



City of San Antonio

ADDENDUM V

SUBJECT: Request for Qualifications (RFQ) for Catering and Concessions for the Convention Center (**RFQ 014-007, RFX # 6100003884**), Scheduled to Open: August 29, 2014; Date of Issue: May 21, 2014

FROM: Denise D. Gallegos, CPM, CPPB
Procurement Administrator

DATE: August 5, 2014

THIS NOTICE SHALL SERVE AS ADDENDUM NO. V TO THE ABOVE REFERENCED REQUEST FOR QUALIFICATIONS

**A. THE ABOVE MENTIONED REQUEST FOR QUALIFICATIONS IS HEREBY AMENDED AS
FOLLOWS:**

1. **Replace:** The definition of “Gross Receipts” in Revised RFQ Exhibit 12 Draft Agreement, pg.3, as follows:

“Gross Receipts” shall refer to the total amount of money and rental charges received or charged by the Caterer or any agent, employee or subcontractor of the Caterer for all sales, cash or credit (whether collected or not), made as a result of the service rights granted under the Agreement, excluding Employee Cafeteria sales, CSF and CVB sponsored functions, service charges (gratuities), applicable sales taxes, and TABC mixed beverage gross receipts and sales taxes. Neither sales from other City-sponsored events, cash shortages, nor uncollected debts may be deducted from Gross Receipts. In case of a discrepancy in determining Gross Receipts for Catering and Concession Sales, it shall be the greater of Inventory, Cash Register readings, or actual Cash and Charges received.

**B. QUESTIONS SUBMITTED IN ACCORDANCE WITH RFQ SECTION 011 RESTRICTIONS ON
COMMUNICATION:**

Question 1: With regard to RFQ pgs. 7, 8, 11, 12, 19, 20 and 21 concerning joint venture requirements, will an LLC form of agreement between the partners satisfy the requirement for a joint venture under this RFQ?

Response: Evaluation preference points will be awarded based on the structure of the joint venture and the terms agreement, not just the type of corporation.

Question 2: Per RFQ Addendum 2, Clarification #1, with regard to SBEDA, overall contract value and prime contract value are both Net Revenue, which is defined as Gross Receipts less commissions paid to the City. Per RFQ Attachment 12 Draft Contract Revised Clean Copy, the Gross Receipts definition does not exclude service fees. Also, per RFQ Addendum 1, response to Question #16, Gross Receipts excludes service fees. In order to arrive at a more complete understanding of the Net Revenue equation (as this is the amount used to allocate joint venture and SBE/MBE/WBE percent participation), will the draft agreement be updated to reflect that service fees are excluded from Gross Receipts?

Response: Yes, see Item A above.

Question 3: Can you please confirm if Service Charges are commissionable? RFQ Attachment 12 Draft Contract in the initial RFQ defines gross receipts as including Service Charges and TABC tax, but Addendum III, Question #21 and RFQ Attachment 12 Draft Contract Revised state these are not commissionable.

Response: Service charges (gratuities) are not commissionable. The definition of “Gross Receipts” in the Revised RFQ Attachment 12 Draft Agreement has been amended in this Addendum V, Section A, #1 to exclude service charges (gratuities).

Question 4: Per RFQ Addendum 2, Clarification #1, with regard to SBEDA, overall contract value and prime contract value are both Net Revenue, which is defined as Gross Receipts less commissions paid to the City. Per RFQ Attachment 12 Draft Contract Revised Clean Copy, the Gross Receipts definition does not exclude service fees. Also, per RFQ Addendum 1, response to Question # 16, Gross Receipts excludes service fees. Please confirm or correct the following Net Revenue calculation example to be used to evaluate SBEDA and joint venture partner participation.

Using 2012 – 2013 as the example:

\$16,360,000	Total Contract Sales
(\$2,399,000)	Service Fees
(\$52,000)	Catering Sales Non- Commissionable
<u>(\$3,808,000)</u>	Commissions
\$10,101,000	Net Revenue

Response: Net Revenue equals Gross Receipts less Commissions. The definition of “Gross Receipts” in the Revised RFQ Attachment 12 Draft Agreement has been amended in this Addendum V, Section A, #1 to exclude service charges (gratuities). In addition, the definition of “Gross Receipts” already excludes non-commissionable sales in the form of Employee Cafeteria, and CSF and CVB sponsored functions.

Question 5: Utilizing the example in Question #4 above, SBE/M/WBE total sales revenue must equal \$2,020,200 (or 20% of the \$10,101,000 Net Revenue). To achieve this sales volume for instance, the prime contractor will impose normal markup on the cost of an SBE supplier or subcontractor’s goods to determine the customer’s retail price. For example, the prime contractor buys 100 cupcakes from an SBE supplier at \$100 and sells them to a convention center customer for \$400 net. Based on the Net Revenue model provided, the \$400 revenue would be applied to the supplier’s percent of sales. Is this correct?

