



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Mukesh (Mookie) Patel

SUBJECT: See Below

DATE: October 27, 2025

Approved

Date:

10/28/25

COUNCIL DISTRICT: Citywide

SUBJECT: Amendment to the Master Consultant Agreement with ICF Jones & Stokes, Inc. for On-Call Concession Services at the San José Mineta International Airport

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute a First Amendment to the Master Consultant Agreement with ICF Jones & Stokes, Inc. for On-Call Concession Services at the San José Mineta International Airport, to increase the maximum compensation by \$300,000 for a total agreement amount of \$620,000.

SUMMARY AND OUTCOME

The approval of the recommendation will allow the San José Mineta International Airport (Airport or SJC) to engage ICF Jones & Stokes, Inc. (ICF) to complete the concession customer service program, which is intended to elevate service standards across all SJC concessionaires, including food and beverage, retail, and lounge staff. By focusing on improving the customer experience, the Airport anticipates that this initiative will directly result in revenue growth and greater operational efficiency across the concession locations. Furthermore, the Airport will retain the remaining funds to support continued development of the Airport's concession program through the remainder of the agreement term, which concludes on December 11, 2027.

BACKGROUND

In August 2022, the Airport initiated a request for qualifications seeking specialized on-call concession consultant services. The primary objective was to secure expertise in analyzing potential revenue opportunities and providing comprehensive support for the

2024 retail request for proposals at SJC. Beyond the immediate retail focus, the selected consultant, ICF, was also tasked with providing analysis on the broader development of the Airport's concession program, which encompasses food and beverage services, retail operations, common use lounges, and other ancillary concession-related services. Following this process, ICF was awarded a five-year contract, effective through December 11, 2027, with a total value of \$320,000.

Since the contract's execution, \$213,009 of the funds were spent on the 2024 retail concession request for proposals, which successfully resulted in the execution of two new retail contracts. This expenditure left a remaining contract balance of \$109,991. This remaining balance has been allocated towards Phase I of the concession customer service program.

While the original scope of services under the ICF master agreement, which is to provide on-call professional consulting for concession development, remains unchanged, the need to increase the maximum compensation to \$620,000 is driven by the higher-than-anticipated costs incurred by two major, high-priority scopes. Specifically, the comprehensive support for the 2024 retail request for proposals consumed a larger portion of the initial \$320,000 than budgeted, and the subsequent development and implementation of the enhanced concession customer service program also proved to be more resource-intensive than initially projected. This \$300,000 increase will fully cover the actual expenditures for the concession customer service program while also retaining ICF's specialized industry expertise and continuity of service to support all remaining future concession-related activities, such as request for proposals support for upcoming concession contracts and other miscellaneous on-call needs through the remainder of the agreement term.

ANALYSIS

The new concession customer service program is designed to replace the existing customer service guidance currently provided by Airport staff with a modern, enhanced training curriculum. This initiative is particularly timely, given the major sporting events scheduled for 2026, in which the Airport has a strategic interest in elevating customer service standards among concession employees, who serve as a primary point of passenger interaction.

The new customer service program will integrate SJC's mission, vision, and strategic goals directly into the concession experience, establishing a new, high-quality standard that the Airport may be able to use as a steppingstone to expand airport-wide. Furthermore, the enhanced training will comprehensively cover vital elements specific to concession operations, including cultural sensitivity, proactive passenger engagement, and protocols for directing passengers in emergency situations. The cost of developing and implementing this program will be covered entirely by the Airport's Concession Joint

Marketing Account which is a dedicated fund to which concessionaires contribute for the sole purpose of customer service and marketing initiatives.

This investment in a customer service program is supported by Airports Council International 2016 research, which established a clear correlation: a 1% increase in passenger satisfaction drives an average 1.5% growth in non-aeronautical revenue. By strategically enhancing customer service, the Airport triggers this proven revenue multiplier, potentially generating approximately \$740,000 in gross concession revenue annually or \$3.7 million over the next five years, providing significant financial growth through a prioritized focus on passenger satisfaction.

By increasing the compensation threshold of the original agreement, Airport staff will be able to complete the customer service program and continue to retain the services of ICF through the remainder of the term. This action ensures the continuity of specialized consulting services over the remainder of the term, allowing the Airport to use ICF's industry expertise and existing knowledge of SJC's operations to support the ongoing development of the Airport's concession program.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

COST SUMMARY/IMPLICATIONS

This agreement expires on December 11, 2027. All services will be authorized by service orders to be approved by the Director of Aviation, or his designee, and will be subject to the continued appropriation of funds by the City Council. Service orders will not exceed \$620,000 in total over the term of the agreement, with the \$300,000 of new funding anticipated to be expended by the end of 2025-2026. These expenses will be funded through a combination of the Airport Maintenance and Operation Fund (Fund 523) and deducted from the portion of concessionaire revenues collected in the Concession Joint Marketing Account that are restricted for use on marketing activities to promote Airport concessions to passengers.

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum.

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Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract*	2025-2026 Proposed Operating Budget Page**	Last Budget Action (Date, Ord. No.)
523	0802	Airport Non-Personal/Equipment	\$59,102,392	\$90,000	848	6/17/2025 31230

** An additional \$210,000 of expenses will be netted against concessionaire revenues held in the Concession Joint Marketing Account.*

*** The 2025-2026 Adopted Operating Budget was approved on June 10, 2025 and adopted on June 17, 2025 by the City Council.*

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the November 18, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND 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.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Mukesh (Mookie) Patel, C.M.
Director of Aviation

For questions, please contact Matthew Kazmierczak, Division Manager, Airport Department, at mkazmierczak@sjc.org or (408) 392-3640.