansion will significantly increase the size of our Airport particularly as it relates to our post-security area. The new food and beverage concessions shall be part of the Phase 1 development and it is anticipated that the raw space for developing this concession shall be available to the Selected Respondent on or about May 15, 2013 and be open for business to the public on or about September 1, 2013. As indicated in this RFP, there is an additional space that is part of Phase 2 of the Terminal Expansion Project. It is the intention of the SAA to merchandise this space as a food and beverage outlet and offer in a future RFP.

Table 2
Saskatoon International Airport
Current Concessions Program
(square meters)

Store/Restaurant	Area ¹		Total
	Pre-Security	Post-Security	
<i>Food & Beverage:</i>			
Tim Horton's	26		26
Crossroads Grill	26		26
Prairie Elevator	254		254
Food Court Seating and Circulation	345		345
To Go Café		71	71
Subtotal	651	71	722
<i>Retail:</i>			
Relay	126		126
Prairie Unique	54		54
Subtotal	179	0	179
<i>Duty Free:</i>			
Relay	Note 2		
Total Concessions	830	71	901

Notes:

1. All individual store and restaurant areas estimated by Unison based on building floor plans.

2. Duty Free merchandise is displayed in and sold from the Relay news & gift store, occupies a negligible amount of the store area.

3. Current Concessions

The current concessions program at the Airport is located primarily pre-security (Table 2 above). On the Main Floor adjacent to the pre-board screening check-point entrance, are three food and beverage units, including quick service Tim Horton's and Crossroads Grille, as well as the Prairie Elevator table-service restaurant with bar. There is a substantial amount of public, food court-type seating near the quick service units.

Immediately past the pre-board screening checkpoint, but not on the second floor departures level, is the To Go Café, a counter service snack bar offering a variety of baked goods, snacks, sandwiches, and salads. To Go Café also offers beer and wine.

A large Relay news & gift shop is located pre-security near the food offerings. There is a small display of duty free merchandise inside the Relay store. The retail program also includes a pre-security Prairie Unique specialty retail store offering Saskatoon- and Saskatchewan-themed merchandise. There is no retail post-security, except a small magazine display in the To Go Café.

As shown on Tables 3 and 4 below, food and beverage sales totaled nearly \$3.0 million in 2011, or \$4.73 per enplaned passenger (sales for individual food and beverage units are not available).

Table 3
Saskatoon International Airport
Historical Concession Sales

	Area (sq. meter)	2008	2009	2010	Total Sales ¹ 2011 Jan-Jun	Total Sales ¹ 2011 Jul-Dec	Total	2012 Jan-Jun
Food & Beverage: HMS Host^{2,3}	722	\$2,229,500	\$2,640,037	\$2,923,182	\$1,487,936	\$1,471,401	\$2,959,337	\$1,615,107

Notes:

1. Source: Saskatoon Airport Authority
2. HMS Host does not report sales by location.
3. Food and Beverage sales exclude vending.

Table 4
Saskatoon International Airport
Historical Concession Sales per Enplanement

					Total Sales per Enplanement ¹			
	Area (sq. meter)	2008	2009	2010	2011 Jan-Jun	Total Sales ¹ 2011 Jul-Dec	2011 Total	2012 Jan-Jun
Food & Beverage: HMS Host^{2,3}	722	\$3.90	\$4.58	\$4.79	\$4.83	\$4.63	\$4.73	\$4.91

Notes:

1. Sales per Enplanement for Food & Beverage.
2. HMS Host does not report sales by location.
3. Food and Beverage sales exclude vending.

Food and beverage sales grew strongly at an average annual rate of nearly 10 percent over the three-year period 2008 through 2011 (Table 3). The growth in enplanements partially contributed to this strong growth. However, the Airport also saw a significant increase in the capture rate: between 2008 and 2011, food and beverage sales per enplanement grew at an average rate of 6.6 percent annually.

C. SUBMISSION, SELECTION AND CONTRACTING PROCEDURES

1. Schedule

The Authority has adopted the following tentative schedule for the submission of proposals; the selection, award and contracting of concessions; and the commencement of concession operations under this RFP:

December, 2012	Release of RFP
January 9, 2013	Pre-Proposal Meeting @ 9:00 a.m. Saskatoon Time
February 18, 2013	Deadline for written questions @ 2:00 p.m. Saskatoon Time
February 21, 2013	Proposal Due Date @ 2:00 p.m. Saskatoon Time

The schedule is subject to change without liability to the Authority.

2. Proposal Due Date and Time

One original and two copies of submitted proposals will be accepted by the Authority at the address specified herein until the Proposal Due Date and time set forth in the invitation to propose on Page 1 of this RFP. Late proposals will not be considered for selection and will be returned to the respondent unopened. The Authority is not responsible for late or misdirected delivery of proposals. No oral, facsimile, telephone, or email proposals will be accepted.

3. Minimum Qualifications

The Authority has established the following qualifications that a respondent should meet in order to be considered a qualified respondent. The Authority, in its sole discretion, will determine if a respondent is qualified and will base its decision on the information included in the proposal as well as its own investigations.

Experience – Respondent

Respondent must provide evidence that it has the necessary experience and capacity to fulfill the scope of the offered concession. At a minimum, respondent should have at least three years of continuous experience, within the last five years, in the ownership, management, and/or operation of a business that is similar to that which is proposed. If the respondent was formed in the last three (3) years, then an entity with a controlling interest of respondent's ownership and/or management must meet the minimum qualification.

Financial Capability

Respondent must provide evidence of its ability to finance and undertake the monetary commitments required to successfully develop, construct, and operate the proposed concessions. Generally, this means that the respondent must have a) total capitalization (equal to net worth plus long-term debt) greater than the sum of the proposed investment in leasehold improvements and furniture, fixtures, and equipment, and a working capital allowance equal to three months of projected sales, or b) demonstrated access to credit sufficient to undertake the proposed investment.

