

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE TO DELEGATE AUTHORITY TO THE CITY MANAGER OR THEIR DESIGNEE TO NEGOTIATE AND EXECUTE AN AMENDMENT TO THE FOOD AND BEVERAGE CONCESSION AGREEMENT BETWEEN THE CITY OF SAN JOSE AND SSP AMERICA SJC, LLC TO (I) ACCEPT THE ONE-TIME KEY MONEY REMITTANCE OF \$2,820,300 TOWARDS THE COMPLETION OF SSP'S REMAINING CONSTRUCTION PROJECTS AT THE SAN JOSE MINETA INTERNATIONAL AIRPORT; AND (II) REVISE THE CONSTRUCTION SCHEDULE DATES AND PROVIDE A CONSTRUCTION INCENTIVE CREDIT OF \$850 PER DAY PER CONCESSION LOCATION IF THE CONCESSIONS OPEN EARLIER THAN THE REVISED CONSTRUCTION SCHEDULE DATES

WHEREAS, the City of San José ("City") owns and operates the Norman Y. Mineta San José International Airport ("Airport"); and

WHEREAS, in 2021, SSP commenced construction, implementing a phased approach to minimize disruption to passengers, completing work on the Stumps, Peet's Coffee, and Pizza My Heart/Einstein's locations to date; and

WHEREAS, during the construction of the Pizza My Heart/Einstein, Mi Casa, and Bad Egg/Asian Box locations, SSP's initial contractor failed to complete the work within the amended timeline and subsequently halted all construction activities; and

WHEREAS, SSP made multiple attempts to resolve these construction delays with its contractor, addressing issues such as the quality of workmanship, failure to obtain inspection signoffs, and an inaccurate construction schedules, among other concerns; and

WHEREAS, these delays adversely impacted the passenger experience and led to revenue losses for both the operator and the Airport; and

WHEREAS, the Airport estimates that its revenue losses from the construction delays at approximately \$2,800,000; and

WHEREAS, in 2025, SSP engaged a new contractor with an established track record of successful concession construction projects at the Airport; and

WHEREAS, the new contractor has resumed work on all outstanding concession construction projects except one, completing the Pizza My Heart/Einstein construction in May 2025; and

WHEREAS, the sole remaining construction project, The Mission, in Terminal B is slated to commence construction in August, following the anticipated opening of Mi Casa; and

WHEREAS, the amendment to the Food and Beverage Concession Agreement with SSP will enable SSP to complete critical concession construction projects at the Airport according to a revised construction schedule; and

WHEREAS, as part of the amendment SSP will provide a one-time key money payment of \$2,820,300, in recognition of the unforeseen construction delays and as a commitment to complete the construction projects;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The City Manager or their designee is hereby authorized to negotiate and execute an amendment to the food and beverage concession agreement between the City Of San José and SSP America SJC, LLC to (i) accept the one-time key money remittance of \$2,820,300 towards the completion of SSP's remaining construction projects at the San José Mineta international airport; and (ii) revise the construction schedule dates and provide a construction incentive credit of \$850 per day per concession location if the concessions open earlier than the revised construction schedule dates.

ADOPTED this _____ day of _____, 2025, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk