



**SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY  
STAFF REPORT**

**Item No.  
11**

**Meeting Date: AUGUST 4, 2011**

**Subject:**

**Grant a Concession Lease to Paradies – San Diego, LLC (A Joint Venture) for Development and Operation of Retail Package #1**

**Recommendation:**

Adopt Resolution No. 2011-0091, awarding a concession lease to Paradies - San Diego, LLC for development and operation of Retail Package #1, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and ten (10) months, which includes a period not to exceed thirty-four (34) months to allow for Package Completion, with a first year Minimum Annual Guarantee (MAG) of \$1,147,000; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

**Background/Justification:**

For the past three years, staff has been planning for a new concession program at San Diego International Airport (SDIA). The Concession Development Program (CDP) incorporates additional concession opportunities from the Terminal 2 West (Green Build) and Terminal 2 East expansion projects and the re-concepting of most existing locations beginning in December 2012. At its October 26, 2009 meeting, the Board was first informed of the CDP including the goals, objectives, and business strategy of the initiative. Staff further informed the Board of different concession management approaches and recommended a hybrid approach of multiple prime concessionaires with the option for direct leasing. At its November 4, 2010 meeting, staff updated the Board on the CDP Request for Proposals planning and business community outreach efforts. Finally, at its January 6, 2011 meeting, the Board was briefed on RFP packaging guidelines and concession locations in advance of the release of the RFP in February 2011.

On February 2, 2011, eight (8) food service and eight (8) retail concession packages were released via the CDP RFP at SDIA. The CDP will expand from today's approximately 60,000 square feet to approximately 85,000 square feet of food service and retail space when completed. At full build-out in 2014, the number of food service and retail concession locations will increase from 55 today to up to 86.

000079

As previously briefed to the Board, the CDP RFP included the following goals and objectives:

- Diversity of concepts from local, regional, national, and international brands
- Encourage healthy competition
- Optimize concession revenues
- Capture the spirit of the San Diego region
- Create opportunities for local, small and Airport Concession Disadvantaged Business Enterprises (ACDBE)
- Maximize concession opportunities
- Provide an efficient operating environment
- Exceed passengers' expectations

Each package of the RFP required respondents to propose rent terms that included a fixed MAG and percentage rents of gross sales within a specified range. To ensure a diversity of concepts and encourage competition, the RFP also established the following limitations on the award of concession leases to a single proposer:

- 30% of food service square footage
- 35% of retail square footage
- 30% of total program square footage

### **Retail Package #1 Details**

Retail Package #1 encompasses 26% of the total retail square footage. Retail Package #1 includes the following ten locations and concept types:

<b>Location</b>	<b>Square Footage</b>	<b>Concept</b>
T2W-Core	361	Leather Goods
T2W-Core	1,073	Sports Store
T2W-Core	1,677	Newsstand and Sundries
T2W-Core	1,150	Casual Apparel
T2W-North Rotunda	1,157	Local Concept & Themed Products
T2W-Pre-Security	399	Newsstand and Sundries
T1-Pre-Security	127	Jewelry
T1-Post-Security	560	Newsstand and Sundries
T2E-Pre-Security	610	Newsstand and Sundries
T2E-Post-Security	986	Bookstore
<b>Total</b>	<b>8,100</b>	

A map depicting the Retail Package #1 locations within the terminals is provided in Attachment 1.

The term of the concession lease includes up to 34 months to allow build out of all locations included in the Package (Package Completion), during which time, percentage rent shall be paid. After Package Completion, the MAG requirements set forth below shall apply.

Retail Package #1 included the following minimum requirements:

<b>Minimum Investment in Fixed Improvements per Square Foot</b>	\$300
<b>Percentage Rent Range</b>	13.00% to 17.00%
<b>Minimum Annual Guarantee</b>	
<b>1<sup>st</sup> Annual Period</b>	\$1,147,000
<b>2<sup>nd</sup> Annual Period following Package Completion Date</b>	90% of the actual rent paid to Authority during the first Annual Period, or 103% of the MAG for the first Annual Period, whichever is greater.
<b>3<sup>rd</sup> through 7<sup>th</sup> Annual Period</b>	90% of the actual rent paid to Authority during the prior Annual Period, or 103% of the MAG for the prior Annual Period, whichever is greater.