Outstanding Claims and Litigation

Respondent must not be in default or arrearage under any previous or existing contract(s) with the Authority. The Authority reserves the right to disqualify any respondent, or any constituent entity of respondent, that has pending litigation, claims, or debts with the Authority, or if such proposal includes a proposed subcontractor, sublessee, or supplier that has pending litigation, claims, or debts with the Authority, if the Authority determines, in its sole discretion, such litigation, claims, or debts may adversely affect the ability of the parties to work efficiently and effectively under the contract contemplated by the RFP.

Conflict of Interest

No employee or official of the Authority may have any direct or indirect interest, financial or otherwise, in the respondent, including, but not limited to, any joint venture partners or sublessees.

4. Questions and Interpretation of RFP

Prospective respondents having questions about this RFP, the Authority, Airport Terminal Expansion Program, or planned concessions program, must submit them in writing, prior to the Deadline for Questions set forth above, via facsimile or email to:

Shelley Moser, Contract Administrator
Saskatoon Airport Authority
Fax: (306) 975-4233
E-Mail: smoser@yxe.ca

Responses to all properly submitted questions (including questions asked during the pre-proposal meeting), as well as any extensions, clarifications, interpretations, or changes to this RFP by the Authority, will be provided in one or more addenda to be posted on the Authority's website www.yxe.ca. Respondents may rely only on an explanation, clarification, interpretation, approval, or answers made by written addendum. The Authority advises prospective respondents to frequently check the website for any addenda that may be issued. The Authority will not respond to any oral requests and will not be responsible for any oral instructions. All interested respondents are reminded that this RFP may be viewed online however those wishing to make a submission must be officially registered and on file in the office of the Saskatoon Airport Authority.

5. Pre-Proposal Meeting

The Authority will conduct a pre-proposal meeting at the time and place set forth in Section A.1 above. The purpose of this meeting will be to: (1) discuss the concessions program, including the Authority's goals and objectives for the concessions program, planned modifications and improvements, and the scope of terminal construction; (2) review the requirements of the RFP, as set forth herein; and (3) accept questions from prospective respondents and other interested parties. Representatives of the Authority will be available to address such questions, to the extent practical, subject to the restrictions of the Authority's procurement procedures. However, the Authority reminds prospective respondents and others that presentations, discussions, announcements, and verbal answers to questions offered at the pre-proposal meeting are not

considered authoritative and, therefore, should not be relied upon in the preparation of responses to this RFP. Presentation material and a listing of all questions asked at the meeting as well as those submitted prior to the meeting, and the answers thereto, will be compiled and reduced to official written responses in accordance with the provisions of Section C.4. All interested parties are strongly encouraged to attend.

Immediately following the Pre-Proposal Meeting at the same location, an optional tour of the Airport will be offered. Please note this will be the only opportunity for prospective respondents to inspect existing spaces in order to estimate for themselves the extent of necessary demolition and reconfiguration.

6. Submission of Multiple Proposals

No respondent shall submit more than one proposal in response to this RFP. Collusion among respondents, the submission of more than one proposal under different names by any entity or individual, or an ownership interest in more than one respondent by any entity or individual shall be cause for rejection of all such proposals without consideration.

Entities or individuals who do not have a majority ownership interest in any respondent, may be included as minority-interest owners or subtenants in any number of proposals.

7. RFP Terms and Conditions

Terms and conditions for submission of a proposal in response to this RFP include:

- The Authority reserves the right to reject any and all proposals;
- The Authority reserves the right to accept the proposal which, in the sole opinion of the Authority, is deemed the most advantageous to the Authority;
- The Authority reserves the right to request any other information it requires, to evaluate the proposal. By submitting a proposal, a respondent consents to any such investigations and agrees to cooperate with the Authority in its investigations. Failure to provide the information requested may result in the proposal being disqualified;
- The Authority reserves the right to specify approximate quantities in the RFP and to modify the locations and sizes of the offered spaces;
- The Authority reserves the right to reject any respondent's proposal, regardless of such respondent's qualifications in respect to the selection criteria, if the Authority finds evidence of collusion among respondents;
- The Authority reserves the right to reject any respondent's proposal, regardless of such respondent's qualifications in respect to the selection criteria, that is incomplete, conditional, ambiguous, obscure, or contains alterations or irregularities of any kind;
- All financial information must be presented in Canadian dollars;

- The cost of preparing the proposal submission or providing additional information is the sole responsibility of the respondent;
- The Selected Respondent assumes all responsibility for complying with all applicable laws and regulations. The Selected Respondent is also responsible for obtaining all permits as required;
- Statistical data is provided for informational purposes only. The Authority is not responsible for any inaccuracies, and does not warrant the validity or relevance of data presented herein; and
- All proposals become the property of the Authority, and will not be returned to a respondent unless respondent withdraws its proposal in accordance with the terms herein.

8. Evaluation Procedure

All technically compliant proposals submitted in a timely manner will be reviewed by a proposal evaluation committee (the “Committee”), which will review proposals for completeness of required elements and conformance with the minimum qualifications, and award selection criteria points to each proposal based on selection criteria stated herein (Section C.10). The Authority may also retain external experts to provide advice and support in the review of proposals.

Respondents may be invited to one or more interviews with the Authority to discuss specific issues related to their proposals. Invited respondents will be given notice of the time and date of their interviews at the appropriate time. Any and all costs associated with the interview(s) shall be borne entirely by the invited respondent.

9. Award and Contracting

It is the Authority’s intent to award the concession offered by this RFP to the qualified and responsive respondent who offers the best overall proposal in consideration of the selection criteria (Section C.10), consistent with the terms and conditions of this RFP.

No later than 15 business days following “Notice of Award” by the Authority, the Selected Respondent must execute and deliver to the Authority the Lease and Concession Agreement as negotiated by the Authority and the Selected Respondent. The Lease will incorporate provisions of this RFP, the Selected Respondent’s proposal, other terms and conditions to be negotiated, and be substantially similar to the Sample Form of Lease attached hereto (Appendix A). The Authority reserves the right to make other modifications to the Draft Form of Lease prior to issuing to the Selected Respondent for execution.

