

**REQUEST FOR PROPOSALS
FOR THE OPERATION OF
A VEHICLE RENTAL CONCESSION
AT
NORTHWEST REGIONAL AIRPORT TERRACE-KITIMAT**

Amendment # 2
Issue Date: September 1, 2022



This Amendment #2 to the REQUEST FOR PROPOSALS FOR THE OPERATION OF A VEHICLE RENTAL CONCESSION AT NORTHWEST REGIONAL AIRPORT TERRACE-KITIMAT provides responses to various questions received before the August 26, 2022, deadline. Answers are provided in blue.

General:

1. Thank you for providing historical total vehicle rental revenue at the airport. As is customary in car rental RFPs, we request that you also provide a breakdown of these total revenues by company (i.e., market share) as is specifically permitted under section 3.11 of each of the company's current concession licence agreements.

This is an option open to the Society, however it has chosen not to publish more detailed data at this time.

2. Can you please advise which company is in each of the counters currently? We would suggest grandfathering the counter locations for any incumbents that are successful under this RFP. This would avoid the cost and disruptions of any moves.

Grandfathering is not possible. The current counters will be demolished and new once erected hence there will be some disruptions during the construction period. As the size will be slightly different, incumbents cannot remain in any of the current locations.

3. Please advise the current monthly rental rate per parking stall?

Please refer to your current contract.

4. Please confirm that after this RFP and regardless of whether four (4) or fewer concessions are awarded, that no new or additional on airport vehicle rental concessions will be granted during the 5-year Term.

The Society holds the right to re-tender and fill empty counters for the duration of the proposed contract term, up to a maximum of four concessions at any one time.

5. Given that any company in arrears may be deemed ineligible, kindly confirm that our company is not in arrears or otherwise notify us directly if you show any outstanding payments due.

We will notify any parties if they are in arrears.

6. Given that proposals may be submitted electronically via email, please confirm that the proposals attached will not be opened prior to the closing date and time but that receipt of the email itself will be confirmed back to us.

Confirmed.

7. We understand that currently there are no off-airport vehicle rental companies operating at and under agreement with the Airport. Should any companies wish to provide off airport service, please advise what the applicable access fees payable would be?

Current or future Off-airport Car rental concessions details are not a subject of this on-airport RFP.

8. Please confirm that the initialing of each page of the documents as required can be completed electronically rather than manually.

Confirmed.

RFP:

9. The RFP schedule is very compressed, particularly from the time we receive responses to questions until the RFP closes. We generally require at least two (2) weeks from the time we receive final responses until the proposals are due. We therefore suggest that you consider (and we can discuss in the meeting) the following schedule revisions that retain the same ultimate closing date but leave more time when we need it at the end of the schedule:
 - a. Questions due – September 9th, 3pm -> August 31st, 3pm
 - b. Responses due – September 16th, 3pm -> September 7th, 3pm
 - c. RFP Closing Date – no change (September 23rd, 3pm)Alternatively, you could extend the close date later to provide at least two (2) weeks clear for us to prepare our responses. Note that this assumes that there are no questions arising from the responses you provide to the first round of questions.

Amendment # 1 addressed this issue.

10. Airports often waive certain submission requirements for incumbent operators since we are already known entities with proven track records. As such, we request that for any incumbent operators you waive the following submission requirements under this RFP:
 - a. Schedule 3 Marketing Plan; and
 - b. Schedule 4 Management Team and Operating Plan / Program.While it is a significant effort to put together the above plans for submission, we question what value they add for the airport both initially and then during the Term of the agreement and we believe that deleting this would simplify both the submission and review process for the RFP.

Marketing Plan: We appreciate the efforts it takes to produce the above and that much of the marketing and decision making by a customer on what to rent and who to rent from is determined before arriving at YXT. However, the Society would like to see any plans to participate in local marketing activities, possibly jointly with Society efforts. We are interested to see how you plan to drive sales in this market.

Management Team and Operating Plan: Please include name and contact details for the local team as well as opening hours. See also question 14 below.

11. Page 3, Sec 2.0, 2nd bullet – this states that “the Society reserves the right to add or remove proponents at its sole discretion.” – Please clarify what is intended by this language?