### **Retail Package 1 Proposals**

On May 25, 2011, four proposals were received for Retail Package #1 from the following entities:

- Host International, Inc. (Host) - Proposed business entity is comprised of Host International, Inc. as prime concessionaire with a sublease to a joint venture comprised of Host International, Inc. (74% ownership) and Nine Dragons, Inc. (26% ownership)
- HG-CV-Epicure-Martinez San Diego JV (Hudson Group) - Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (Hudson) (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)

- LS Travel Retail and Partners at SAN, LLC (LS Travel Retail) - Proposed business entity is comprised of a joint venture of LS Travel Retail North America(74% ownership) and P&P Services, LLC (26% ownership)
- Paradies-San Diego, LLC (Paradies) - Proposed business entity is comprised of a joint venture between The Paradies Shops, LLC (70% ownership) and CRS Sophisticated Solutions, Inc. (30% ownership)

A comparison of the proposed concepts associated with the 10 locations in Retail Package #1 is provided below:

Location	T2W-2070	T2W-2048	T2W-2086	T2W-2062	T2W-2032	T2W-1010	T1W-1021	T1E-1000	T2E-2005	T2E-2055
<b>Square Feet</b>	<b>361</b>	<b>1,073</b>	<b>1,677</b>	<b>1,150</b>	<b>1,157</b>	<b>399</b>	<b>127</b>	<b>560</b>	<b>610</b>	<b>986</b>
Proposer	Concepts									
Host	Tumi	Callaway	Sunset News	Sun Diego Surf	Crazy Shirts	Sunset News	Talie	San Diego Union Tribune	San Diego Union Tribune	Simply Books
Hudson Group	Galleries San Diego	Rip Curl	Hudson News/Disc-over	Tommy Hilfiger	San Diego Zoo	Coronado News	Fire CZ	CNN News	Lindbergh News	Warwick's
LS Travel Retail	Leather by Rebecca Norman	Team Shops San Diego	San Diego Union Tribune	Billabong	Discover San Diego	USA Today Travel	Rebecca Norman Handmade in CA	Relay	San Diego Union Tribune	Watermark Books
Paradies	Brighton Collectibles	PGA Tour Shops	CNBC News San Diego	Lacoste	Gaslamp Market-Place	SANd News	Shades of Time	Channel 10 News	CNBC Express	The New York Times Bookstore

**Financial Offer**

Proposer	Proposed Percentage Rent	Year One MAG
Host	13%	\$1,147,000
Hudson Group	\$0-\$7.0M 13% \$7.0M-\$9.0M 15% Over \$9.0M 17%	\$1,147,000
LS Travel Retail	\$0-\$5.0M 13% Over \$5.0M 17%	\$1,147,000
Paradies	13% Specialty 17% Non-Specialty	\$1,147,000

**Evaluation Process**

The Authority's evaluation panel was comprised of six panelists: (a) three Authority Division Vice Presidents, (b) one Authority Department Director, and (c) two airport concession program managers from San Francisco International and Seattle-Tacoma International Airports.

Proposals were evaluated using the following criteria and weighting factors:

Criteria	Weighting %
Company Background, Experience, Financial Capability and Financial Offer	35
Concept/Brand Development and Merchandise/Menus	20
Designs, Materials, and Capital Investment	15
Management, Staffing Plan, and Training	15
Operations and Maintenance Plan	10
Marketing and Promotions Plan	5

Additional consideration was given in the evaluation process for proposals that met or exceeded the Authority's standards for small business preference (Authority Policy 5.12) and worker retention (Board Resolution 2010-0142R).

The evaluation panel reviewed the four proposals using the above criteria and ranked the proposals from "1" (best suited) to "4" (least suited). The results of the rankings of each panel member (PM) are presented in the matrix below:

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	4	4	4	3	3	4	22
Hudson Group	1	3	1	1	2	3	11
LS Travel Retail	3	2	3	4	4	2	18
Paradies	2	1	2	2	1	1	9

The evaluation panel recommends that a concession lease be awarded to Paradies - San Diego, LLC for development and operation of Retail Package #1 (as included in the Request for Proposals for Food Service and Retail Concessions) for a maximum term of nine (9) years and ten (10) months with a first year MAG of \$1,147,000.

Depictions of Paradies' concepts for this package are presented in Attachment 2.

**Fiscal Impact:**

Annual revenue for the Authority will be no less than the MAG amount of \$1,147,000 for Retail Package #1. In addition, based on the projected gross sales of the concessionaires, the Authority estimates that total CDP annual operating and maintenance costs (including operating costs for the Central Receiving and Distribution Center) will be recoverable from concessionaires.