In addition to the partially executed Lease, the Selected Respondent must deliver a performance bond or an irrevocable letter of credit equal to 50% of the first year MAG and evidence of insurance, all as described in the Sample Form of Lease. Upon receipt of the required items, the President and CEO will execute the Lease on behalf of the Authority, after the recommendation to award is presented and approved by the Authority’s Board of Directors.

If the Selected Respondent fails to execute and deliver the Lease, or fails to deliver a performance bond or irrevocable letter of credit and evidence of insurance, within 15 business days after said Notice of Award, the Authority reserves the right to withdraw the selection and reject the proposal as non-responsive. In such event, all rights and/or claims purported to arise from said selection will be forfeited.

10. Selection Criteria

The criteria listed below (Table 5) will be considered in the evaluation of proposals together with any other criteria that the Committee deems appropriate. No one criteria or combination of criteria will be used to control the selection of the best overall proposal.

Table 5
Selection Criteria

Financial Proposal	20 points
<ul style="list-style-type: none"> • Percentage rent rate(s) • Reasonableness and completeness of pro forma financial forecasts • Reasonableness and level of proposed capital investment 	
Proposed Concession Plan	25 points
<ul style="list-style-type: none"> • Proposed store concept and layout • Quality of the proposed product mix • Extent of branding • Proposed pricing • Compatibility with the suggested merchandising plan 	
Local Content	10 points
<ul style="list-style-type: none"> • Presentation of Saskatoon and Saskatchewan concepts, themes, and products • Presentation of local themes in the facility design and selection of materials 	
Operations, Management, and Marketing Plan	15 points
<ul style="list-style-type: none"> • Proposed staffing and management plans • Customer service programs • Employee training programs • Quality assurance standards and procedures 	
Experience and Qualifications	20 points
<ul style="list-style-type: none"> • Respondent's record and experience operating respondent's other businesses • Respondent's experience with the proposed concepts • Experience of the respondent's senior management and designated on-site management • Quality and creativity of the design of respondent's other businesses 	
Financial Capability	10 points
<ul style="list-style-type: none"> • Respondent's financial stability and capability based on the financial statements and bank references 	

D. SCOPE AND CONDITIONS OF THE OFFERED CONCESSIONS

The following summarizes some of the key terms and conditions of the offered concessions. This RFP, and all exhibits, attachments and addenda thereto, does not constitute a contract between the Authority and any entity or individual, a commitment by the Authority to accept concession services from any entity or individual, or a commitment by any entity or individual to provide concession services to the Airport. The concessions shall be performed only under the terms and conditions of the fully executed and delivered Lease by and between the Authority and the Selected Respondent.

This summary is not intended to be a complete description of the Lease. Prospective respondents are advised to thoroughly review the Sample Form of Lease (Appendix A) to gain an understanding of the Authority's expectations regarding the development and operations of the offered concessions. In the event of a conflict between the Lease and this RFP, the terms of the Lease control. Unless otherwise defined in this RFP, all capitalized terms have the same meaning as set forth in the Form of Lease.

1. Leased Premises

The concession spaces to be leased to the Selected Respondent comprise four restaurant locations throughout the Building plus two public, common seating areas, totaling approximately 549 square meters, as further detailed on Table 5 (collectively, the "Leased Premises"). Terminal floor plans showing the Leased Premises, as well as other concession spaces, are attached as Exhibit 1.

Table 5
Saskatoon International Airport
Leased Premises

Space / Planned Use ¹		Area (sq. meters)	Estimated Delivery Date	Estimated Opening Date	Delivery/ Opening Date Notes
Main Floor	Branded Coffee/Snacks	71	10/1/2013	1/1/2014	Notes 3, 4
Main Floor	F&B Seating	37	10/1/2013	1/1/2014	Notes 3, 4
Second Floor	Full-Service Restaurant/Bar	173	7/1/2013	10/1/2013	Notes 2, 4
Second Floor	Branded Quick Service Restaurant #1	68	7/1/2013	10/1/2013	Notes 2, 4
Second Floor	Branded Quick Service Restaurant #2	64	7/1/2013	10/1/2013	Notes 2, 4
Second Floor	Shared Seating and Circulation	131	7/1/2013	10/1/2013	Notes 2, 4
Total		545			

Notes:

1. Spaces shown on Figures 1 and 2, and identified by planned use.
2. Estimated Opening Date of second floor spaces is the anticipated start date of airline operations in the first phase of the Terminal Expansion Project (the "Expansion Opening Date"). The Authority expects to deliver second floor spaces to the Selected Respondent three months prior to the Expansion Opening Date.
3. Estimated Delivery Date of the main floor spaces is the Expansion Opening Date. The Estimated Opening Date of main floor spaces assumes a three-month tenant construction schedule. The Selected Respondent may open these facilities as soon as construction is complete.
4. Estimated Delivery Dates and the Expansion Opening Date are subject to change without notice and without liability to the Authority.

2. Merchandising

The Authority has adopted planned merchandising uses for the offered locations as set forth in Table 5 above. Respondents are encouraged to propose a merchandising plan that is generally consistent with the planned uses. However, the Authority encourages creativity by respondents and will consider variations to the planned merchandising uses. The Authority reserves the right to reject concepts that it deems, in its sole judgment, to vary significantly from the adopted merchandising plan or to be inappropriate for the Airport.