It allows the Society the right to not consider proposals that are non-conforming.

12. Our current security deposit is 33% of MAG in the form of a Letter of Credit (“LOC”). Changing to 50% and requiring cash is unreasonable, especially for any companies where you have not had to draw on our security even during Covid. Please change the security deposit requirements back to 33% of MAG in the form of a LOC. (see Licence Art 1 (9) and sec 3.9).

A Letter of Credit to the benefit of the Society is acceptable. The current structure of the financial offer is such that the MAG will be defined on day one of the Licence term and remain the same for the five-year period, we find that 50% is reasonable. Note that the MAG is only calculated on the variable rent, not on the rent for Stalls and the Counter.

13. Branding:

- a. Please confirm as stated in the meeting that a Proposer can submit a bid to operate dual branded (2 brands per concession) with a single combined MAG.

Confirmed.

- b. Please confirm your stated intent during the meeting that after RFP award, no Licensee may add or change brands during the Term. Note that this is different than potentially allowing the change of ownership of a concession and our question only relates to brands that may be operated.

If a Licensee needs or desires to substitute a brand during the term, this can be done after a negotiation with the Society. The number of brands within one Licence cannot be increased.

Should there be a change of ownership, the new owners would need prior approval from the Society before a transfer of the Licence is made.

14. We had previously requested the waiver of the requirement to submit Schedules 3 and 4 for incumbent operators. In the event you retain these submission requirements then please delete the requirement in Schedule 3 to provide pricing information. While we could provide ‘sample pricing’ it is important to note that our pricing is highly dynamic and constantly changing. As such, there would seem to be no value in providing this detail, especially when we are not subsequently bound by nor able to commit to such pricing.

We confirm that no pricing information will be required.

Also, on Schedule 4 if required, please confirm that a career bio would suffice instead of a resume for our management personnel.

Confirmed. See also question 10 above.

15. As discussed in the meeting we suggest that it would be much simpler to have us just bid a MAG amount that would then apply to each year of the Licence rather than the complicated process currently contemplated whereby we forecast revenues, you then discount them and adjust by a 50% factor. As stated, we would just provide numbers that equate to the MAG we are prepared to commit to regardless.

There are several ways a financial offer can be structured. The Society has chosen and maintain the approach described in the RFP. Please see a separate file with a sample calculation. Note that this approach leads to a single MAG amount that will be applicable for the term of the Licence.

16. We are very concerned over the significant escalations in fees and rents proposed. The increase from 11.5% to 13.5% may be reasonable if converted to an all-inclusive rate where we no longer pay any counter or parking rent (as we just negotiated in Fort St John and as per our current deal in Calgary for example). The 2% add on to the concession fee alone would generate an extra \$81K annually in fees to the Airport based on 2019 revenues. This increase would largely cover both the counter and parking rents for all companies even at the escalated rates. Further, the proposed counter rents reflect a 251% increase over current while the parking appears to reflect a 31% increase. These are excessive increases at a time when we all face significant cost pressures and other challenges. We therefore request that the overall fees be reduced. This could be achieved by making the 13.5% fee all-in on rents or by reducing both the proposed percentage fee as well as the space rental rates. We wish to be partners with you and pay the majority if not all of our fees through percentage rent while we work together to maximize our rental volumes and in turn your fees.

We have completed our market analysis and as an act of goodwill we will reduce the Variable Rent to 13%. The rent for the Stalls and Counters remains as listed in the RFP.

17. Please confirm the intent is to allocate parking based on bid share. It seems odd that we are to then suggest how many stalls we want as we could instead start with bid share and then allow companies to request more or less if desired and collectively work to resolve after the bid results are known.

The intent is to allocate based on the financial offer. The request for the number of desired stalls is added information that indicates how many stalls you would need to accommodate the number of vehicles required to generate the gross revenue in the financial offer. If the total suggested stalls between all proponents is close to the number of available stalls, this information may be taken into consideration when allocating stalls.

18. Appendix A Form of Proposal – please revise to include space for Proposers to identify the brand or brands they intend to operate under the concession agreement.

Please see a revised form in the amended RFP.

