

# Houstonfirst<sup>SM</sup>

**DATE:** March 30, 2017

**SUBJECT:** Letter of Clarification

**RE:** Food and Beverage Management Services RFP

**TO:** All Prospective Proposers

It is of the utmost importance to Houston First Corporation (“HFC”) that the bidding process is conducted fairly and impartially. Accordingly, this Letter of Clarification is issued as part of the referenced solicitation for the purpose of answering questions timely received in response to this Request for Proposals (“RFP”):

1. **Question:** Please provide the percentage split and/or dollar value between catering/concession/alcohol sales at the George R. Brown Convention Center and theaters for 2014 and 2015.

**Answer:**

GRBCC	2014 Actual		2015 Actual	
	\$	%	\$	%
Sales				
Catering	(11,331,046.61)	82.89%	(10,177,681.87)	83.41%
Public Foods	(1,167,476.42)	8.54%	(914,423.65)	7.49%
Alcohol	(1,171,044.73)	8.57%	(1,110,400.24)	9.10%
Total F&B Sales	(13,669,567.76)		(12,202,505.76)	
Jones Hall	2014 Actual		2015 Actual	
	\$	%	\$	%
Sales				
Catering	(121,482.20)	18.34%	(104,639.82)	14.32%
Public Foods	(238,748.84)	36.04%	(255,726.25)	35.01%
Alcohol	(302,267.27)	45.63%	(370,166.87)	50.67%
Total F&B Sales	(662,498.31)		(730,532.94)	
Wortham Center	2014 Actual		2015 Actual	
	\$	%	\$	%
Sales				
Catering	(141,589.94)	11.32%	(190,517.71)	14.83%
Public Foods	(538,084.67)	43.01%	(566,655.61)	44.11%
Alcohol	(571,331.34)	45.67%	(527,423.73)	41.06%
Total F&B Sales	(1,251,005.95)		(1,284,597.05)	
Miller Outdoor	2014 Actual		2015 Actual	
	\$	%	\$	%
Sales				
Catering	(14,059.73)	5.83%	(30,239.51)	10.44%
Public Foods	(198,548.42)	82.29%	(215,684.96)	74.44%
Alcohol	(28,677.08)	11.89%	(43,824.97)	15.13%
Total F&B Sales	(241,285.23)		(289,749.44)	

2. **Question:** Please provide the split between group and local catering at the George R. Brown Convention Center and theaters.

**Answer:** The split between group and local catering is 80% convention & trade shows, 20% local catering at the George R. Brown Convention Center, and 90% local catering at the theaters.

3. **Question:** With respect to the incentive categories noted on page 15 of the RFP, is the incentive to be declared only on the incremental sales (or does it go back to dollar \$1 for each level)?

**Answer:** The incentive is based only on incremental sales.

4. **Question:** What is the current service charge at the venues and is any part of it distributed as a gratuity to hourly employees?

**Answer:** The current service charge is 20%; no portion of the service charge is distributed to employees.

5. **Question:** Please provide a list of inbound group business for the balance of 2017, 2018 and 2019.

**Answer:** Please see the exhibit listed on [www.houstonfirst.com](http://www.houstonfirst.com) under the “Do Business” tab called “Event List.” The turnover rate for convention business is 24% and for consumer shows 50%.

6. **Question:** What percent of group-related tentative business typically converts to definite business?

**Answer:** Approximately 30% of tentative business converts to definite business.

7. **Question:** Does HFC have an existing sales team dedicated to securing local catering business for the George R. Brown Convention Center and theaters?

**Answer:** No. The existing team is responsible for taking orders, but they do not solicit business.

8. **Question:** What are the current booking policies for groups and local business at the George R. Brown Convention Center and theaters? Within what timeframe may local businesses book space in these venues? Will the Catering Sales Manager have access to HFC’s booking system to hold space for a potential event, update event booking(s) status?

**Answer:** At GRB, consumer shows and events without room nights can confirm catering services within one year. Shows using hotel room nights are based on peak and night usage as follows:

- Less than 500 rooms; one year or less

- 500 to 1,499 rooms; two years or less
- 1,500 rooms and above; two years or longer

At Jones Hall and Wortham Theater, non-ticketed or private events can book one year out or less. Ticketed events can book 15 months out or less. The Catering Sales Manager will have access to HFC's booking system.

9. **Question:** Please provide a list of certified current suppliers/subcontractors serving both the George R. Brown Convention Center and the theaters.

**Answer:** Please see the exhibit listed on [www.houstonfirst.com](http://www.houstonfirst.com) under the "Do Business" tab called "Suppliers and Vendors."