- Branded Coffee/Snack (Main Floor – 71 square meters). This landside location is intended to offer passengers, visitors, and employees branded freshly brewed coffee and tea, as well as coffee and tea specialty drinks, and may include light meals and snacks serving all parts of the day. The menu should include bakery items including bagels, pastries, and donuts; freshly prepared salads and sandwiches; and assorted non-alcoholic beverages. This restaurant is served by a 37-square-meter public, common seating area that is part of the Leased Premises. The Selected Respondent is required to furnish and maintain this area. This includes the cleaning of floors, tables, spills, etc.
- Table-Service Restaurant/Bar (Second Floor – 173 square meters). This is a full-service restaurant and bar offering a menu that covers breakfast, lunch, and dinner, and should include carry-out service. This location should also include a full service stand-alone bar with an assortment of beer, wine, and alcoholic beverages. National and local brands will be considered; however, it is our preference to offer a venue familiar to Saskatoon and surrounding district.
- Branded Quick Service Restaurant #1 (Second Floor – 68 square meters). This location is intended for a local, national, or international fast food brand. The menu should focus on one specific food theme that offers a variety of freshly prepared items and covers all parts of the day.
- Branded Quick Service Restaurant #2 (Second Floor – 64 square meters). This location is intended for a local, national, or international fast food brand, which may be snack foods such as frozen yogurt, smoothies, pretzels, and nuts and candies as a complement to the meal options available at other locations. However, the menu should include light meals and snacks serving all day parts including, but not limited to, freshly prepared salads and sandwiches. The location may offer coffee and tea drinks, but these should not be the principal focus of the unit.
- Shared Seating Area (Second Floor – 131 square meters). The two branded quick service restaurants are served by a public, common seating area that is part of the Leased Premises. The Selected Respondent is required to complete leasehold improvements in this area, provide furnishings including food court seating as approved by the Authority, and maintain and clean this area.

- Future Food and Beverage Concessions: (Second Floor – 58 sq meter) The food and beverage concessions program at the Airport includes an additional space that is part of Phase 2 of the Terminal Expansion Project (shown on the Second Floor Layout of Exhibit 1). At this time, the Authority intends to merchandise the space as a branded specialty coffee concession and offer it as a separate lease under a future RFP. Respondents to this RFP, including the selected respondent, will be eligible to submit responses to the future RFP. The Authority advises prospective respondents to this and future RFPs that it reserves the right to modify, at its discretion, the terms and conditions of the future RFP.

3. Capital Investment and Improvements

The Lease will include a provision that the minimum initial capital investment in the Leased Premises (to include leasehold improvements; fixtures, furnishings, and equipment; and design and engineering costs, not to exceed 15% of construction costs) will total at least 95% of the amount specified in the Selected Respondent's proposal. The Selected Respondent shall pay to the Authority as additional rent the amount of any shortfall. The Authority requires a minimum average capital investment of \$3,000 to \$4,000 per square meter for restaurant facilities and \$2,000 to \$2,500 per square meter to construct and furnish common seating areas.

In addition to the minimum initial capital investment, the Authority requires the Selected Respondent to refurbish and/or reconcept each location beginning at the sixth Lease Year (the "Mid-Term Refurbishment"). At a minimum, the Selected Respondent will be required to spend a minimum of \$600 to \$700 per square meter to refurbish restaurant facilities and \$250 to \$350 per square meter to refurbish common seating areas. All expenditures related to the Mid-Term Refurbishment are subject to Authority approval.

The Authority requires that the overall concession program be integrated aesthetically, functionally, and operationally into the architectural and design scheme of the Building. Accordingly, the Authority reserves the right to review and approve all improvements and subsequent changes to the Premises including, but not limited to, the initial design and construction of leasehold improvements and furnishings, fixtures, and equipment as well as later changes related to refurbishment, reconcepting, and/or remerchandising of the Leased Premises. All improvements must conform to the requirements of the Authority, provincial and federal laws and regulations and industry standards in all respects.

Condition of Leased Premises

The Authority will deliver the Leased Premises to the Selected Respondent as follows:

Second floor portions of the Leased Premises contained in the Terminal Expansion Project will be delivered in unfinished shell and core condition, with demising partitions (steel studs only on tenant side), concrete floors, utilities stubbed to the spaces. Any required relocations, upgrades, or installations of utility services are at the sole cost of the Selected Respondent.

Main floor portions of the Leased Premises that are contained in the existing Building will be delivered in their then-current condition, “as is / where is” condition. The Selected Respondent is responsible, at its sole cost, for all demolition and improvements required to refurbish spaces in order to accomplish the merchandising plan.

4. Term of Concession Agreement

The Lease will become effective and binding on the date of its execution by the Authority (the “Effective Date”). The Term of the Lease begins on the date the Authority commences airline operations in the first phase of the Terminal Expansion Project (the “Commencement Date”) and continues for 11 years.

5. Rents

The Authority desires to establish a mutually beneficial business partnership with the Selected Respondent in order to deliver to our joint customers high-quality goods and services, superior customer service, and reasonable prices. Accordingly, the Authority has established a rent structure that it believes will share risk and provide fair financial returns to both parties.

During each Lease Year of the Term, the Selected Respondent shall pay to the Authority the greater of the Percentage of Gross Revenue Rent or the Minimum Annual Guarantee Rent, as follows:

- a) Percentage of Gross Revenue Rent is the sum of the percentages of Gross Revenues, as proposed by Selected Respondent. The Authority has established minimally acceptable percentage rent rates as set forth in Table 6 however the rates may be bid upward. Any respondent who proposes a rate less than the minimally acceptable percentage rent rate may be deemed non-responsive and eliminated from further consideration for award.

Table 6
Saskatoon International Airport
Minimally Acceptable Percentage of Gross Revenues Rent Rates

Location	Minimally Acceptable Percentage Rent Rates
Food & Beverage Package #1: Restaurants	
Main Floor Branded Coffee/Snacks	8%
Second Floor Full-Service Restaurant/Bar	8%
Second Floor Branded Quick Service Restaurant #1	9%
Second Floor Branded Quick Service Restaurant #2	9%

- b) The Minimum Annual Guarantee Rent (“MAG”) during the first Lease Year equals \$215,000.00. In the second and later Lease Years, the MAG shall be adjusted by the rate of growth in enplanements during the prior Lease Year, but not less than the MAG during the first Lease Year.

Storage Space Rental

Storage and support space in the Building will be assigned to the Selected Respondent at the discretion of Authority. Any storage and support space leased by the Selected Respondent will be made available at the then current rental charge for the applicable class of space. Current rental rates are as follows (GST Extra):

- Main Floor Office - \$285.00 per square meter
- Main Floor Industrial - \$200.00 per square meter,
- Basement Finished / Serviced Space - \$200.00 per square meter,
- Basement Unfinished / Limited Service Space - \$100.00 per square meter.

