



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT:** SEE BELOW

**DATE:** June 5, 2006

Approved

Date

6/13/06

**Council District:** Citywide

**SUBJECT: APPROVAL OF AN AGREEMENT WITH THE CENTER FOR AIRPORT MANAGEMENT FOR CONCESSION CONSULTING SERVICES FOR THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT**

## RECOMMENDATION

Approval of an Agreement with the Center for Airport Management (CAM) for consultant services for the development of concession plans for the Norman Y. Mineta San José International Airport for the period of July 1, 2006 through December 31, 2010, in an amount not to exceed \$250,000.

CEQA: Resolution Nos. 67380 and 71451, PP 06-087

## OUTCOME

Upon approval of the agreement, CAM's staff will continue to provide consulting services to assist the City with the development of an optimal passenger amenities program for the Airport.

## BACKGROUND

In 2004, the Airport issued an RFQ for concession consultant services associated with the North Concourse project. CAM was selected as the most qualified proposer to perform the first phase of the concession redevelopment program, which among other tasks included the drafting of the advertising RFP document. On January 11, 2005, the City Manager approved a consultant agreement with CAM in an amount not to exceed \$95,100. On May 16, 2005, Council approved the first amendment to the agreement with CAM, amending the scope of services to include the completion of the solicitation process for advertising and the development of the solicitation process for the North Concourse food and beverage program and all retail locations at the Airport. Compensation was increased by \$165,000, for a total amount not to exceed \$260,000,

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and the term of the agreement was extended to April 30, 2006. That agreement was further extended in keeping with City policy, under City Manager authority, to October 31, 2006, to allow CAM to complete this first phase of the concession development program.

On November 15, 2005, the City Council approved the rephased Airport Master Plan. These revisions substantially changed the size and scope of the concession plan which was previously limited to the North Concourse. As a result of the rephased Airport Master Plan, the concession plan for the full terminal complex needs to be reviewed in coordination with the design build contracting efforts. In addition, the concession plan for the North Concourse needs to be reaffirmed in light of the changes in passenger flow in that facility.

### **ANALYSIS**

The Airport requires a concession consultant to assist the Airport's concession staff and the Airport's design team in concession planning and development for the new Terminal Area Improvement Program (TAIP). Specifically, the Airport is seeking assistance in:

- Identifying and developing layouts for an optimal passenger amenities program;
- Sizing, locating, identifying concepts, projecting financial feasibility and calculating the impact for a passenger amenity program that will generate a high level of customer satisfaction, revenue generation and City image;
- Developing a set of management tools to assist staff in managing the tenant improvement program; and
- Assisting the design team in setting tenant design standards.

In April 2006, the Airport issued a Request for Qualifications (RFQ) for a concessions consultant for the TAIP. Four firms responded to the Airport's RFQ. An evaluation committee consisting of a member of the Small Business Commission, staff from the Sacramento Airport, an Airport Deputy Director, staff from the Airport Master Plan Team, and staff from the Airport Property Management section reviewed responses to the RFQ and conducted oral interviews. The evaluation committee selected CAM based on their extensive experience in concession development at medium and large sized airports, airport experience as it relates to scope, staff qualifications and experience, past performance and competence in preparing proformas. The City is additionally benefited by CAM's familiarity with the Airport, which allows them to "hit the ground running" and begin working in conjunction with the design build efforts.

### **ALTERNATIVES**

Not Applicable

### **COMPLIANCE WITH LOCAL PREFERENCE ORDINANCE**

The City's Local Preference Ordinance (Municipal Code Chapter 4.06) requires that the City obtain three competitive proposals, if practicable, on all professional services contracts with a payment amount exceeding \$5,000. For professional services contracts where price is not the determinative factor, proposers that qualify as local business enterprises are to be given a credit equal to five percent of the total points used to determine the most advantageous proposal to the City. Local businesses that also qualify as small business enterprises are to be given an additional credit equal to five percent of the total points used to determine the most advantageous proposal to the City.

No local consultants responded to the Airport's RFQ. The four firms that did respond to the RFQ solicitation are all located in other parts of the country.

### **PUBLIC OUTREACH**

The Request for Qualifications for an Airport concession consultant was advertised in the Airport Report (ANTN), the American Association of Airport Executives (AAAE) newsletter to its members and the City and Airport's websites.

### **COORDINATION**

Preparation of this Council Memo has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **COST IMPLICATIONS**

Funding for this contract has been identified in the Terminal Area Development appropriation. This contract supports the development of the Mineta San José International Airport Concession Program, which seeks to create both a City identity, as well as support and encourage the inclusion of local business concepts. As such, the expenditure is consistent with the Budget Strategy approved by Council. The contract has a neutral direct impact on the General Fund but will spur local business development and reinforce local economic recovery.

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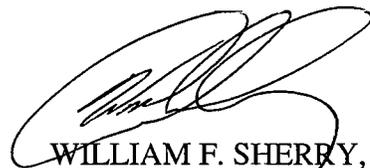
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**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	RC #	Total Appn. 2006-07	Amt. for Contract	2006-07 Proposed Budget Page	Last Budget Action (Date, Ord. No.)
526	5253	Terminal Area Development, Phase I	TBD	\$87,996,000*	\$250,000	V-873	N/A
529	5253	Terminal Area Development, Phase I	TBD	\$14,703,000*		V-873	N/A
		<b>Total</b>		<b>\$102,699,000</b>	<b>\$250,000</b>		

\* This agreement will be funded from the 2006-2007 Capital Budget. The 2006-2007 Capital Budget and the implementing appropriation ordinance are expected to be approved by the City Council on June 27, 2006



WILLIAM F. SHERRY, A.A.E.  
Director of Aviation

For questions, please contact William Sherry, Director of Aviation, at 408-501-7669.