


<b>CITY COUNCIL ACTION REQUEST</b>			
<b>DEPARTMENT(S)</b> Airport	<b>CEQA</b> Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.	<b>COORDINATION</b> City Attorney's Office and City Manager's Budget Office	<b>Director Approval</b> /s/ Mukesh (Mookie) Patel
<b>COUNCIL DISTRICT(S)</b> Citywide			<b>CMO Approval</b>  10/3/2025
<b>SUBJECT: Amendments to the Agreements Between the City of San José and ALCLEAR, LLC</b>			
<b>RECOMMENDATION</b>			
<p>Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the:</p> <ul style="list-style-type: none"> <li>(a) Fifth Amendment to the Concession Agreement between the City of San José and ALCLEAR, LLC to extend the term for three years with a single two-year option to extend the term and to modify the concession fee to increase the compensation to the City from 10% to 12% for TSA PreCheck enrollments; and</li> <li>(b) Fourth Amendment to the Lease Agreement between the City of San José and ALCLEAR, LLC, to extend the term for three years with a single two-year option to extend the term.</li> </ul>			
<b>BASIS FOR RECOMMENDATION</b>			
<p>Since October 22, 2013, ALCLEAR, LLC (ALCLEAR) has operated at the San José Mineta International Airport, offering Registered Traveler Services and leasing office space under separate agreements. In 2023, the fourth amendment to the Concession Agreement allowed ALCLEAR to expand services to add TSA PreCheck enrollment with a concession fee of 10% of gross revenues paid to the City. ALCLEAR is the only TSA-approved provider of Registered Traveler Services, and it offers a variety of benefits to its customers, including but not limited to Avis Preferred Plus counter bypass, Ship&amp;Play luggage services, and other exclusive offers and discounts.</p> <p>The proposed fifth amendment to the Concession Agreement will extend the term for three years with a single two-year option to extend the term and to modify the concession fee to increase the compensation to the City from 10% to 12% for TSA PreCheck enrollments.</p> <p>The proposed fourth amendment to the Lease Agreement will extend the term for three years with a single two-year option to extend the term.</p> <p>Over the term of the agreements, ALCLEAR has paid the City approximately \$11 million in total concession fees and \$1 million in lease revenue. If approved, these amendments will allow ALCLEAR to continue providing expedited security screening at checkpoints and TSA PreCheck enrollment services at the Airport. The amendments are projected to maintain the existing revenue to the City, with an estimated \$5,371,000 in concession fees and \$256,650 in leased revenue over the three-year term. If the option to extend the term is exercised, the City will receive an estimated \$3,580,000 in concession fee revenue and \$171,100 of leased revenue over the two-year term.</p> <p>The City will retain the current 12% of gross revenue for Registered Traveler Services and will increase its share of TSA PreCheck revenue from 10% to 12%, bringing it in line with the rate applied to Registered Traveler Services. The City will receive approximately \$4,500 in additional revenue per year with an estimated total of \$13,500 over the three-year term and \$9,000 if the two-year option to extend is exercised. The dollar value impact is limited due to TSA PreCheck being a</p>			

smaller portion of ALCLEAR's overall business. However, this percentage places the Airport amongst the highest concession fees for medium hub airports within the ALCLEAR portfolio.

#### **Sole-Source Provider**

ALCLEAR is the only TSA-approved provider of Registered Traveler Services, therefore, the City did not conduct a competitive selection process. The Concession Agreement is non-exclusive, allowing other companies to provide similar services at the Airport in the future.

#### **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

#### **COST AND FUNDING SOURCE**

There are no costs associated with this action and revenue for the initial three-year term extension is estimated at \$5,371,000 for the concession agreement and \$256,650 for the lease agreement.

**FOR QUESTIONS CONTACT:** Matthew Kazmierczak, Division Manager, Airport Department, at [mkazmierczak@sjc.org](mailto:mkazmierczak@sjc.org)