10. **Question:** Is the present (or foreseeable) contract for food services at all of the described venues under the auspices of a collective bargaining agreement?

**Answer:** No.

11. **Question:** Are kitchen renovations taking place at the Wortham Theater? Will there be an opportunity for the successful food and beverage provider to have input into the renovation plan?

**Answer:** There are neither kitchen renovations taking place at Wortham Theater nor are there any plans to undergo renovations at this time.

12. **Question:** Will you provide architectural plain view drawings in CAD and/or foodservice drawings of all food and beverage spaces of all areas/buildings?

**Answer:** Architectural and plain view drawings will be provided to the selected proposer.

13. **Question:** Do the restaurant operators have any food or beverage service rights outside the footprint of their respective restaurants?

**Answer:** The restaurant operators may provide catering in the venues. HFC will either 1) assess a buyout fee, which will be added to the selected Caterer's gross sales or 2) choose not to assess a buyout fee and the entire catering invoice amount will be added to the selected Caterer's gross sales for determining the annual incentive.

14. **Question:** Is retail food and beverage service at the George R. Brown Convention Center provided in permanent stands/portable concepts/kiosks? If so, how many POS does each outlet/portable stand have?

**Answer:** All retail service is portable, except for at Starbucks and Banner's Café. The number of POS units will vary based on business needs. At GRB, 50 units are available.

15. **Question:** Will you provide an equipment list for each outlet be provided?
- Answer:** Please see the exhibit at [www.houstonfirst.com](http://www.houstonfirst.com) under the “Do Business” tab called “Starbucks Inventory.”
16. **Question:** Is a current copy of the incumbent’s food service agreement with Houston First Corporation available?
- Answer:** A copy of the current Food and Beverage Management Services Agreement can be found at [www.houstonfirst.com](http://www.houstonfirst.com) under the “Do Business” tab.
17. **Question:** In determining the value of the 25% participation goal, would you recommend the average of the past three years’ sales as the baseline?
- Answer:** The past fiscal year would be used and updated annually.
18. **Question:** If a business is HUB certified is that sufficient to comply with the stated criteria and count towards the 25% participation goal? Which agencies approve HUB certification?
- Answer:** No. HUB certification by the prime supplier will not count toward the overall diversity goal. The instructions for the Diversity Program as well as a list of acceptable certification sources can be found at [www.houstonfirst.com](http://www.houstonfirst.com) under the “Do Business” tab.
19. **Question:** If a business is underway with their certification process, but has not yet acquired certification (or is keenly interested in starting given the business opportunity), is there a way to “prioritize” them for completion prior to the April 11, 2017 submission deadline?
- Answer:** HFC does not oversee the certification process. Any MWBE eligible businesses must be certified and able to provide the appropriate documentation by the submission deadline.
20. **Question:** The staffing guidelines on page 29 of the RFP differ from the ones presented in Exhibit C. Does HFC have a preference for one over the other?
- Answer:** The staffing guidelines on page 29 are the required minimum number of staff. The Caterer may add or edit Exhibit C, based on the minimum specifications and its own projected management staffing.
21. **Question:** With respect to the performing arts venues, do all operate on a year-round basis?
- Answer:** Wortham Theater and Jones Hall operate year-round; however, operations slow during the summer. Miller Outdoor Theatre does not operate in the winter (mid-Nov. through mid-Mar.).

22. **Question:** How many POS are currently at the George R. Brown Convention Center and the theaters? What equipment do you have onsite? Are they PCI compliant?

**Answer:** At Wortham Theater there are 5 – 7 POS, but depending on the need, up to 9 are available. Jones Hall has 6 – 7 POS, but depending on the need, up to 8. Miller Outdoor Theatre has 3 – 4 POS, but depending on the need, up to 6. GRB has 1-25 POS, but depending on the need, up to 50.

At Miller Outdoor Theatre, the terminals are rentals from current food and beverage subcontractors. GRB utilizes Appetize System on Ipad Air 2's with Verizon and AT&T wireless. All terminals at all facilities are PCI compliant.

23. **Question:** What is the catering software program in use at the venues? Same question for the accounting software program.

**Answer:** The current catering software program is Catermate, however, HFC requests that the selected Caterer integrate with its Ungerboeck system. The current accounting software is Global Field Financial; a proprietary on-line based accounting system.

24. **Question:** Section C. “Compliance/MWBE Certification,” list the Houston Minority Supplier Development Council. If MWBE firms are certified through the Dallas/Fort Worth Minority Supplier Development Council, do these firms qualify or do you only consider local participation?