**Environmental Review:**

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act Pub. Res. Code §30106.

**Equal Opportunity Program:**

The Authority's small business program promotes the utilization of small, local, disadvantaged, and other business enterprises, on all contracts, to provide equal opportunity for qualified firms. By providing education programs, making resources available, and communicating through effective outreach, the Authority strives for diversity in all contracting opportunities.

The Authority has an Airport Concession Disadvantaged Business Enterprise ("ACDBE") Plan as required by the Department of Transportation, 49 CFR Part 23. The ACDBE Plan calls for the Authority to submit a triennial overall goal for ACDBE participation on all concession projects.

This solicitation is an airport concession opportunity; therefore, it will be applied toward the Authority's overall ACDBE goal. Paradies - San Diego, LLC is proposing 30% ACDBE participation on this project.

**Prepared by:**

VERNON D. EVANS  
VICE PRESIDENT, FINANCE/TREASURER



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

**Date:** July 27, 2011  
**To:** Board Members  
**Via:** Thella F. Bowens, President/CEO   
**From:** Robert H. Silvas, Director - Small Business Development  
**Subject:** Update to Airport Concession Disadvantaged Business Enterprise (ACDBE) Participation Measure for the Concession Development Program (CDP)

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This memo is an update to the communication dated July 22, 2011. Previously, we identified an "achieved" and a "pending" status for ACDBE participation. The "pending" status was defined as having an ACDBE participation commitment but additional information was still required. Most of these issues have been resolved and it is apparent that the level of ACDBE participation that the concessionaires have committed will be met.

As a result, ACDBE participation levels have been achieved. As it pertains to the joint ventures, they will provide final documentation upon completion of all business transactions (i.e. loans, promissory notes, etc.) to verify compliance with the Federal Aviation Administration's Joint Venture Guidance.

Thank you for the opportunity to provide additional clarification. Please contact me at (619) 400-2567 or via email to [rsilvas@san.org](mailto:rsilvas@san.org) with any questions.



SAN DIEGO  
INTERNATIONAL  
AIRPORT

# **INFORMATION RECEIVED FROM THE PUBLIC**



July 22, 2011

Airport Group:  
**Blake Harwell**  
646-228-5900  
bharwell@unitehere.org

UNITE HERE Local 30:  
**Dan Rottenstreich**  
619-630-4373  
dan@unitehere.org

### ***Professional Careers and Standards***

The San Diego County Regional Airport Authority demonstrated great foresight by including a worker retention directive into its concessions evaluation. The Board's directive was designed to ensure a smooth transition between concessions operators and a strengthened concessions program that will benefit the traveling public and all stakeholders.

### ***Best in Class Worker Retention = Maximum Bonus Points***

Our **10 Point Worker Retention Program** has been proven throughout the airport concessions industry to provide the best possible workforce transition. Those who submitted Worker Retention Exhibit L language modeled on this 10 point program provided the Authority with unambiguous and objectively verifiable evaluation criteria.

LS Travel Retail and Partners and The Paradies Shops are the only two retailers who submitted strong workforce retention programs with guaranteed workforce transitions. We strongly support Paradies and LS Travel Retail for maximum points in Worker Retention.

### ***No Guarantees = Bare Minimum Worker Retention = Minimum Points***

Hudson News, Stellar Partners and Pacific Gateway Concessions (PGC) cannot make any guarantees about their workforce transitions. Their nonbinding promises on retention do not exceed minimum requirements. Their proposals undercut the Authority's goal of ensuring a smooth transition. Attempts by Hudson, Stellar or PGC to convey retention guarantees may provide a basis for challenges to the awards.

### ***Recommendations:***

- 1. Score sheets and submittals should be made available to the public for review in advance of awards.**
- 2. Any bonus points awarded to Hudson, PGC or Stellar Partners Worker Retention Program should be reevaluated by the Authority. Bonus points not awarded to LS Travel and Retail or Paradies should likewise be reevaluated.**
- 3. The Authority Board should not issue awards on questionable Retail recommendations until reevaluations have been completed.**



San Diego Concession Employees, UNITE HERE Local 30, UFCW Local 135 and the San Diego Labor Council recognize and endorse the following submittals as “best in class” for workforce transition plans. These companies deserve maximum points for their guaranteed workforce transition plans.

