



REQUEST FOR PROPOSALS

Duty Free Concession Norman Y. Mineta San José International Airport

Norman Y. Mineta San José International Airport (“Airport” or “SJC”) seeks proposals from qualified concessionaires to develop and operate a duty free concession (“Concession”).

Selection Process Timeline:

Request for Proposals (RFP) release date:	August 16, 2012
Mandatory pre-proposal meeting: Time: Location:	August 29, 2012 9:00 a.m. Mineta San José International Airport 1701 Airport Blvd., Suite B-1130 San Jose, CA 95110-1206
Deadline for questions:	September 5, 2012
Airport response to questions:	September 14, 2012
Proposal submittal due date: Time: Location:	September 21, 2012 3:00 p.m. Mineta San José International Airport 1701 Airport Blvd., Suite B-1130 San Jose, CA 95110-1206
Procurement Contact: Address: Phone: Fax: E-mail address:	Seth Turner Mineta San José International Airport 1701 Airport Blvd., Suite B-1130 San Jose, CA 95110-1206 (408) 392-3683 (408) 441-4588 dutyfreeRFP@sjc.org

General Information

SJC is Silicon Valley's airport, located in San José, California, the nation's tenth largest city. San José is home to nearly 50% of the top networking, telecommunications, semiconductor and semiconductor equipment firms, and ranks among the highest in the nation in disposable income.

The Airport is a self-supporting enterprise owned and operated by the City of San José ("City"), with a total operating budget of \$150 million (FY 2012). No local tax funds are used for either the operations or development of the Airport. SJC recently completed a comprehensive \$1.3 billion modernization program that constructed or renovated all terminal facilities, constructed a new consolidated rental car center, expanded roadways, and developed new parking areas in close proximity to the terminals.

In calendar year 2011, the Airport served 8,187,813 domestic passengers and 169,571 international passengers, ranking 41st in the nation. It is currently served by 9 commercial airlines with an average of 108 commercial daily departures to 30 destinations including International service to Guadalajara, Mexico. All Nippon Airways ("ANA") has announced it will initiate service between SJC and Tokyo in early 2013 using a Boeing 787 Dreamliner with a 158 seat cabin configuration. ANA has indicated that they will operate the flight 5 days per week initially, expanding to daily service later in 2013. SJC airline enplanement data is attached as Attachment A to this RFP. Alaska Airlines' Mexico flights currently depart from Terminal B and are not in close proximity to the Concession Area. Please note that this data is historical only and the Airport makes no representations or assurances as to what traffic levels may be in the future. The City is not responsible for any inaccuracies or misinterpretations of data and does not guarantee a minimum rate of return or gross revenues.

Concession Description

SJC is requesting proposals from qualified Proposers for the non-exclusive right to develop, design, fund, construct, operate, and manage a duty free concession. The location of the Concession is the former duty free store that was operated when SJC had scheduled service to Asia and Europe. It is within the International Terminal ("FIS") in close proximity to the holdrooms as illustrated in Attachment B to this RFP. The Concession is approximately 700 square feet. In addition, approximately 150 square foot of adjacent space is available for storage and approximately 200 square feet of caged space is available on the ground level for storage. The storage locations will be provided at no additional cost.

Implementation

The successful Proposer is expected to commence implementation of their proposed concession plan pursuant to the terms of a Concession Agreement in substantially the form of the Exemplar Concession Agreement attached to this RFP as Attachment C. Time is of the essence to ensure that the Concession is open and operational when ANA begins direct service to Tokyo in early 2013.

Scope of Services

The Airport expects the successful Proposer ("Concessionaire") to develop, operate and maintain the Concession at a level comparable to other duty free concessions at similar sized airports in the United States. It is intended that the Concession will be open a minimum of three (3) hours prior to "Transoceanic" (flight arrivals from, or departing to international locations outside North America) international departures and until the boarding doors are closed. Hours are subject to change at the discretion of the Airport's Director of Aviation.

The Concession is expected to be stocked with inventory consistent with duty free concessions at similar size airports in the United States and should include a variety of products that appeal to international passengers. Licenses and/or permits required to operate the facility and sell products, including alcohol, are the responsibility of the Concessionaire. The Concessionaire is expected to work directly with the United States Customs & Border Protection for approval of the duty free operation and processes.