Licence Agreement:

19. Art 1 (7) – the definition of MAG (an annual amount) should be revised to clarify that it is not the MAG that is paid monthly but rather only each 1/12th instalment of the MAG.

Please see the amended (redlined) Form of Licence.

20. Art 1 (8) – please add “excluding vehicles” at the end of this definition as due to our fleet financing arrangements, we cannot have our vehicles subject to other possible security liens. Plus, we are providing a separate security deposit already.

Please see the amended (redlined) Form of Licence.

21. Sec 4.7 Credit and Debit Cards and 4.8 U.S. Currency – these sections are unnecessary. Our corporate policies dictate which payment types we accept and are based on numerous factors including fraud concerns. Further, we do not accept any cash as payment, including US currency. The US exchange rate therefore is set by the customer’s credit card company and not within our control. Please delete both of these sections as they are no longer relevant or reasonable.

Customary practice may be different from company to company. The sections are therefore maintained but amended allow the use of credit cards only. Please see the amended (redlined) Form of Licence.

22. Sec 4.9 – please delete. It is not reasonable or appropriate to compare our pricing as contemplated or for a consultant to determine if our pricing is appropriate. Our pricing is dynamic and always changing. If anything, you could include language requiring that we respond to any pricing concerns you may bring to our attention, but the airport should not in any way dictate our pricing just as you would not do so for your airlines.

The intent here is to avoid egregious or predatory pricing practices which impact customer outcomes and the reputation of organizations associated with the delivery of car rental services, including the Society. In the instance the Society believes these practices are being used to the detriment of customers and other organizations this will be brought to the attention of the operator(s) concerned in writing and an expectation that remedies to resolve be developed.

23. Page 2 Rent Roster:
 - a. the language here states we are to pay the greater of the MAG or percentage fees each month, but it should be clarified that it is only an installment equal to 1/12th of the MAG that is payable each month. MAG by definition is an annual amount.

Please see the amended (redlined) Form of Licence.

- b. This indicates perhaps different rental rates for parking stalls with or without plug-ins. Please clarify (also see CA sec 3.1 (3)). Are these winter plug-ins or intended for electric vehicle charging? Can we decide whether we want any plug-in stalls or not?

There are currently no plug-ins at the Stalls. The form has been amended accordingly.

24. Art 1, (4) – the definition of GR would benefit from some tidy up to more clearly but inclusions together and exclusions together. As currently written, they are intermingled. Also, some of the language is out of date and no longer applicable (such as fuel). We attach two versions of a revised Gross Revenue definition for your review and consideration. The first is closest in form to the current version you have while the second is further simplified.

The question above is largely related to form rather than specific material errors or omissions, we will keep it as drafted unless specific errors identified.

The language related to fuel may not be used anymore, but as it does not affect any other part of the Licence, it has been kept as is.

25. Sec 3.6 (3) – we request that this language be changed such that the requirement is to have our annual statements of revenue be internally certified by an Officer of the Licensee and that only upon request of Licensor would we have to have such statement externally certified. The cost of external certification is very high.

The language is amended as follows:

Within ninety (90) days of the end of each Licence year, and within ninety (90) days of the end of this Licence, the Licensee shall submit an annual statement of Gross Revenue relating to the operations under this Licence. For years 1-3 of the Licence, these can be certified by an officer of the Licensee, for years 4 and 5 of the Licence, the statements shall be certified by a licensed public accountant as outlined in in Article 3.5.

26. Sec 3.8 – please revise this section to allow monthly revenue reporting to each vehicle rental concessionaire showing a) total car rental revenue for prior month along with b) revenues for each company. This is standard practice in the US and fairly common now in Canada also. We note that we have on occasion received detailed monthly reporting from YXT, but it has been intermittent.

Please see the amended (redlined) Form of Licence.

27. Sec 4.11 (5) – please clarify that this language only applies to such activities at the Airport. As written, it is too broad.

The Licence is related to the airport only. Any revenues generated related to this Licence is subject to the Variable Rent.

28. Sec 4.17 –As per earlier comment, we should be allowed to initially identify our brand(s) but then no company should subsequently be allowed to add or change. Please confirm.

The planned brand(s) initially and as part of this RFP must be identified.