**Food and Beverage:**

HMSHost  
OTG Management  
SSP America  
High Flying Foods

**Retail:**

HMSHost  
LS Travel Retail and Partners  
The Paradies Shops, Inc.

*All other submittals without such guarantees should receive 0 bonus points for their workforce transition plans.*

1. **Removing risks and liability from Airport through arbitration.** This means the Airport will be less exposed to any risks or liability if such disagreements about the worker retention program arise.
2. **No additional costs to Airport to oversee program.** UNITE HERE, UFCW and San Diego – Imperial Counties Labor Council have agreed to help administer the worker retention transition, including, but not limited to jointly funding the impartial arbitrator. This means the airport will likely incur no administrative costs relating to its adopted worker retention requirements. Proposers without such an agreement will increase the Airport’s administrative costs and further expose the Airport to risks and liability.
3. **Labor Harmony.** For those companies including employees’ 10 Point Program, the concessions employees and their representative unions will refrain from any type of economic interference with the concessions operations. This means a concessionaire can get 100% operational faster and without workforce disagreements causing unnecessary delays.
4. **No time limit on Employee Pool.** Qualified employees from the available incumbent worker pool will be offered employment until it is exhausted or all positions are filled.
5. **Extended Preliminary Re-Hire Period.** Employees will be retained for a minimum of 180 days, double the time period required by the Board.
6. **Automatic job offers.** Full employment will be offered to all employees who receive satisfactory evaluations.
7. **Expanded definition of incumbent worker.** We will retain any employees who have been employed by the terminated contractor for 6 months or longer. We believe this is a way we can demonstrate our overall commitment to the San Diego community and maximize jobs retained at all levels.
8. **Meet or exceed current standards.** “Best In Class” concessionaires feel this will promote the best possible customer service from a dedicated, respected workforce.
9. **Supported by workers, unions.** “Best in Class” concessionaires will have letters of support from employees and their representative labor organizations.
10. **Industry Tested Implementation Procedures.** Our program has established, national industry-wide tested procedures for retaining employees that utilizes seniority and job skills to pair employees with concessionaires.

Should be  
copied to  
Vernon, Tony

RECEIVED  
MAY 10 2011  
SDCRAA - Executive Offices

May 9, 2011

Thella Bowens, President and CEO  
San Diego County Regional Airport Authority  
3225 North Harbor Drive  
Third Floor, Commuter Terminal  
San Diego, CA 92101

RE: Letter of Recommendation – Swain Creations, Inc. (Jer's Chocolates)

Dear Thella:

I understand that Swain Creations, Inc. otherwise known as Jer's Chocolates is one of the retailers being considered as a vendor at the San Diego County Regional Airport.

They are the best example of a local company that really gives back to our community. Plus their product is delicious! I am the immediate Past President of the Jacobs-Cushman San Diego Food Bank. I know Jerry Swain as he serves on the Food Bank Board of Directors. He does not just fill a seat as he gives freely of his time and product. He has spent hours working with local grocery stores in helping us get additional stores to provide us with product. We all like to purchase products when we travel that are locally made; this company makes great product and is a great community partner.

We would be very proud to have Jer's Chocolates as one of our community's best. I highly recommend Swain Creations, Inc. for your concessions program.

Please do not hesitate to contact me if I can provide a more detailed reference for this company.

Best Personal Regards,



Stephen P. Cushman

CC: Robert H. Gleason, Board Chair

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CUSH FAMILY FOUNDATION

9820 Willow Creek Road, Suite 440 • San Diego, CA 92131  
P: 858.549.2874 • F: 858.549.2025



**CAFFÉ CALABRIA**  
COFFEE ROASTING CO.

RECEIVED  
MAY 13 2011  
SDURAA - Executive Offices

Wednesday, May 11, 2011

Thella F. Bowens  
President/Chief Executive Officer  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego, CA 92138-2776

Please accept this letter as confirmation that Caffé Calabria Coffee Roasting Company has entered into an exclusive agreement for supplying the finest roasted coffee on the West Coast to Guava & Java for the San Diego International Airport proposed locations. As such, Guava & Java has the sole rights to use all corporate branding and collateral materials from Caffé Calabria in preparing a submittal response to San Diego County Regional Airport Authority for the Request for Proposal for Food Service Package 4, Unit T2W-1095 and T1E-2000.