Maintenance of the premises and all equipment, whether installed by Airport or the Concessionaire, is the responsibility of the Concessionaire. Janitorial service and refuse removal must be performed by the Concessionaire on a daily basis, and as needed, to maintain the cleanliness of the premises during all hours of operation.

Transoceanic service is anticipated to commence in January 2013. Concessionaire is required to operate an Interim Duty Free Concession until the permanent Duty Free area is open and operational. The Interim Concession Area is approximately 500 square feet which is located adjacent to the Permanent Concession Area. A detailed Interim Duty Free Concession plan is required to be included as part of Concessionaire's Proposal.

Goals & Objectives

The goal of the Concession is to create a duty free shopping experience that features a wide variety of quality products, outstanding customer service, a contemporary store design, and optimized revenue to the Airport. It is the intent of this RFP process to select a Proposer that is most qualified to satisfy the objectives below:

1. Customer Service – Provide a duty free shopping experience with the highest level of customer service.
2. Merchandise – Offer a broad selection of quality products that appeal to international passengers at reasonable prices.
3. Design & Capital Investment – Design and construct the Concession at a level that is welcoming and attractive and meets or exceeds the level of finish in the Airport terminals and existing retail concessions.
4. Revenue – Optimize concession sales and revenues to the Airport.

Terms & Conditions

1. Term:
 - a. Upon execution of the Agreement and through June 30, 2017.
 - b. Option to extend for one (1) additional three (3) year period through June 30, 2020 at the Airport's sole discretion.
 - c. Cancellable if no scheduled transoceanic international service for any six (6) consecutive months during the term.
2. Capital Investment:
 - a. Minimum capital investment of \$140 per square foot.
 - b. Mid-term refurbishment of 20% of original capital investment within four (4) months of the beginning of the option term.
 - c. Should all transoceanic international service end without new or replacement service beginning within any six (6) consecutive months during the term, City's buyout of unamortized capital investment will be calculated beginning on the day after transoceanic international service ended.

- d. Amortization of capital investment for the purpose of an unamortized buyout is capped at \$140 per square foot and calculated with straight-line methodology beginning the earlier of when the Concession is fully operational or June 1, 2013 and through June 30, 2017.
3. Concession Fee:
 - a. Greater of biddable Minimum Annual Guarantee (MAG) or biddable percentage of gross receipts (Percentage Fee).
 - b. MAG begins the earlier of when the Concession is fully operational or June 1, 2013.
 - c. Should all transoceanic international service end, MAG will discontinue beginning that date and will not be assessed until the date that new or replacement service begins.
4. Marketing Fund:
 - a. Concessionaire shall pay to City a marketing fee equal to one-half of one percent (0.5%) of monthly Gross Revenues.
5. Marketing Plan:
 - a. Concessionaire shall provide a Marketing and Promotion plan and budget for the Concession Area, including the annual marketing plan.
6. Interim Duty Free Concession:
 - a. Until the permanent Concession Area is open and operational, Concessionaire is to construct, operate and maintain an interim duty free concession area that provides products and services similar to the permanent Concession Area offerings.

Evaluation Process and Criteria

A preliminary review of the basic responsiveness of the Proposals will be conducted to ensure all requirements of this RFP have been met. Inaccurate, incomplete or nonresponsive statements may be cause for rejection of a Proposal.

An evaluation panel established by the Airport will evaluate the Proposals based on the criteria below. The evaluation panel may consist of members from within and/or outside the Airport.

The content of each area of the Proposal Requirements will be subject to evaluation. Proposals will be scored on a 100-point scale, with maximum points allocated between the Proposal Requirements as follows:

Business Qualifications & Experience	20 points	Experience developing and operating successful duty free concessions at airports and general experience of the company and its management team.
Financial Ability	10 points	Financial condition and ability to obtain adequate financing to perform specifications as defined herein.
Revenue	15 points	The MAG and Percentage Fee proposal will be assigned a maximum of 15 points. Of the 15 points, the MAG will be valued at maximum of 8 points, and the Percentage Fee proposal will be valued at 7 points.
The proposal with the highest MAG will be awarded the full amount of 8 possible points. All other proposals for each package will be awarded points based on the proportion of their proposed MAG compared to the highest proposed MAG.		

The proposal with the highest Percentage Fee will be awarded the full amount of 7 possible points. All other proposals for each package will be awarded points based on the proportion of their proposed Percentage Fee compared to the highest proposed Percentage Fee.