Other additional costs that would be applicable to the Selected Respondent include a \$5.00 monthly fee assessed for each employee requiring access privileges to the secure area of the Airport and a \$25.00 per month, per access card issued for the employee parking lot.

6. Non-Exclusivity

The Authority will not enter into an exclusive concession agreement with any concessionaire. At any time during the Term, the Authority, at its own discretion, may enter into other agreements with other entities or individuals for food concepts similar to those of the Concessionaire. It is understood and agreed that nothing herein is to be construed to grant or authorize the granting of an exclusive right to an individual concessionaire.

7. Pricing Policy

The Authority has adopted a “fair pricing” policy, meaning that on-airport and off-airport prices for goods of similar quality and quantity shall be reasonably similar as follows:

- For merchandise with pre-printed prices affixed by the manufacturer or distributor, the selling price shall not exceed the pre-printed price.
- All other products sold by the Selected Respondent shall not exceed the prices charged for equivalent or similar items in comparable off-airport locations (excluding special promotional items) within the Saskatoon metropolitan area by more than 10%.

In order to establish a reasonable benchmark for price comparisons, respondents must include with their proposals, a preliminary listing, for each location, of three restaurants to be used for comparison purposes. If a respondent has other operations in the Saskatoon metropolitan area, these establishments should be included in the list if they are of a reasonably comparable quality and service style. Benchmark outlets may change throughout the Term as determined necessary by the Authority. The following venues are generally excluded as comparable locations: concessions located in stadiums, arenas, amusement and entertainment venues, and hotels.

8. Other Conditions of the Offered Concession

- a) All facilities must be open 365 days a year with operating hours and staffing levels that support passenger activity at the Airport. Generally, food and beverage service must be

available post security from one hour prior to the first scheduled departing flight through the last scheduled departing flight, however the Authority may require other hours. Pre-security, food and beverage service must be available from one and a half hours prior to the first scheduled departing flight through to one hour prior to last scheduled departing flight. At the discretion of the Authority, Selected Respondent may be required to extend its hours at selected locations in order to accommodate passengers from flights that are delayed.

- b) The Selected Respondent shall provide and maintain certain insurance in full force and effect at all times during the Term and shall indemnify the Authority, all as more fully described in the Form of Lease.
- c) The Selected Respondent will be required upon selection to provide a security deposit for the duration of the Term, all as more fully described in the Form of Lease.
- d) The Selected Respondent shall be responsible for conducting background checks for each employee working or requiring access that is beyond the security checkpoint or as may be required by the Canadian Air Transport Security Authority (“CATSA”) or the Authority. It is understood that the requirements of CATSA or the Authority regarding security matters may change from time to time and Selected Respondent shall comply with all such requirements. Any fines assessed against the Authority for security violations by Selected Respondent or its employees, vendors, suppliers, or invitees shall be promptly reimbursed to the Authority by the Selected Respondent.
- e) The Authority desires to provide the traveling public and employees the highest level of customer service and product quality. Accordingly, the Authority has established various performance standards as specified in the Form of Lease. The Authority reasonably believes that failure by Selected Respondent to adhere to the performance standards will result in significant inconvenience to the traveling public and employees, adversely affect the overall concessions business at the Airport, and reduce the amount of revenue to be paid to the Authority. Consequently, the Selected Respondent agrees to pay to the Authority liquidated damages, in the amounts set forth in the Form of Lease, for breach of the performance standards.

E. PROPOSAL FORMAT AND INSTRUCTIONS

The proposal must include all of the following items and documents organized and tabulated in the requested order. Proposals are to be prepared in such a way as to provide a straight forward, concise statement of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, and promotional materials are not necessary or encouraged (except as requested in the proposal instructions). Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements and on completeness and clarity of content.

One original (marked “Original”) and two copies of the proposal shall be submitted on or before the Proposal Due Date and time. Proposals shall be organized and tabulated in the following order. Required proposal forms, where necessary, are attached to this RFP in Appendix B.

- 1) Transmittal Letter
- 2) Respondent Offer
- 3) Business Information Form
- 4) Experience and Qualifications Statement
- 5) Financial Information
- 6) Concession Concept Plan
- 7) Capital Investment
- 8) Operations, Management, and Marketing Plan
- 9) Proposed Concession Fee
- 10) Projected Sales and Net Income

Tab 1) Transmittal Letter

Each respondent must indicate the legal names and mailing address of respondent, contact person, telephone/fax numbers and email address as well as any pertinent facts or details of the proposal that the respondent desires to emphasize, but not more than three pages in length. The transmittal letter must be signed by an officer or other individual who has authority to bind the responding entity.

Following the transmittal letter, please insert executed acknowledgements of all addenda issued for this RFP.

Tab 2) Respondent Offer

To be a technically compliant proposal, a completed, signed, dated, and witnessed offer must be included with the proposal as Tab #2. Respondents must use the form provided as Form 1 in Appendix B. Alterations, additions, and/or modifications to the offer form will not be accepted and may be cause for rejection of the proposal.

Tab 3) Business Information Statement

Comprehensive disclosure of all relevant information is to be provided. Please use the Business Information Form provided (Form 2 in Appendix B).

Tab 4) Experience and Qualifications Statement

Respondent must demonstrate its particular capability to successfully operate as a concessionaire at the Airport. Please provide the information requested in Form 3 in Appendix B related to respondent's relevant experience and qualifications, with special emphasis upon prior experience with the ownership, operation, and management of food service establishments similar to those proposed. Respondent should also provide details on the pertinent experience of persons who will be directly involved in the development, operation, and management of the proposed concession at the Airport. This section of the Proposal should include information for the respondent and, as appropriate, its constituent entities and sub-concessionaires.

This section of the proposal is 10 pages; however, sales schedules, photographs of existing installations, and business references requested in Form 3 do not count toward the page limit.

