



**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Airport	<b>CEQA:</b> Not a Project, File No. PP17-003, Agreements/Contracts resulting in no physical changes to the environment	<b>Coordination:</b> City Attorney's Office and City Manager's Budget Office	<b>Dept. Approval:</b> /s/ John Aitken, A.A.E.
<b>Council District(s):</b> City-wide			<b>CMO Approval:</b> <i>John Aitken</i> 2-13-19

**SUBJECT: AMENDMENT TO THE AMS SJC JV RETAIL CONCESSION AGREEMENT FOR HUDSON GRAB AND GO CONCESSION AT THE AIRPORT**

**RECOMMENDATION:**

Approve the Eighth Amendment to the AMS-SJC JV Airport Retail Concession Agreement ("Agreement") to add a Hudson Grab and Go concession at the San José International Airport ("Airport"), and to establish the percentage fee paid as revenue to the Airport for this specific location.

**BASIS FOR RECOMMENDATION:**

The Airport has seen an increase in passengers and as a result, identified a need to provide additional services near Gate 15 to accommodate domestic and international passengers. A letter requesting proposals was sent to all Airport food and beverage and retail concession operators including AMS SJC JV, HMS Host, PRI San-Jose, and Pacific Gateway Concessions. The concession operators were invited to submit a proposal for the location and to offer an assortment of breakfast and lunch type foods such as pre-made sandwiches, salads, snacks, and non-alcoholic beverages. AMS SJC JV ("Concessionaire") was the only concession operator to submit a proposal by the July 19, 2018 deadline, and it is therefore recommended that the award of the concession be given to the Concessionaire.

The Concessionaire proposed the following:

1. An assortment of pre-made sandwiches, salads, snacks and non-alcoholic beverages along with a variety of other retail offerings
2. The following percentage fee structure to be paid to the Airport:
  - 8.5% of gross revenue through December 31, 2022
  - 10.5% of gross revenue from January 1, 2023 through June 30, 2024
3. To spend a not to exceed amount of \$250,000 toward concession improvements; which will be amortized by December 31, 2022
4. An anticipated opening of the Hudson Grab and Go in early 2019

Council approval is requested to incorporate the Hudson Grab and Go concession location into the Agreement under the terms stated above which will meet the needs of the passengers while providing additional revenue to the Airport.

**COST AND FUNDING SOURCE:**

None

**FOR QUESTIONS CONTACT:** John Aitken, A.A.E. Director of Aviation at (408) 392-3611.