Customer Service	15 points	Ability to effectively provide the highest level of customer service that is, at a minimum, commensurate with other duty free concessions at similar size airports in the United States. Describe the types of customer service programs that you will use, such as mystery shopping services or customer comment cards, and any employee training that you will implement.
Interim Concession	10 points	Plan to provide interim concession opportunities to passengers until the permanent Concession Area is open.
Merchandising	10 points	Product selection and pricing strategy.
Design & Capital	15 points	Plan for designing and constructing the Concession and capital investment commitment.
Policies & Requirements	5 points	Adherence to Airport policies and requirements.

Proposal Requirements

All Proposers are required to follow the format and process specified below. Each Proposer shall provide detailed documentation of its competency, capability and expertise to develop, operate and maintain a duty free concession. Proposers must submit a complete Proposal organized to include and correlate with sections A – H below and each section must be obviously clearly labeled/identified.

A. Cover Letter: Not to exceed two (2) pages, and include the following:

1. Name, title, telephone, and email address of the person(s) responsible for the primary communication with the Airport regarding the Proposal.
2. A brief statement indicating Proposer's clear understanding of and commitment to the provision of services as specified in this document and a statement as to whether Proposer and/or Proposer's partners, subcontractor(s), joint venture associates, or any other individual or entity of Proposer's team has any potential conflicts that may arise in the performance of the services requested in this document.

B. Business Qualifications and Experience:

1. **Demonstrated Experience:** Proposer shall elaborate on its experience and qualifications to develop and operate a duty free concession. The proposal shall list all current airport duty free concessions developed and operated by Proposer in the United States, up to a maximum of fifteen (15) locations, including the concession name and square footage. Provide a brief description of three (3) that are most comparable to this opportunity, including the number of

international enplanements that have access to the concession and its annual gross sales for the last three (3) years.

2. **Project Organization and Key Personnel:** Proposer shall describe the project organization team with reporting authorities contemplated to operate the Concession. Proposer shall identify and give a profile of the individuals who would serve as the key members of Proposer's organization for the Concession.

Where sub-consultants, contractors, sub-contractors, partners or similar outside parties are intended to be used, Proposers shall submit the names and experience of each project team member and indicate his or her roles and responsibilities.

Proposer is invited to describe any particular aspects of its organization which, by way of background, experience, unique qualifications, or other basis, sets its company (team, etc.) apart from the competition.

3. **References:** Using the Business and References Form in Attachment D, provide three (3) business references and three (3) financial references related to your operation of duty free stores within the United States within the past three (3) years. For each business, financial, credit or bank reference, provide written authorizations in a form acceptable to each reference, authorizing the listed reference to provide business, financial, credit and bank information regarding your company, as requested by the City.

- C. **Financial Ability:** Provide an understanding of Proposer's overall financial capacity to underwrite the capital investment of the Concession, working capital available for operations and reinvestment during the term of the agreement, and ability to meet concession payment obligations to SJC.

Provide Proposer's audited financial statements for the past three (3) years, including balance sheets and income statements and notes to the financial statements. Using Attachment E, please complete the "Proposer's Questionnaire" and identify the Proposer's type of business entity.

- D. **Revenue:** During the term of the Agreement, the Concessionaire shall pay to the City as a monthly Concession Fee, the greater of a MAG or a Percentage Fee.

1. **MAG:** Propose the MAG amount for the first full year of the term. For each subsequent year of the term the MAG shall be 85% of the previous year's actual Concession Fee; however, the MAG for any year shall not be less than the first year's MAG.
2. **Percentage Fee:** A Percentage Fee will be assessed on all merchandise. Proposers shall propose a single Percentage Fee regardless of product category. This single Percentage Fee will be calculated on all products throughout the term of the Agreement.
3. **Sales and Revenue Projections:** Provide a good faith estimate of the expected annual gross receipts and expenses derived from the operation of Proposer's Plan. Using the Sales and Revenue Projection Form in Attachment F, provide three (3) years of projections. Major assumptions and verifiable, comparable sales used in developing the sales projections should also be clearly stated.

- E. **Customer Service:** Include a description of the Concession and its proposed day-to-day operations. Describe how and why the Operations Plan will meet or exceed the Airport's expectations with respect to customer service.