Tab 5) Financial Information**1. Financial Statements**

Respondent shall include the following financial information with its proposal:

- The current fiscal year-to-date balance sheet and income statement;
- Audited financial statements for the past three years;
- If the respondent is a wholly-owned subsidiary, financial information of the parent company; and
- If the respondent will be a franchise, partnership or joint venture, the financial information of the franchisee, each partner or joint-venturer.

2. Bank References

Provide the name, address, telephone number, and email address of a banking reference.

Tab 6) Concession Concept Plan

Respondent should submit the following information for each location in sufficient detail to clearly define the proposed facilities. This information should include the following detailed descriptions:

1. Concession concept, brand, and theme including, as appropriate, a discussion of its relation to the Saskatoon area. If respondent is proposing a franchised or licensed brand owned by another entity, respondent must provide evidence of its rights to franchise or license and operate the brand at the Airport.

2. Proposed merchandise and the approximate price range for each category. Respondent should also suggest three benchmark establishments within the Saskatoon metropolitan area for price comparison purposes, which are subject to approval by the Authority. If respondent, any constituent entity of respondent, or its subtenant (if any) as appropriate, operates other similar stores within the Saskatoon metropolitan area, those stores must be included as suggested benchmark stores.
3. Sources of merchandise, products, and supplies identifying in particular those items generally identified with Saskatchewan and Saskatoon.
4. Narrative description of the proposed capital improvements to be made to the space including seating areas (as appropriate), the dominant design theme and a discussion of its relation to Saskatoon.
5. Preliminary floor plans or sketches showing the approximate layout of the restaurants including, at a minimum, the anticipated locations of anticipated service counters, points of sale, kitchens, expected queuing, seating, and other pertinent features.
6. Respondent should identify its architectural team, specifying prior experience in the design of retail and/or food service facilities (including resumes and project experience) with photographs of sample projects attached.

Tab 7) Capital Investment/ Financing Plan

Provide a preliminary cost estimate for the proposed improvements. Respondent should specify the source of funds for the capital improvements for each location. The amounts stated must not include personal property, expendables, or ordinary maintenance expenditures. Any financing or interest charges, professional fees, franchise fees, or overhead expenses included in the capital program must also be separately stated. Provide the required information in the format provided (Form 4 in Appendix B).

Tab 8) Operations and Marketing Plan

Describe the specific plan for operation and the services that will be provided. Include the following:

1. Staffing Plan
 - a. Staffing plan to include the number of management and non-management employees and the shifts to cover the proposed operating hours for each location.
2. Customer Service Philosophy and Programs
 - a. A description of the respondent's goals with regard to customer service including examples of customer service surveys and the proposed customer service survey program's frequency of use, data analysis methodology, and sample summary reports if applicable.
 - b. Marketing programs

- c. A description or example of an established employee training program.
- d. A copy of Employee Policy Manual if applicable.

3. Marketing Plan

The ability of the respondent to effectively market the concession is considered to be of prime importance. The marketing elements of each respondent's proposal will be evaluated in detail, taking into account the following:

- a. Corporate marketing philosophy and policy
- b. Strategies for product presentation and appearance
- c. Advertising and promotional programs to be implemented
- d. Any other relevant information

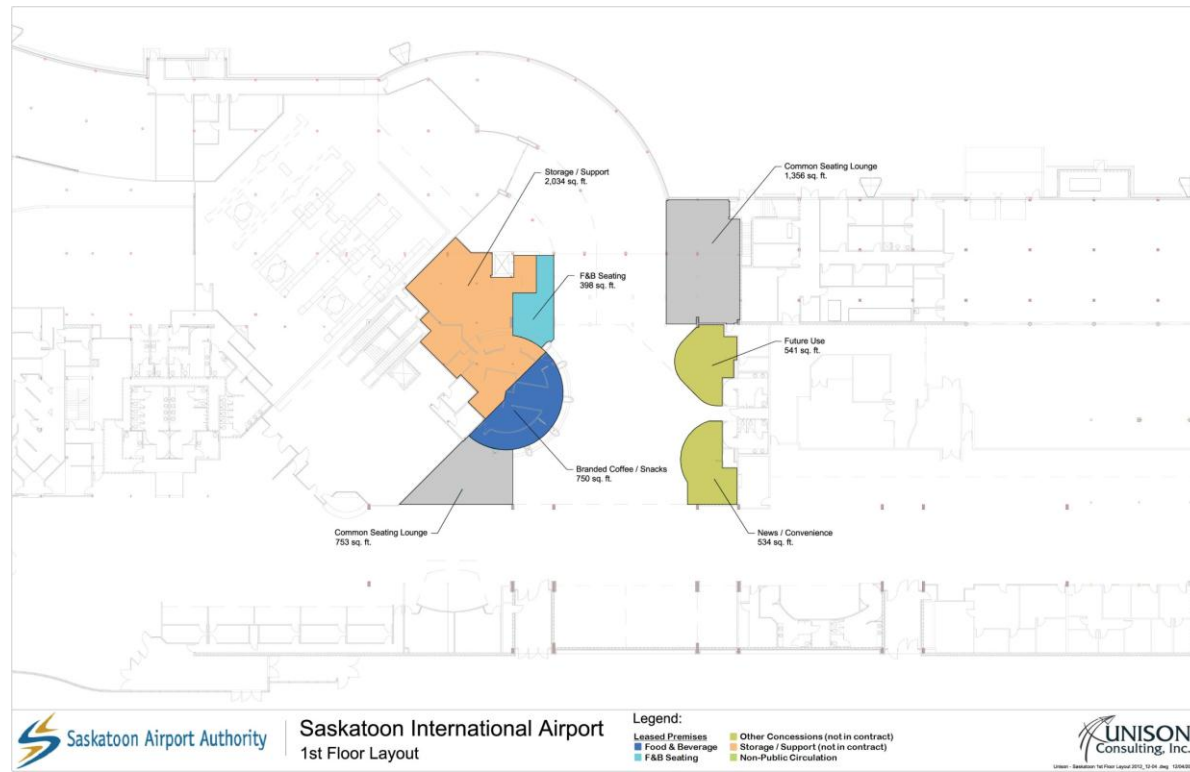
Tab 9) Proposed Percentage Rent Rate(s)