**Answer:** No. The following is a complete list of acceptable certification sources:

- City of Houston
- Houston Minority Supplier Development Council
- METRO's Small Business Certification Program
- Women's Business Enterprise Alliance
- Texas Department of Transportation's Unified Certification Program
- Texas Small Business Association

25. **Question:** What are you looking for in a Management Team?

**Answer:** Our desire is that the Caterer present a forward-thinking management team (inclusive of subcontractors) able to provide unique and fresh ideas and concepts for food and beverage services, while also representing the diverse array of Houstonians and their cultures.

26. **Question:** Can you provide a detailed profit and loss statement for the George R. Brown Convention Center; Jones Hall; Wortham Theater; and Miller Outdoor Theatre?

**Answer:** Please see the exhibit on [www.houstonfirst.com](http://www.houstonfirst.com) under the “Do Business” tab called “Profit/Loss Statement.”

27. **Question:** Can you confirm that the amortization from the Caterer’s capital investment is a Direct Operating Expense?

**Answer:** Yes, if the capital investment is approved by HFC.

28. **Question:** Please provide historical event counts and attendance for each location included in the RFP.

**Answer:**

**Historical Event Counts**

	2015	2016
Miller Outdoor Theatre	140	140
Jones Hall	192	173
Wortham Theatre	276	281
GRB	192	247
Sunset Coffee Building	---	---

**Attendance**

	2015	2016
Miller Outdoor Theatre	423,350	427,235
Jones Hall	316,442	282,936
Wortham Theatre	258,647	289,678
GRB	709, 222	847,432
Sunset Coffee Building	---	---

Sunset Coffee Building is not fully operational, but projected to host approximately 5,000 guests in year one of its two rental spaces; the Plaza and Rooftop Terrace. The coffee and retail shops are excluded from this Agreement.

29. **Question:** Are sales shown in Exhibit F inclusive of service charge and tax?

**Answer:** No. The sales shown in Exhibit F are exclusive of service charge and tax.

30. **Question:** What are annual sales for Starbucks and the associated franchise fee?

**Answer:** In 2015 annual sales were \$594,842 and in 2016 they were \$576,153. The associated franchise fee is \$25,000 for 10 years with a royalty fee of 5.5%.

31. **Question:** For resumes that are to be included, do you want references for the General Manager only?

**Answer:** Please provide references for the General Manager, Executive Chef, Director of Sales, and Purchasing Manager.

32. **Question:** In reference to the HUB Subcontracting Plan, what would be the date and time for Section C for #1 on the last page?

**Answer:** All proposers are required to comply with HFC's Diversity Program instructions in their entirety, without exception. Failure to comply may cause your response to be deemed non-responsive. The link provided has all the necessary information and documents required.

<http://www.houstonfirst.com/static/media/uploads/attachments/hfcdiversityprograminstructionsbiddersproposers.pdf>

33. **Question:** What is the number of existing place settings?

**Answer:** Please see the exhibit at [www.houstonfirst.com](http://www.houstonfirst.com) under the "Do Business" tab called "Food and Beverage Exhibits," which includes a full equipment list.

34. **Question:** Please provide a list of existing smallwares?

**Answer:** Please see the exhibit at [www.houstonfirst.com](http://www.houstonfirst.com) under the "Do Business" tab called "Food and Beverage Exhibits," which includes a full equipment list.

35. **Question:** In reference to page 2 of the RFP Section d. Financial Proposals: "Should Proposer desire to propose Value Added Items, then attach a narrative to the Financial Proposal Form (Exhibit A) describing the cost to HFC of each such item and include the amortization schedule for each such item, the original cost of each item and any other information that Proposer desires to include..."

- If we include value added items as referenced in the section above, can you confirm that it would be at the Caterer's capital expense?

**Answer:** That is a decision for the Caterer to decide.

If we provide a value added item (capital expense) should we assume a reflection of those changes in the financials?

**Answer:** Yes.

- If we were to provide a capital investment, would the depreciation be an allowable expense to HFC or would it be a caterer-only expense?

**Answer:** You may propose it anyway you would like, but it you are projecting it as an allowable expense that must be stated and reflected on your proforma.

36. **Question:** In reference to page 2 of the RFP section d. Financial Proposals: "HFC asks that Proposers also attach to the Financial Proposal Form and in Exhibit D a list of improvements that the Proposer believes HFC should make in order to enhance or improve the food services."