The Operations Plan should include the Proposer's proposed staffing plan and schedule, labor and training practices, customer service training program, motivation/incentive programs for employees, secret/mystery shopping program, employee dress code, speed of service guidelines, and operational procedures to effectively provide the customer service at a level equal to or greater than duty free concessions at similar size airports in the United States. Proposer should describe its plans, if any, to provide staff with language skills of the departing international flights country of destination.

- F. **Interim Concession:** Transoceanic departures are anticipated to commence in January 2013, describe in detail, the design, signage, amenities, finishes, fixtures and aesthetics of the proposed Interim Concession Area. Provide a detailed Interim Concession Area completion schedule assuming a transoceanic commencement date of January 15, 2013. Please indicate the length of time to hire and train employees to staff the Interim Concession Area. Proposer shall describe past experience at up to two airports where it provided an interim Duty Free concession.

- G. **Merchandising:** Provide a description of your merchandising and marketing capabilities, plans and strategies for marketing the SJC Concession, the basis for and appropriateness of the merchandise mix you plan to sell, and the applicability of the merchandise mix to SJC's international passengers. Provide a proposed product list with pricing. This list may be changed prior to the opening of the Concession at the discretion and approval of the Director of Aviation.

Affordable pricing is an essential aspect of the passenger experience at SJC and Concessionaire is expected to charge prices comparable to duty free concessions in Bay Area airports or similar size airports in the United States as described in Exhibit C of the Exemplar Concession Agreement. Describe your philosophy and commitment to reasonable duty free pricing.

- H. **Design & Capital Investment:** Provide your minimum capital investment commitment per square foot for the Permanent Concession Area identified in Attachment B to this RFP.

Provide a description of your plan for designing and constructing the Concession to industry standards appropriate for a best-in-class duty free concession with a high level of design and finish. Describe how the design will be architecturally consistent with, and complimentary to, the Airport terminals. Provide renderings in each copy of the proposal and one (1) set of sample materials.

For each of your latest three (3) duty free stores to open in the United States, provide up to three (3) photographs that showcase the design and features.

Provide a detailed project schedule with a projected completion/opening date. Describe your experience in adhering to original project schedules and managing changes in a complex operating environment and describe your experience and capabilities in financing and managing design and construction projects in airports, including project size, cost and sources of capital. Proposers may include up to three (3) testimonials as to the effectiveness of their design and construction capabilities and ability to adhere to project schedules.

The Concession must be designed in accordance with the Airport Tenant Design and Construction Guidelines, *(which can be viewed by clicking the following link or pasting it into your browser)* <http://www.flysanjose.com/fl/business.php?page=tenant/tenant&exp=5&subtitle=Tenant+Design+and+Construction+Guidelines> and the Airport Concession Tenant Improvements Design Criteria, Exhibit M of the Exemplar Concession Agreement. Additionally, detailed information regarding construction, including permitting requirements, may be found by visiting the Airport's website at: <http://www.flysanjose.com/fl/>.

Not less than the general prevailing rate of per diem wages and the general prevailing rates for holiday and overtime work must be paid when any construction and related work is performed on Airport property. Copies of the Department of Industrial Relations (DIR) Wage Index are on file with the City's Office of Equality Assurance and can be obtained by interested parties.

I. **Policies & Requirements:**

1. **Living Wage:** The Agreement is subject to the City's Airport Living Wage Ordinance. Discuss how you will comply with the City's Airport Living Wage Ordinance, including minimum compensation requirements, employee work environment, labor peace (see Labor Peace Assurance/Employee Work Environment Form, Exhibit D of the Exemplar Concession Agreement) and training standards program.

Information regarding the Airport Living Wage Ordinance is available at:

<http://www.flysanjose.com/fl/business.php?page=training/wage&exp=6&subtitle=Airport+Living+Wage+and+Training+Standards+Airport+Living+Wage>

2. **Hiring Plan:** Proposers must submit with their proposal a jobs listing of the permanent jobs to be created by the Proposer at the Airport and a Low and Moderate Income Hiring Plan. (See Section 108 Loan Requirements, below) These submittals will become an exhibit to the Exemplar Concession Agreement.
3. **Environmental Practices:** Describe in sufficient detail how you will support and practice an environmentally conscientious business operation at the Airport (i.e., recycling waste, use of recycled goods and services, hazardous materials, trip reduction measures, back-of-house, and front-of-house activities). (See Environmental Requirements, below)

Interviews

The City reserves the right to conduct interviews or, in the alternative to proceed without conducting interviews. The City also reserves the right to interview only a "short list" of specified Proposers. The purpose of interviews, if conducted, would be to allow Proposers the opportunity to clarify and expand upon aspects of their submittal.