Response: No. Under the S/W/MBE Subcontracting Programs, the payments made to suppliers and subcontractors and the percentage of those payments as compared to the overall contract value, or Net Revenue, determines the attainment of the S/W/MBE goals (participation levels). Therefore, in the example

above, the payment to the supplier of \$100 is the amount that would be used along with Net Revenue to calculate the percentage participation level.

Question 6: If the response to Question #5 is yes, how does the City propose inclusion of SBE supplier partners whose goods and services are of great value and common use to the prime contractor and joint venture partners, but may not necessarily be “sold” to the convention center customer (i.e. purchases of paper or cleaning products, equipment, staffing services for back of house labor, etc.)?

Response: See response to Question #5 and Addendum II, Clarification #1.

Question 7: Does the prime contractor have the latitude to offer one joint venture partner 2% of the contract value and another joint venture partner 19% if their Commercially Useful Function indicates this is reasonable against their business offerings?

Response: Yes. Participation percentages within joint ventures are at the complete discretion of the respondents.

Question 8: Regarding joint venture partner requirements, RFQ Section 012 Evaluation of Criteria, pg. 12, states evaluation preference points will be fully awarded for the joint venture in which the M/WBE joint venture partner(s) is performing 50% or greater of the overall contract value. Utilizing the example in Question #4 above, 50% or greater of the Net Revenue (\$10,101,000 from the example) would mean a contract value not less than \$5,050,000, and this amount may be split among as many joint venture partners as the prime contractor prefers. Is this correct?

Response: See also response to Question # 7 above. Evaluation preference points will be awarded based on the terms of the joint venture agreement.

Question 9: If the response to Question #7 is no, the current Net Revenue definition seems to preclude joint venture partners of this type on the contract, as the charge for their services may be insufficient to achieve the described overall Net Revenue. How does a prime contractor include a joint venture partner (M/WBE) with valuable, commercially useful services in accounting, records documentation, compliance, etc., rather than a product that might be bought wholesale, marked up, and sold at retail to a convention center customer?

Response: See also responses to Questions #7 and #8 above. The composition of joint ventures is at the complete discretion of the respondent.

Question 10: Regarding Question #9, notwithstanding the previous definition of the contract value, in order to include more SBE/MBE/WBE/Veterans, would the City consider redefining the contract value on the basis of the cost of goods/supplies/services versus Net Revenue to calculate participation?

Response: No

Question 11: If a joint venture is created with a minority partner that also has the ability to be a subcontractor, can that minority partner be a subcontractor?

Response: No. See Clarification #2 in Addendum II.

Question 12: RFQ Attachment E Subcontractor/Supplier Utilization Plan requires the names of the prime contractor and subcontractors. If a joint venture is established, is the company name listed as the prime contractor?

Response: Yes

Question 13: Is expedited certification of companies potentially eligible for SBE, MBE or WBE with the South Central Texas Regional Certification Agency (SCTRCA) still available?

Response: The City of San Antonio may request an expedited review of a certification application packet, but neither review nor actual certification is guaranteed. Upon submission of a complete certification application packet to the South Central Texas Regional Certification Agency, companies should contact Edson Zavala at edson.zavala@sanantonio.gov or (210) 207-3962 to request an expedited review. Please note that submitting incomplete packets may further delay review and potential subsequent certification.

Question 14: Can you please clarify the definition of M/WBE used in conjunction with the Joint Venture Program in RFQ Section 012 Evaluation of Criteria, pgs. 11-12?

Response: The definitions of MBE and WBE are in RFQ Section 015 Exhibit 1 SBEDA Ordinance Compliance Provisions, pages 15 – 23.

Minority/Women Business Enterprise (M/WBE) – firm that is certified as a Small Business Enterprise and also as either a Minority Business Enterprise or as a Women Business Enterprise, and which is at least fifty-one percent (51%) owned, managed and controlled by one or more minority group members and/or women, and that is ready, willing and able to sell goods or services that are purchased by the City of San Antonio.

Question 15: Is an M/WBE used for a Joint Venture Program required to also be an SBE? If so, please clarify the definition of SBE being used.

Response: See also response to Question #14. Per the definitions of MBE and WBE in RFQ Section 015 Exhibit 1 SBEDA Ordinance Compliance Provisions, pages 15 – 23, MBEs and WBEs must also be certified as SBEs.

Question 16: What are the current San Antonio Convention Center hourly pay rates?

