



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Aitken

SUBJECT: SEE BELOW

DATE: November 21, 2022

Approved

Date

12/2/22

SUBJECT: AMENDMENT TO THE AGREEMENTS WITH ALCLEAR, LLC FOR TRANSPORTATION SECURITY ADMINISTRATION PRE-CHECK AT THE AIRPORT

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute:

- a. The Fourth Amendment to the Small Concession Agreement between the City of San José and ALCLEAR, LLC to extend the term through October 31, 2025, with a minimum annual guarantee of revenue to the City of \$670,000 and expand the services provided under the agreement to allow TSA Pre-Check enrollment at the Norman Y. Mineta San José Airport.
- b. The Third Amendment to the Lease Agreement between the City of San José and ALCLEAR, LLC to extend the term through October 31, 2025, with annual revenue to the City of approximately \$83,000.

OUTCOME

Authorizing the City Manager to negotiate and execute the Fourth Amendment to the Small Concession Agreement and Third Amendment to the Lease Agreement will allow ALCLEAR, LLC (Clear) to continue to lease space at the Norman Y. Mineta San José Airport (Airport or SJC) while offering expedited security screening services (Registered Traveler Services) along with Transportation Security Administration (TSA) Pre-Check enrollment to all Airport customers, offering a better customer experience by reducing queuing time at the security checkpoints.

BACKGROUND

The TSA and private industry developed Registered Traveler Services through Clear to provide expedited security screening services for airline passengers who volunteer to undergo a security threat assessment. TSA acts as the facilitator for Registered Traveler Services and is responsible for setting program standards, conducting the security threat assessment following enrollment into the Clear program, and the physical screening and oversight of the checkpoints at the Airport.

Since 2013, Clear's Registered Traveler Service has provided a faster and seamless travel experience for passengers at SJC. New customers can be enrolled into the program and use the expedited security screening and dedicated queuing lanes on their initial visit. Clear annual members benefit from reduced security checkpoint wait times, dedicated queues, and security checkpoint lanes at SJC and at more than 61 airports and sports venues nationwide.

In 2021, TSA approved Clear as an authorized vendor to conduct TSA Pre-Check enrollment at airports throughout the country. As an approved vendor, Clear can increase its service offerings to SJC passengers by providing an opportunity to enroll in both the TSA Pre-Check and the Registered Traveler Services program at the same time. For those that are only interested in enrolling in the TSA Pre-Check program, they may visit the Clear kiosk to complete the biometric screening process required by TSA. The two complementary services provide passengers with the convenience of on-site TSA pre-check and Registered Traveler Services enrollment and enhance the customer service options at SJC.

ANALYSIS

Clear has offered Registered Traveler Services and leased office space at the Airport since October 22, 2013, under separate agreements. Under the concession agreement, Clear pays the City the greater of the minimum annual guarantee of \$670,000 or 12% of total gross revenues for services related to the Registered Traveler Program. With the addition of the TSA Pre-Check services, ALCLEAR will pay 10% of gross revenues for all services related to the TSA Pre-Check program. Clear leases 293 square feet of office space at approximately \$83,000 per year, to support its operations and would like to continue to do so for the duration of its term with the City.

Clear enrollments continue to increase, and the Airport has determined that Registered Traveler Services are an integral part of conducting efficient passenger screening services. Clear is a sole-source provider for Registered Traveler Services and is authorized for TSA Pre-Check enrollment by the TSA.

CONCLUSION

Authorizing the City Manager to negotiate and execute the approval of the Fourth Amendment to the Concession Agreement and the Third Amendment to the Lease Agreement retains this valuable service provided to SJC passengers. These services save passengers time and help them quickly navigate through the security checkpoint. The addition of the TSA Pre-Check enrollment enhances the overall services provided by Clear, creating a positive passenger experience.

EVALUATION AND FOLLOW-UP

The Director of Aviation shall be responsible for the coordination of these Agreements and shall render overall supervision of its progress and performance.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

POLICY ALTERNATIVES

Alternative #1: The Airport could allow both the Concession and Lease agreements to expire and Clear would cease operations and vacate its leased space.

Pros: The Airport would have 293 square feet of additional space available to lease to other Airport tenants.

Cons: Clear's departure would increase queueing line wait times, lead to a potential increase in missed flights and connections, cause a decrease in concession sales as passengers have less dwell time, and decrease overall customer service.

Reason for not recommending: It is in the best interest of the Airport for Clear to continue to provide its approved services and to continue to lease office support space.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 13, 2022 City Council meeting.

HONORABLE MAYOR AND CITY COUNCIL

November 21, 2022

Subject: Amendment to the Agreements Between the City of San José and ALCLEAR, LLC

Page 4

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
JOHN AITKEN, A.A.E.
Director of Aviation

For questions, please contact John Aitken, Director of Aviation, at (408) 392-3611.