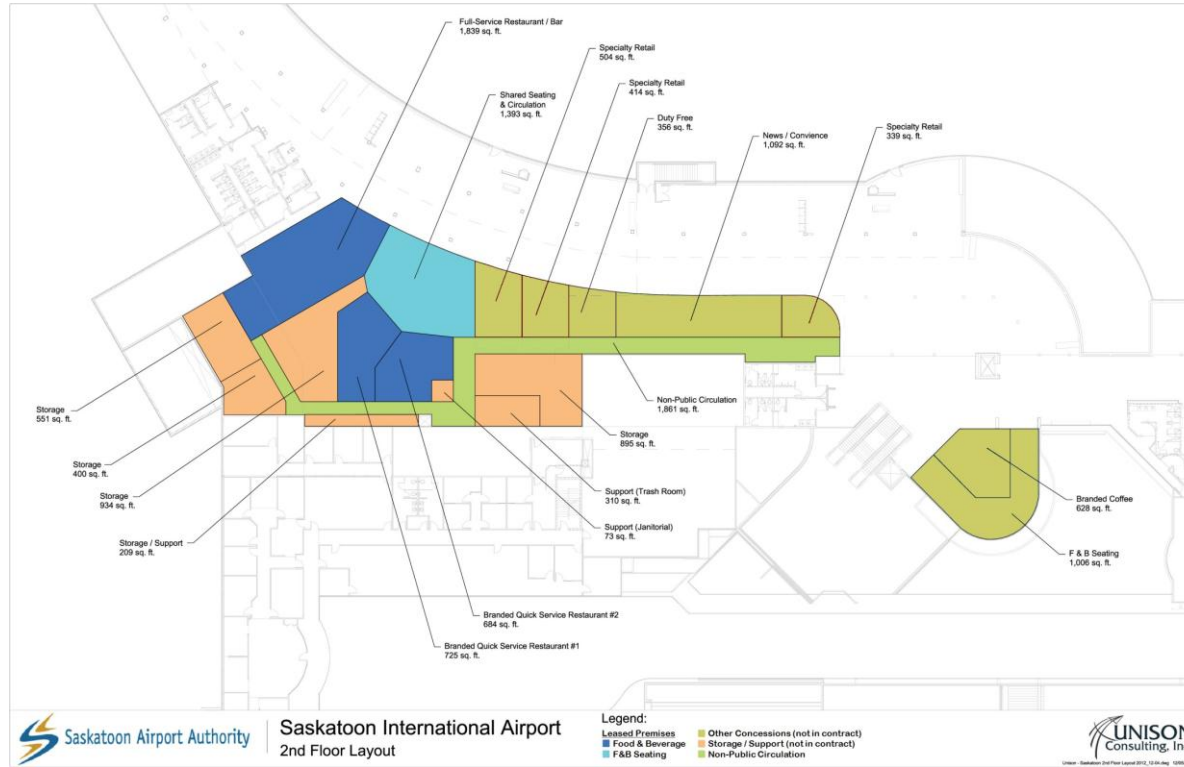
Using Form 5 in Appendix B, state the percentage fee rate(s) of Gross Revenues that the respondent proposes to pay for each year of the Term, or portion thereof. The Authority has established a minimally acceptable percentage rent rate for this concession as set forth above in Section D.5. Any respondent who proposes a percentage fee rate less than the minimally acceptable percentage fee rate may be deemed non-responsive and eliminated from further consideration for award of the offered concession.

Tab 10) Projected Sales and Net Income

Provide a good faith estimate of the expected annual gross revenue, cost of goods sold, other direct expenses, general and administrative expenses, net income and cash flow to be derived from the proposed operations for the first five years of the Term for each location. Form 6 of Appendix B is provided as a sample. Forecasts should be prepared in constant Canadian dollars.

EXHIBIT 1
OFFERED CONCESSIONS – LEASED PREMISES





APPENDIX A

SAMPLE FORM OF LEASE

APPENDIX B

REQUIRED PROPOSAL FORMS

Form 1
Proposal Affidavit

Form 2
Business Information Statement

Instruction: This form must be submitted by respondent and its subtenants (if any) with respondent's proposal. Other entities or individuals must submit this form in accordance with instructions on this form.

A. Basic Information:

1. Complete legal name of Reporting Entity completing this form:

2. Relationship of Reporting Entity to Respondent:

3. If Reporting Entity is respondent, provide assumed name (i.e., "doing business as") or trade name for this proposal

B. Reporting Entity Information

1. Principal Office Address:

2. Contact Person's Name/Title and Office Address:

3. Contact Person's Telephone and Facsimile Numbers:

4. Contact Person's E-Mail Address:

5. Form of Reporting Entity

- ☐ Corporation ⇒{continue to Section C}
- ☐ Limited Liability Company ⇒{continue to Section C}
- ☐ Partnership ⇒{skip to Section D}
- ☐ Joint Venture ⇒{skip to Section D}
- ☐ Individual ⇒{finished with form}

C. If Reporting Entity is a corporation or limited liability company, please answer the following:

1. When incorporated or organized? _____
2. Where incorporated or organized? _____
3. Is the entity registered to do business in Saskatchewan?
 - ☐ Yes ⇒ When? _____
 - ☐ No
4. Attach certificate of authority to transact business in Saskatchewan.
5. The entity is:
 - ☐ Public
 - ☐ Private
6. List the full name of each of the following officers of the entity:
 President/Managing Member _____
7. Provide the name, address, and ownership share of each principal owner owning 10% or more of the entity (use additional pages as necessary).

<i>Principal Owner's Name</i>	<i>Address</i>	<i>Percentage Share</i>

Additional Instruction: if any principal owner is not an individual, that business entity must also submit a Business Information Statement.

