

Food & Beverage and Retail Concession Opportunities at SJC Frequently Asked Questions

Q: What concession opportunities are available at the Airport?

A: Mineta San Jose International Airport (SJC) has developed a program to improve and expand its in-terminal Food & Beverage (F&B) and retail concessions.

Q: Where will the concession space be at the Airport?

A: As part of the upcoming Airport Terminal Area Improvement Program there will be approximately 20,000 square feet of combined retail and F&B concessions space, with that number expected to increase as plans for future facilities continue to develop. In addition, the existing terminal retail spaces will become available in Fall 2007 and F&B spaces in June 2009.

Q: How will the concessions program be structured at the Airport?

A: The concessions program at SJC will continue to be based on the Prime Operator/Developer model. That means that the Airport contracts directly with a Prime Operator or Developer, who then contracts with the individual businesses.

Q: What's a "Prime Operator"? What's a "Developer"?

A: Both Prime Operators and Developers contract directly with the individual businesses and are involved in the day-to-day management of the facility. Prime Operators own some of the store locations and the rest are subcontracted to business owners. Developers don't own any stores and they rent space in the facility; They off set their management costs by taking a small percentage of the stores total sales.

Q: Why does the Airport follow this model?

A: Prime Operators/Developers have years of experience in operating at airports. Operating at an airport can be challenging, especially with all the post-9/11 security regulations. This model has proven to be a successful catalyst in encouraging small and local businesses to participate in Airport concession programs. Prime Operators/Developers manage the F&B and retail participants and provide financial assistance to help support the success of participants. Due to the success of the model, the San José City Council, in December 2004, approved the use of the prime operator/developer concept as the method for concessions development at the Airport.

Q: What's the process involved?

A: The City of San José will publish a Request for Proposal (RFP) covering F&B and retail in future facilities, as well as F& B and retail in Terminals A & C. Individual business owners will not be responding to the RFP directly. Instead, the Prime Operator and/or Developer take the lead in putting together a group of businesses interested in being part of the F&B and/or retail operations at the Airport. These groups are then presented by the Prime Operator and/or Developer to the City through the RFP process.

Q: How do I get involved?

A: If you've not already done so, call the Airport Properties section so we can add your contact information to our database in order to keep you updated on the process. Contact information for the Prime Operators and Developers who have expressed an interest in applying for the upcoming RFP's is available on our web site:

<http://www.sjc.org/about/retail.html>

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Business owners wanting to do business at the Airport need to work directly with the Prime Operators and Developers interested in responding to the upcoming RFP. You should begin contacting the Prime Operators/Developers either by phone or email to express your interest. If you and the Prime Operator/Developer come to an agreement on a business relationship, the Prime Operator/Developer may incorporate your business into their RFP submission. RFP submissions will be reviewed by the City of San José for selection. Please note that not all submissions will be selected.

Q: Does the City of San José have an Airport Concession Disadvantaged Business Enterprise (ACDBE) program?

A: The Federal Aviation Administration (FAA) recently instituted new regulations requiring all commercial airport operators, such as the City of San José, to develop new ACDBE programs. The City is currently developing its ACDBE program and upon approval by the FAA, the program will be included in all future solicitations for concession opportunities at the Airport.

Q: What is an Airport Concession Disadvantaged Business Enterprise (ACDBE) program?

A: The ACDBE program provides a vehicle for increasing the participation by certain businesses deemed by Federal regulations to be “disadvantaged” in state and local procurement. For more information on the ACDBE program, visit the Federal government’s Department of Transportation’s web site at:
http://osdbuweb.dot.gov/business/dbe/Whats_DBE_program.cfm

Q: How do I become ACDBE certified?

A: There are many factors involved in becoming ACDBE certified. Business owners must go through a certifying agency to become certified. Please note that the City of San José is not a certifying agency. You may contact the California Department of Transportation at 916-324-1700 or visit their website at <http://www.dot.ca.gov>. For information on other certifying agencies, please visit the California Unified Certification Program’s website at <http://www.californiaucp.com/>.

Q: What terms can I expect (length of term, rent, etc.)?

A: The City of San José has not yet determined the terms of the upcoming Request for Proposal (RFP). It is anticipated that terms will be based on industry standards and trends, expected sales levels, and geographic and demographic factors. Typically, the length of term is tied to the amount of capital investment made by the concessionaires.

Q: How much “capital investment” will be expected?

A: The cost to build out the F&B and retail locations at SJC is expected to be approximately \$350-500 per square foot; retail spaces typically are on the lower end and F&B spaces are on the higher end.

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Q: Does the City of San José require businesses at the Airport to be unionized?

A: The City of San José neither requires nor discourages businesses from being unionized. However, the City has certain policies in place that are intended to guarantee basic employment standards to individuals working in City facilities, such as SJC:

- **Living Wage:** Covered employees must be paid the City's Living Wage, which is currently \$12.86 per hour if no benefits are provided, \$11.61 if benefits are provided. For more information, the City's Living Wage Policy is available on the City's web site at: <http://www.sanjoseca.gov/purchasing/purch.htm> (select "Living Wage Policy" from left-hand side menu).
- **Employee Retention:** New concessions that replace outgoing concessions in the same location are required to retain qualified employees from the outgoing concession, subject to certain conditions.
- **Third-Tier Review:** Proposers will be required to submit evidence of past employment practices, such as provision of paid leave time, health coverage, etc. The City may consider those past practices in selecting its new concessionaires.

Q: Who can I contact for more information about the concession opportunities?

A: For more information, you are encouraged to contact the Airport Properties division. For retail opportunities, contact Twilynn Whaley-Collins at (408) 501-7650 or twcollins@sjc.org. For F&B opportunities, contact Scott Riddle at (408) 501-7652 or sriddle@sjc.org.