Response: The City does not have information regarding the current caterer's pay plan, and pay rates for City employees at the Convention Center is not relevant to this solicitation.

Question 17: Is there a limit to the number of pages in an RFQ proposal?

Response: There is no page limit per se, however, since the City is requiring hard copy proposals, in the interest of ensuring that the proposals are manageable, all information submitted should be within the confines of one (1) maximum 5" binder in the manner prescribed in RFQ Section 010 Submission of Proposal.

Question 18: Is there a restriction on submitting exhibits (art, video, DVD, etc.) in electronic format in an RFQ proposal?

Response: See also response to Question #17. In order to comply with the single maximum 5” binder limitation, any artwork, video, etc. should be submitted on CD or DVD within the binder.

Question 19: Is it a requirement for all pages to be printed double-sided? If so, can certain exhibits, such as renderings, menus, etc. be printed single-sided for presentation purposes?

Response: Yes, all pages should be printed double-sided, but for presentation purposes only, exhibits may be printed single-sided.

Question 20: If printing double-sided is not mandatory, will any points be deducted for presentation by printing some or all pages single-sided?

Response: With the exception of the response to Question #19, RFQ Section 10 Submission of Proposal, “Proposal Format”, states that “All pages shall be numbered and, in the case of hard copy submissions, printed two-sided.” It is at the discretion of each individual evaluation committee member to decide if any points will be deducted for not following this format.

Question 21: Please confirm that the Caterer may recommend other names for the Lila Café, Market Café, and north pre-function grab-and-go concessions and/or recommend that they be rebranded.

Response: Yes

Question 22: Please provide the most recent floor plans, fixture and seating plans, and storefront and interior elevations for the Lila Café, Market Café, and north pre-function grab-and-go concessions.

Response: Detailed plans and specifications will be provided to the selected respondent.

Question 23: Is there an established FF&E budget for the Lila Café, Market Café, and north pre-function grab-and-go concessions and, if so, how much for each?

Response: Yes. Detailed plans and specifications will be provided to the selected respondent.

Question 24: Is it the City’s intention to fund the capital required for the purchase or build-out of portable carts/kiosks and concession stands to satisfy the concession needs of the events it hosts in the convention center?

Response: The Lila Café, Market Café, and north pre-function grab-and-go concessions will be built-out and be furnished with FF&E. There are no permanent concession stands within the exhibit halls, and if there is any need or requirement for such equipment under the new contract or in the convention center, the selected respondent would be responsible for providing those.

Question 25: If the response to Question #24 is yes, what is the amount allocated for this expense and the timeline for their installation?

Response: The concession area plans, equipment specifications, and costs will be provided to the selected respondent. The Lila Café, Market Café, and north pre-function grab-and-go concessions will be completed and furnished for the opening of the convention center expansion in Spring 2016.

Question 26: What will the area by the spiral staircase by room 103B be replaced with after it is demolished?

Response: Currently the area is slated to be converted to green space.

Question 27: Will the spiral staircase by room 103B be relocated as part of the renovation?

Response: No

Question 28: What will happen with the artwork that currently hangs behind the staircase?

Response: It will remain.

Question 29: Should a change in contractor occur, is a buyout of the smallwares inventory possible and at what general price?

Response: While there is no requirement for the buyout of the current smallwares inventory, in the event there is a change in contractor, there is nothing precluding the selected respondent from negotiating a buyout directly with the current contractor.

Question 30: Since this is a commission-based contract and not a management contract, please confirm that respondents are still required to complete RFQ Exhibit 7 Projected Operating Proforma and RFQ Exhibit 6 Projected Sales Fiscal 2016.

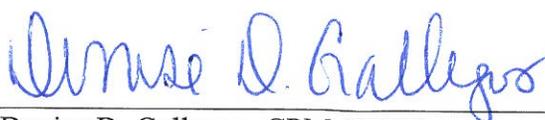
Response: Yes, respondents must complete both RFQ Exhibit 6 and 7. The City wants to ensure that respondents have the experience, qualifications and capacity to adequately and appropriately project sales and budget product, payroll and other operating costs for this account.

Question 31: Since this is a commission-based contract and not a management contract, please confirm that respondents are still required to complete Exhibit 9 Management Staffing, which requests details for staffing positions, salary and bonus.

Response: See also response to Question #30. Yes, respondents must complete RFQ Exhibit 9.

Question 32: If Exhibit 9 Management Staffing is still required, can respondents include a salary range to protect proprietary information and privacy of the employees?

Response: See also responses to Question #30 and #31. Yes, as long as the salary range is indexed for San Antonio and this account, and there is no more than a 15% variance between the midpoint and the minimum and maximum of the salary range.



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