Acceptance/Rejection of Proposal

Concession Agreements may be awarded to the Proposer whose proposal most closely satisfies the needs of the City and is deemed to be most advantageous to the City. The City reserves the right to accept or reject any item or group(s) of items of a proposal. The City also reserves the right to waive any informality or irregularity in any proposal.

The City reserves the right to reject any and all proposals or portions thereof received in response to this RFP, and thereafter reissue the RFP. Additionally, the City may, for any reason, decide not to award an Agreement(s) as a result of this RFP.

The City may reject a proposal if:

- Any of the RFP forms are left blank or are materially altered.
- Any document or item necessary to the proposal is incomplete, improperly executed, indefinite, ambiguous or has been omitted.
- Irregularities of any kind exist that tend to make the proposal incomplete, indefinite or ambiguous.
- Exceptions or modifications are made by the Proposer to the terms of this RFP.
- Evidence of collusion, directly or indirectly, is discovered among Proposers in regard to the amount, terms, or conditions of this proposal;
- A proposer fails to direct all questions/inquiries through the procurement contact;
- A proposer attempts to improperly influence any member of the selection staff;
- Any lawsuit, unresolved contractual claim or dispute exists or is pending between Proposer and the City and/or its related entities;
- Evidence of Proposer's inability to successfully complete the responsibilities and obligations of the proposal is discovered; or
- Proposer has defaulted under any agreement, and such default resulted in termination of the agreement.

Execution of Proposed Agreement

The Exemplar Concession Agreement contained in this document as Attachment C to this RFP, should be carefully and completely reviewed by all potential Proposers. Proposers should submit any questions regarding the terms and conditions of the Exemplar Concession Agreement within the time period provided for questions as outlined in the cover sheet of this document. Final award shall be contingent upon selected Proposer accepting Terms and Conditions in substantial conformity to the terms listed in the Exemplar Concession Agreement, as revised to incorporate the pertinent criteria contained in the successful Proposer's submittal.

If any language in this Request for Proposals conflicts or is inconsistent with the language of the Exemplar Agreement, the terms of the Exemplar Concession Agreement will govern.

After receipt of a notice of intent to award the Agreement, the successful Proposer will have a maximum of 30 days to complete and execute the Agreement. If the Agreement is not executed by the successful Proposer within the set time period, the Airport reserves the right to extend the time period, or to enter into an Agreement with another Proposer.

Proposal Bond:

Proposers must submit with their proposal the required Proposal Bond. The original Proposal Bond must be sealed in a separate envelope and clearly marked "Original Proposal Bond". The Proposal Bond must be in a form as described below in an amount of Twenty Thousand Dollars (\$20,000.00).

The Proposal Bonds must be made payable to the "City of San José " in the form of a cashiers' or certified bank check or surety bond in substantially the same form as the sample Proposal Bond form as

identified in Attachment G. All charges incurred in connection with procuring or liquidating any type of Proposal Bond shall be at the sole cost and expense of the Proposer.

The Proposal Bond will be held to guarantee execution of the Concession Agreement prior to the date of award by the City Council. The Proposal Bond will be retained by the City in the event that the Proposer fails to execute the Concession Agreement or to furnish the Faithful Performance Bond prior to the commencement of operations.

Proposal Bonds of all unsuccessful Proposer(s) shall be returned within thirty (30) days of the date the Concession Agreement is awarded, or, in the event that all Proposals are rejected, within thirty (30) days after the date of rejection.

Insurance

Prior to commencing any work or operation under the Concession Agreement, selected Proposer at its sole cost and for the full term of the Agreement and any extensions shall obtain and maintain insurance against claims for injuries to persons or damages to property which may arise from or in connection with the activities of Proposer meeting at least the minimum insurance requirements set forth in Exhibit F of the attached Exemplar Concession Agreement. Selected Proposer shall provide City with certificates of insurance or copies of all policies and such endorsements as may be required by City's Risk Manager.