- If we provide improvement recommendations, as referenced in the section above, can you confirm that it would be at HFC's capital expense?

**Answer:** HFC requests your recommendations for improvements that you determine are important for the venues. HFC will review your requests and if HFC decides to proceed with a particular recommendation, it will be at HFC's capital expense.

- If we provide improvement recommendations (HFC's Capital expense) should we assume a reflection of those changes in the financials?

**Answer:** No.

37. **Question:** In the financial details, should we only include the required positions listed in Exhibits or all positions we feel are necessary to operate the facilities effectively?

**Answer:** All the positions you determine are necessary.

38. **Question:** Page 1 of the RFP states that Partnership Tower is excluded from this proposal, but in Exhibit E there is line items for revenue and expenses at this facility. Can you confirm that we should not include this building into the agreement?

**Answer:** Partnership Tower is available for non-exclusive catering only.

39. **Question:** Can you confirm when the Sunset Coffee Building will be fully operational?

**Answer:** We anticipate Sunset Coffee Building will be fully operational by January 2018.

40. **Question:** In Exhibit B, can you confirm what timeframe this is in reference to, either Oct 2017-Sept 2016 (12 Months) or Oct 2017-Dec 2018 (15 Months)?

**Answer:** The timeframe mentioned refers to January 2018-December 2018.

41. **Question:** Is it required of the proposer to identify the proposed percentages of each individual MWBE subcontractor as part of the contractor utilization plan, or can the proposer list all certified partners that will be used to make up the 25% goal?

**Answer:** No, it is not required to identify the percentages of each individual MWBE subcontractor. Please list all certified subcontractors that will be used to make up the 25% diversity goal.

42. **Question:** Is it possible to receive a copy of the current catering/retail menus offered at both Wortham and Jones Hall?



**Answer:** Please see the exhibit at [www.houstonfirst.com](http://www.houstonfirst.com) under the “Do Business” tab called “Catering Menu.”

43. **Question:** The "wharf" is described as an element of George R. Brown Convention Center plaza. Does this refer to the elevated platform on the plaza?

**Answer:** Yes, the wharf is the wooden platform located along Avenida de las Americas near the water feature.

44. **Question:** Page 23, item 18.2 notes "Caterer shall provide evidence that the background checks...immediate termination of the Agreement."

Is it HFC's intent that all temporary and permanent employees/subcontractors are subject to a complete annual background check (each year of the agreement) inclusive of all details described in this clause, or that once an employee has had an initial background check that we must provide proof of when this was conducted on an annual basis? We understand that any new employee (inclusive of subcontractors) must be evaluated according to the criteria described in the clause.

**Answer:** The Caterer must provide proof that all employees have completed an initial background check when hired, unless circumstances warrant additional reporting. Annual background check information is required for drivers.

45. **Question:** On page 14 of the Management Services Agreement: Please clarify that pre-opening expenses are considered allowable direct operating expenses.

**Answer:** Yes, subject to review and approval.

46. **Question:** 7.0 Licenses & Taxes – Please verify that the initial cost of obtaining all necessary permits and licenses, as well as on-going annual permit/license costs are direct operating expenses.

**Answer:** Yes.

47. **Question:** With regard to the forthcoming presentations. Does HFC still expect these to take place the week of April 24th? Will there be a “tasting” component to the presentations?

**Answer:** Yes. HFC plans to conduct interviews the week of April 24, 2017. More details regarding interviews will be released after all proposals have been submitted. No tasting will be included.

48. **Question:** Can you please elaborate on “best efforts” and how the 10 points allocated to diversity participation will be assigned to the respective bids?

**Answer:** HFC's request that contractors make a good faith effort to achieve the diversity goal of this contract is to ensure contractors promote an inclusive work environment that reflects the diversity of Houston.

Maximum points will be given to those bidders who display a comprehensive plan for diversity participation and outreach, with a proven track record of diversity and inclusion.

49. **Question:** Is it possible for HFC to provide drawings and/or PDFs of convention center floor plans?

**Answer:** HFC will provide this information to the selected proposer.

50. **Question:** This is a long term service contract and requires lots of preparation and detailed analysis in order to provide the best and most competitive proposal, including question #3. Will HFC kindly consider a 10-day extension on the proposal due date in order to get the most comprehensive proposals?

**Answer:** No extension is being granted at this time.

When issued, Letters of Clarification automatically become a part of the RFP and supersede any previous specifications and/or provisions in conflict therewith. By submitting a proposal, Proposers shall be deemed to have received all Letters of Clarification and to have incorporated them into their proposal.