Finished with Form

D. If Reporting Entity is a partnership or joint venture, please answer the following:

1. Date of organization? _____
2. Type of partnership?
 - ☐ General partnership
 - ☐ Limited partnership
 - ☐ Joint venture
3. Is partnership agreement recorded?
 - ☐ Yes ⇨ When? _____
 - ☐ No
4. Is the entity registered to do business in Saskatchewan?
 - ☐ Yes ⇨ When? _____ Where? _____
 - ☐ No
5. Attach Certificate of Authority to transact business in Saskatchewan.
6. Attach a copy of the partnership agreement. If the partnership agreement does not set forth the duties and obligations of each partner with respect to the business of the partnership, provide a statement indicating such.
7. Provide the name, address, and ownership share of each partner (use additional pages as necessary).

<i>Partner's Name</i>	<i>Address</i>	<i>Percentage Share</i>

Additional Instruction: if any partner is not an individual, that business entity must also submit a Business Information Statement.

Finished with Form

Form 3
Experience and Qualifications Statement

Instruction: Provide the following information for the respondent and any proposed subtenants. Complete a separate statement for each subtenant. Use additional sheets if necessary.

E. Name of respondent (or subtenant) completing this form:

F. Experience and Qualifications

1. Is the respondent currently engaged in a food and beverage business similar to the proposed concession?
☐ Yes ⇒ How Long? _____ {skip to Question C.3}
☐ No

2. If the answer to Question B.1 is “no,” are the principal owner(s) and/or manager(s) of the respondent currently engaged in a food and beverage business similar to the proposed concession?
☐ Yes ⇒ How Long? _____
☐ No

3. Attach resumes of the principal owner(s) and manager(s) of the respondent including, specifically, the individual who will be the primary contact to the Authority for contract and operating matters and the individual(s) who will be primarily responsible for the day-to-day operations of the concession.

Continued on next page

G. Operating History

1. Furnish the names of food and beverage facilities operated in the past five years; a description of each restaurant; the number of total employees for each facility; if the facility was operated at an airport; and name of airport (if applicable).
2. Attach photographs of the interior and exterior of any existing restaurants or other similar facilities.
3. Furnish any other additional information that will indicate respondent's food and beverage experience as it pertains to the proposed concession.
4. Please list food and beverage locations owned and operated by the respondent in the past **five** years, including address, number of separate facilities at each location, opening/closing dates, description of concepts, and annual gross sales over the past five years. For purposes of this Form, a "location" is a distinct airport, airport unit terminal, major transportation center, shopping center, or other free-standing facility. It is not necessary to list the sales of individual facilities within multiple-facility locations. Use the format below; attach additional pages as necessary.

Location	Number of Facilities	Opening Date	Closing Date	Description of Concept	-----Gross Sales-----				
					2011	2010	2009	2008	2007

Continued on next page

H. Contract History

1. Have any agreements held by the respondent or any principal owner(s) of respondent, for the operation of an airport concession ever been canceled?

☐ Yes ⇒ *{Attach a separate sheet providing information about all such contract cancellations including, but not limited to, date of cancellation, contracting parties, contract value and term, and reason for cancellation.}*

☐ No

I. Landlord References

1. Please provide three current landlord references. If respondent operates an airport concession, the airport landlord contact information must be included as one of the references. Use the following format for each of the required references; attach additional pages as necessary.

REFERENCE NO. __

Name: _____

Title: _____

Firm: _____

Address: _____

Telephone: _____

Email: _____

Nature and magnitude of association (including years):

Form 4 Capital Investment and Financing Plan

Instruction: Provide the initial capital investment and sources of funds respondent proposes to invest in each concession location. If accepted by the Authority, this investment amount will be incorporated into the Lease by and between the Authority and the Selected Respondent (as Concessionaire).

Please note that the Authority has established minimally acceptable initial investment as set forth in the RFP. Proposals that do not meet the minimally acceptable initial investment may be deemed non-responsive and eliminated from further consideration for award. Further note that the Lease will provide for payment to the Authority of the deficit, if any, between the actual investment and 95% of the proposed capital investment.

Capital Investment Plan

<u>Capital Investment</u>	
A. Architectural & Engineering Fees	\$ _____
B. Leasehold Improvements	\$ _____
C. Furnishing, Fixtures and Equipment	\$ _____
D. Total Investment	\$ _____
 <u>Financing Sources</u>	
A. Debt (by source)	\$ _____
B. Equity (by source)	\$ _____
C. Total Investment	\$ _____

Form 5
Proposed Percentage of Gross Revenues Rent Rates

List in the space provided below, the Percentage of Gross Revenues Rent Rate(s) by location, merchandise category, and/or revenue tier, as applicable, respondent proposes to pay the Authority. The Authority has established minimally acceptable Percentage of Gross Revenues Rent rates as set forth in the RFP. Any respondent who proposes a percentage rent rate less than the minimally acceptable percentage rent rate, may be deemed non-responsive and eliminated from further consideration for award of the offered concession.

Proposed Percentage of Gross Revenues Rent Rate(s)

Location	Merchandise Category	Gross Revenues Tier	Percentage Rent Rate

Form 6 Projected Sales, Net Income, and Cash Flow

Please provide projections of sales, rent and other expenses, net income and cash flow for the concession for the first five years of the Term. Please submit a separate form for each location proposed as well as a separate form showing totals for the concession. Respondents must indicate pertinent assumptions, including assumptions that were used to develop Gross Revenues projections. The following format is provided as a SAMPLE – respondent may use another format provided the same information is provided.

Location: _____
 Concept Name _____

Category Enter Calendar Period→	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Sales					
Less: Costs of Goods Sold					
Equals: Gross Profits					
Operating Expenses:					
Rent					
Salaries/Wages/Benefits					
Utilities					
Maintenance					
Insurance					
Marketing/Advertising					
Franchise Fees					
General & Administration					
Interest					
Depreciation and Amortization					
Other (Please Specify)					
Total Expenses					
Net Income					
Add: Depreciation and Amortization					
Equals: Cash Flow from Operations					
Beginning Cash Balance					
Add: Cash Flow from Operations					
Less: Debt Service (Principal Only)					
Less: Capital Expenditures					
Equals: Ending Cash Balance					

Assumptions: _____