ACDBE Program

The requirements of 49 CFR Part 23, regulations of the U.S. Department of Transportation, apply to this agreement. It is the policy of the City of San Jose to practice nondiscrimination based on race, color, sex or national origin in the award or performance of this contract. All firms qualifying under this solicitation are encouraged to submit bids/Proposals. The City plans to meet its 9.67% ACDBE participation targets through race-neutral means, and the City has therefore not established a contract specific ACDBE goal for the Agreement. The City's Airport Concession Disadvantaged Enterprise requirements are set out in Exhibit K of the Exemplar Concession Agreement

Jobs Creation and Reporting Requirements

The City is the recipient of a loan from the United States Department of Housing and Urban Development (HUD), the proceeds of which the City used to partially fund the acquisition of certain property located in the vicinity of the Airport (the "Airport West Property"). This HUD Loan is commonly referred to as a "Section 108 Loan," because these loans are administered through the HUD Section 108 Loan Guarantee Program. The Section 108 Loan Guarantee Program is a source of financing allotted by HUD for the economic development activities that include benefit to low and moderate income persons. The City has identified the creation of new low and moderate-income jobs at the Airport as a benefit that will result from the acquisition and development of the Airport West Property. Regulations governing the Section 108 program may be found at 24 CFR §570, Subpart M, "Loan Guarantees."

In order to document the creation of new low and moderate income jobs at the Airport, the City will require the successful proposer to commit to and document its efforts to make at least fifty-one percent (51%) of its jobs at the Airport available to low and moderate income persons. The successful proposer will also be required to provide training for any of its jobs at the Airport available to low and moderate income persons that require special skills or education.

For the purpose of determining whether a job is held by or made available to a low or moderate income person, the employee may be presumed to be a low or moderate income person if:

1. The employee resides within a census tract (or block numbering area) that either:
 - a. Meets the requirements of 24 CFR §570.208(a)(4)(v)¹; or
 - b. Has at least 70 percent of its residents who are low and moderate income persons;

OR

2. The job under consideration is to be located within a census tract (or block numbering area) that meets the requirements of 24 CFR §570.208(a)(4)(v) (see footnote on previous page).

Proposal Requirements With Regard to Section 108:

1. Jobs Listing - Proposers must submit with their proposal a proposed listing by job title (the “Jobs Listing”) of the permanent jobs to be created by the proposer at the Airport, indicating which jobs will be available to low and moderate income persons, which jobs require special skills or education, and which jobs are part-time, if any. The successful Proposer’s Jobs Listing shall become an Exhibit to the Exemplar Concession Agreement.
2. Hiring Plan for Low and Moderate Income Jobs - Proposers must submit with their proposal a proposed Concessionaire’s Hiring Plan for Low and Moderate Income Jobs. The proposed Plan must describe, in detail, the actions to be taken by the proposer to ensure that low and moderate income persons receive first consideration for the jobs listed by proposer in the Jobs Listing. The proposed Plan must also take into consideration and be consistent with City’s Employee Retention requirements. The successful Proposer’s Hiring Plan for Low and Moderate Income Jobs shall become an Exhibit to the Concession Agreement.

Nondiscrimination

By submitting a proposal to this RFP, Proposer certifies that they will fully comply with all Federal, State of California, and local laws pertaining to nondiscrimination, and certifies that they will not discriminate against or grant preferential treatment to any subcontractor on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity or national origin in the performance of City of San José contracts or agreements.

In addition, this RFP is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23. The Proposer agrees that it will not discriminate against any business owner because of the owner's race, color, national origin or sex in connection with the award or

¹ A census tract (or block numbering area) qualifies for the low and moderate income presumption if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

1. It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;
2. It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and
3. It evidences pervasive poverty and general distress by meeting at least one of the following standards:
 - a. All block groups in the census tract have poverty rates of at least 20 percent;
 - b. The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or
 - c. Upon the written request of the City, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23.

The Proposer agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR Part 23, that it enters and cause those businesses to similarly include the statements in further agreements.

The City's Office of Equality Assurance will investigate any complaints and make determinations with regard to any allegation of discrimination or preferential treatment.

Prohibition of Gifts

City officials are subject to several legal and policy limitations regarding receipt of gifts from persons, firms or corporations either engaged in business with the City or proposing to do business with the City. The offering of any illegal gift shall be grounds to disqualify a Proposer. To avoid even the appearance of impropriety, Proposers should not offer any gifts or souvenirs, even of minimal value, to City officers or employees.