Please also see Question 13.

29. Sec 5.13 – please confirm that normal wear and tear is excepted and also that where we are required to take a different counter that it will be provided to us ready to go, without delay and in suitable condition.

Please see the amended (redlined) Form of Licence. The Society will provide drawings of the design of the new counters for feedback and input.

30. Art 8 Insurance:

- a. (1) a) please change “comprehensive general liability insurance” to “commercial general liability insurance” as the now correct terminology;
- b. (1) b) please change “public liability and property damage insurance” to “automobile liability insurance” as the appropriate terminology;
- c. Please delete (2) a) as the Licensor cannot enforce our policies;
- d. (2) c) please change “named insured” to “Additional Insured on General Liability only”; and
- e. (3) please delete entirely the 3rd sentence and change the 4th sentence by replacing “insurance binder or any policy of insurance” with “insurance certificate”. It is not practical that we could supply you with our full policy binders and as elsewhere, insurance certificates are sufficient to confirm our coverage.

Please see the amended (redlined) Form of Licence.

31. As discussed in the meeting, please incorporate language that adjusts our MAGs in the event of a decline in passengers below expected levels. We suggest language that simply contemplates a proportionate reduction in the MAG for any Licence year based on actual passenger numbers versus your forecasts in Table 5 on page 11 of the RFP. Or even simpler you could establish a baseline passenger number of say 255,000 per year and then where actual numbers are less than this, our MAGs would adjust accordingly. For example, if in year 2 there were 215,000 passengers, that would reflect a 15.7% reduction vs baseline and in turn our MAGs would be reduced by the same 15.7%. This way we can be confident in bidding MAGs that if things go south we would have built-in protection.

If passenger volumes fall below 100,000 in any one Licence Year, the MAG will be reduced by 30% for the next Licence Year. If passenger volumes, then increase to be above 100,000 in any subsequent Licence Year then the MAG would return to the original value.

Inconsistencies / Typos:

1. RFP sec 1.2, 2nd last paragraph – there appears to be missing text at end of 1st sentence?
2. RFP, Sec 2.4, typo at beginning of 2nd sentence (“The said” – not sure what is intended here?)
3. RFP Sec 3.0 – states closing time as 3:00 p.m. Pacific Standard Time. Should instead be Pacific Daylight Time?
4. RFP Sec 7.0 – states we are to submit an Excel file with Revenue Projections but elsewhere we are provided a form (hard copy only) where we are to complete this detail. Please clarify.

Given only five numbers are required, a PDF file containing the form is sufficient.

5. RFP Sec 12.0. Initially this states that the method of ranking financial offers will be at airport’s discretion but then later states it will be based on the indicated approach. Please clarify whether the highest offer based on the proposed methodology will be ranked first or if the intent is to do something else?

The financial proposal is the basis, but the Society reserves the right to consider other factors when evaluating the proposals.

6. RFP Schedule 2 Financial Offer – this indicates we are submitting our “Gross Annual Sales Bid”, but this is a forecast rather than a bid as we obviously cannot bid future revenues. At minimum suggest you change this to “Gross Annual Sales Forecast”, but we will want to discuss with you the entire concept of trying to forecast our sales as a proxy for bidding MAG amounts.

Sales detailed in the returns are noted as forecasts.

7. RFP Schedule 3, 3rd paragraph – typo (“duel” should be “dual”). Also, this entire 3rd paragraph appears misplaced as it is not part of our marketing plan at all. This language should instead be earlier in the RFP perhaps?

Corrected.

8. RFP Schedule 6 Checklist – the items listed as #1 and #2 appear to be duplicative of Schedule 5 under item #4?

Corrected.

9. Licence Sec 3.4 – references to Minimum Guaranteed Payment should instead be to Minimum Annual Guarantee as the correct defined term.

Corrected.

10. CA Sec 3.5 – “Licence year” is used here as if a defined Term but it is not defined. Perhaps should add definition of “Licence Year”?

Added.

11. CA Sec 3.6 (2) – should be the 15th day after each month rather than of each month.

Revised.

12. CA sec 3.9 (5) – missing word “not subject to...”

Corrected.

All other terms and conditions of the request for proposals remain the same.