The offer or giving of any gift prohibited by the San José Municipal Code shall constitute a material breach of the Agreement by the Proposer. In addition to other remedies the City may have by law or equity, City may terminate the Agreement for such breach.

Submission Instructions

A Proposal shall be submitted no later than September 21, 2012. Any Proposal received after the due date and time cannot be accepted and will not be evaluated or considered.

All proposal documents shall be typed, firmly sealed, and clearly marked on the outside: "Airport Duty Free Concession Proposal – Mineta San Jose International Airport" and include the name of the Proposer. Provide one original and five copies of your Proposal with your submission.

Proposers are encouraged to be complete yet concise in their response. As a guideline, Proposals should not exceed 30 single-sided pages in a font no smaller than 12-point, exclusive of all exhibits and any supplemental information provided.

A Proposal shall be sealed and delivered to:

Norman Y. Mineta San Jose International Airport
Attention: Seth Turner
1701 Airport Blvd., Suite B-1130
San Jose, CA 95110

Proposals must be received at this address by 3:00 p.m. on September 21, 2012.

Upon submittal of a proposal, it will be presumed that the Proposer has read and is familiar with all the RFP documents. Therefore, after receipt of a proposal by City, no request for modification of the proposal and no claim for adjustment of any provisions of the RFP shall be honored, regardless of any claim by a Proposer that it was not fully informed as to any fact or condition. Proposals may be withdrawn prior to the submission due date for any reason.

Consequences of Submitting a Proposal

The City shall not be responsible in any manner for the costs associated with the submission of proposals. Proposals, including all drawings, plans, photos and narrative material shall become the property of the City upon receipt. The City shall have the right to copy, reproduce, publicize or otherwise dispose of each proposal in any way that the City selects. The City shall be free to use as its own, without payment of any kind of liability therefore, any idea, scheme, concept, technique, suggestion, layout or plan received in its proposal process.

Procedure for Submitting Questions and Inquiries

All questions/inquiries must be made through the Airport Contact listed on the cover sheet of this document. Contact with representative(s) other than the Airport Contact listed on the cover sheet is grounds for disqualification. The Airport will provide a written response to all questions in the form of an Addendum.

Mandatory Pre-Proposal Meeting

Each Proposer, or its authorized representative, must attend the pre-proposal meeting with site tour in order to submit a proposal. All Proposers are required to attend and a sign-in sheet will record attendance. It is the Proposer's responsibility to ensure that the Proposer's attendance is recorded at the meeting. The pre-proposal meeting is scheduled for **Wednesday, August 29, 2012, at 9:00a.m.** The pre-proposal meeting will start at the Airport Administration Offices at 1701 Airport Boulevard, Suite B-1130, San Jose, CA. Proposers are asked to confirm that they will attend the pre-proposal meeting, no later than 5 days after receiving/downloading the RFP, by notifying the Procurement Contact.

The purpose of the pre-proposal meeting and site tour is to explain the requirements and objectives of this RFP and respond to questions. All questions during the pre-proposal meeting must be submitted in writing. The City reserves the right to decline to answer any question received. Questions and answers will be posted to the City's website after the pre-proposal meeting. The City shall not be responsible for nor be bound by any oral instructions, interpretations or explanations issued by the City or its representatives.

Objections

Any objections as to the structure, content or distribution of this Request for Proposals must be submitted in writing to the contact listed on the cover sheet of this document no later than October 4, 2012, by 5 p.m. Objections must be as specific as possible, and must identify the section and title as well as a description and rationale for the objection. The Airport will provide a written response to all objections in the form of an Addendum.

Grounds for Disqualification

All Proposers are expected to have read and understood Council Policy 0-35 on Procurement and Contract Process Integrity and Conflict of Interest adopted on February 6, 2007. A complete copy of the policy can be found at: http://www.sanjoseca.gov/clerk/cp_manual/CPM_0_35.pdf. Any Proposer who violates the Policy will be subject to disqualification. Generally, the grounds for disqualification include:

1. Contact regarding this Request for Proposals with any City official or employee or evaluation team other than the Contact listed on the Cover Page from the time of issuance of this Request for Proposals until the end of the protest period.

2. Evidence of collusion, directly or indirectly, among Proposers in regard to the amount, terms, or conditions of their Proposal.
3. Influencing any City staff member or evaluation team member throughout the Request for Proposals process, including the development of specifications.
4. Evidence of submitting incorrect information in the response to a request or misrepresenting or failing to disclose material facts during the evaluation process.

In addition to violations of Council Policy 0-35, the following conduct may also result in disqualification:

1. Offering gifts or souvenirs, even of minimal value, to City officers or employees.
2. Existence of any lawsuit, unresolved contractual claim or dispute between Proposer and the City.
3. Evidence of Proposer's inability to successfully complete the responsibilities and obligations of the proposal.
4. Proposer's default under any City agreement, resulting in termination of such Agreement.

Public Nature of Proposal Material

All correspondence with the City including responses to this RFP will become the exclusive property of the City and will become public records under the California Public Records Act (Cal. Government Code Section 6250 et seq.). All documents sent to the City will be subject to disclosure if requested by a member of the public. There are a very limited number of narrow exceptions to this disclosure requirement.

Therefore, any proposal which contains language purporting to render all or significant portions of their Proposal "Confidential," "Trade Secret," or "Proprietary," or fails to provide the exception information required as described below will be considered a public record in its entirety subject to the procedures below.

Do not mark your entire Proposal as "Confidential".

The City will not disclose any part of any Proposal before it announces a recommendation for award, on the ground that there is a substantial public interest in not disclosing Proposals during the evaluation process. After the announcement of a recommended award, all Proposals received in response to this RFP will be subject to public disclosure. If you believe that there are portion(s) of your Proposal that are exempt from disclosure under the Public Records Act, you must mark it as such and state the specific provision in the Public Records Act which provides the exemption as well as the factual basis for claiming the exemption. For example, if you submit trade secret information, you must plainly mark the information as "Trade Secret" and refer to the appropriate section of the Public Records Act that provides the exemption as well as the factual basis for claiming the exemption.

Although the California Public Records Act recognizes that certain confidential trade secret information may be protected from disclosure, the City of San José may not be in a position to establish that the information that a Proposer submits is a trade secret. If a request is made for information marked "Confidential," "Trade Secret," or "Proprietary," the City will provide Proposers who submitted the

information with reasonable notice to seek protection from disclosure by a court of competent jurisdiction.

Responsibility and Prohibitions

Please check your RFP packet upon receipt to ensure that you are in possession of all documents listed in the table of contents. The RFP is available through the Airport's website at www.sjc.org. Please thoroughly review all parts of this RFP. It is important that each Proposer follow the requirements set forth in the RFP. All information and material submitted by each Proposer will be analyzed by the City and will be subject to independent verification. Inaccurate, incomplete or nonresponsive statements may be cause for rejection.

In accordance with City's Policy on Procurement and Contract Process Integrity and Conflict of Interest (Policy #0-35) adopted on February 6, 2007, Proposers may be disqualified from the procurement without further consideration for any of the following:

- Prior to the issuance of RFP, contact between prospective respondents and City staff, elected officials or consultant is permissible.
- After issuance of RFP and prior to submission deadline for RFP, all contact between prospective respondents and the City must be directed to the procurement contact designated in Section 1.6. City staff, elected officials and consultants will refer all inquiries to the procurement contact. All requests for clarification, objections to the structure, content, or distribution of a solicitation or other inquiries must be made in writing and the City shall answer to these clarifications, objections, and inquiries in writing via addenda to the solicitation.
- After the submission deadline of the RFP and prior to issuance of a Notice of Intended Award, all contact regarding the procurement between Proposers and the City and participants in the evaluation process, who are not City employees, must be directed to the procurement contact designated in the solicitation. City staff, elected officials and consultants will refer all inquiries to the procurement contact.
- After issuance of a Notice of Intended Award, all respondents shall follow the procedures for protest as indicated in the solicitation document. During the protest period, City staff, elected officials and consultants will refer all inquiries to the Protest Hearing Officer identified in the RFP.
- After completion of the protest period, contact between prospective respondents and City staff, elected officials, or consultants is permissible.

LIST OF ATTACHMENTS

Attachment A	Enplanement Data
Attachment B	Permanent Duty Free Concession Area
Attachment C	Exemplar
Attachment D	Business and Financial References
Attachment E	Proposer's Questionnaire
Attachment F	Sales and Revenue Projections
Attachment G	Sample Proposal Bond Form