In addition to providing freshly roasted coffee for the San Diego Airport, Caffé Calabria will also provide thorough and detailed coffee instruction and ongoing barista training. We will also provide ongoing routine maintenance and service on all of our coffee-related equipment to ensure the high-quality that is synonymous with Caffé Calabria.

Caffé Calabria's roots are deeply embedded within the local community. We take great pride in contributing and collaborating with local schools and organizations as it is our philosophy to give back to the community. It is our belief that this relationship will fortify the Authority's desire and goals to create opportunities for ACDBE, local, and small businesses, capture the spirit of the San Diego Region, ensure a diversity of concepts, and encourage healthy competition.

We look forward to our business relationship, continued success, and the possibilities of bringing the Guava & Java and Caffé Calabria experience to the patrons of San Diego International Airport. If you should have any questions, please feel free to contact us.

Sincerely,

Arne Holt  
President  
Caffé Calabria Coffee Roasting Company

*Il caffè più ricco  
al mondo, pieno di  
sviluppo, gratitudine  
e amore, per  
avere*

McDonald's USA, LLC  
Southern California Region  
3800 Kilroy Airport Way, Ste. 200  
Long Beach, CA 90806

Copy to  
Vernon  
Tommy

July 19, 2011

Thella Bowens, President and CEO  
San Diego County Regional Airport Authority  
3225 North Harbor Drive  
San Diego, CA 92101

**Re: McDonald's future food and beverage concessions at San Diego International Airport ("SAN")**

Dear Ms. Bowens:

For more than 10 years, McDonald's has proudly been a part of the food and beverage concessions program at SAN. With three restaurants currently operating at SAN, we have greatly enjoyed being a part of the SAN family and building long-term relationships with the Airport Authority, its Board and the staff at your wonderful facility.

As you know, McDonald's response to the Request for Proposals for Food Service and Retail Concessions dated February 2, 2011 ("RFP") was determined to be "non-responsive." As McDonald's is no longer a competing bidder, we feel that it is important to share with you some background on our considerable efforts with regard to the RFP and reiterate our strong desire to remain an integral part of the food and beverage concessions program at SAN.

Whether merely an unintended result or otherwise, the required structure, form and scoring of the RFP response presented significant challenges to McDonald's. We reached out to all major master concessionaires – as well as numerous smaller groups – in an attempt to identify a partner that would include McDonald's on its proposal. However, despite McDonald's previously partnering with many of these companies at other airports around the country, none of them were willing to include McDonald's on their response. Rationale for excluding McDonald's fell into two categories: (a) that a global brand (as opposed to a local concept) would be a disadvantage when the response was scored by the Airport Authority's Evaluation Panel; and/or (b) the economic structure of the RFP made it difficult to realize certain financial returns if McDonald's was part of the food and beverage offerings.

Rather than completely eliminate ourselves from the process, given our long-standing relationship with the airport, we decided to submit the best bid possible with the optimism that an opportunity would surface that would allow us to continue doing business at SAN. Perhaps the Airport Authority has some flexibility to select a concept and proposal though it may not strictly comply with the "package"

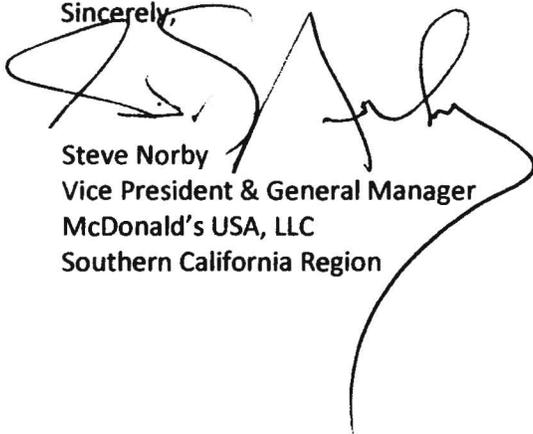
parameters set forth in the RFP. For example, Part 4, Evaluation and Selection Process, provides in relevant part, “[t]he Authority reserves the right to modify the spaces allocated at its sole discretion.” Accordingly, McDonald’s respectfully requests the chance to negotiate directly with the Airport Authority, if such an opportunity is available.

McDonald’s brings a lot more to the table than industry leading operations and high dollar-per-square foot returns. Our company is widely recognized as a leader in minority hiring and worker retention, and has a long history of Owner/Operator ACDBE certification.

We would greatly appreciate an opportunity to meet with you at your earliest convenience to discuss McDonald’s future at SAN.

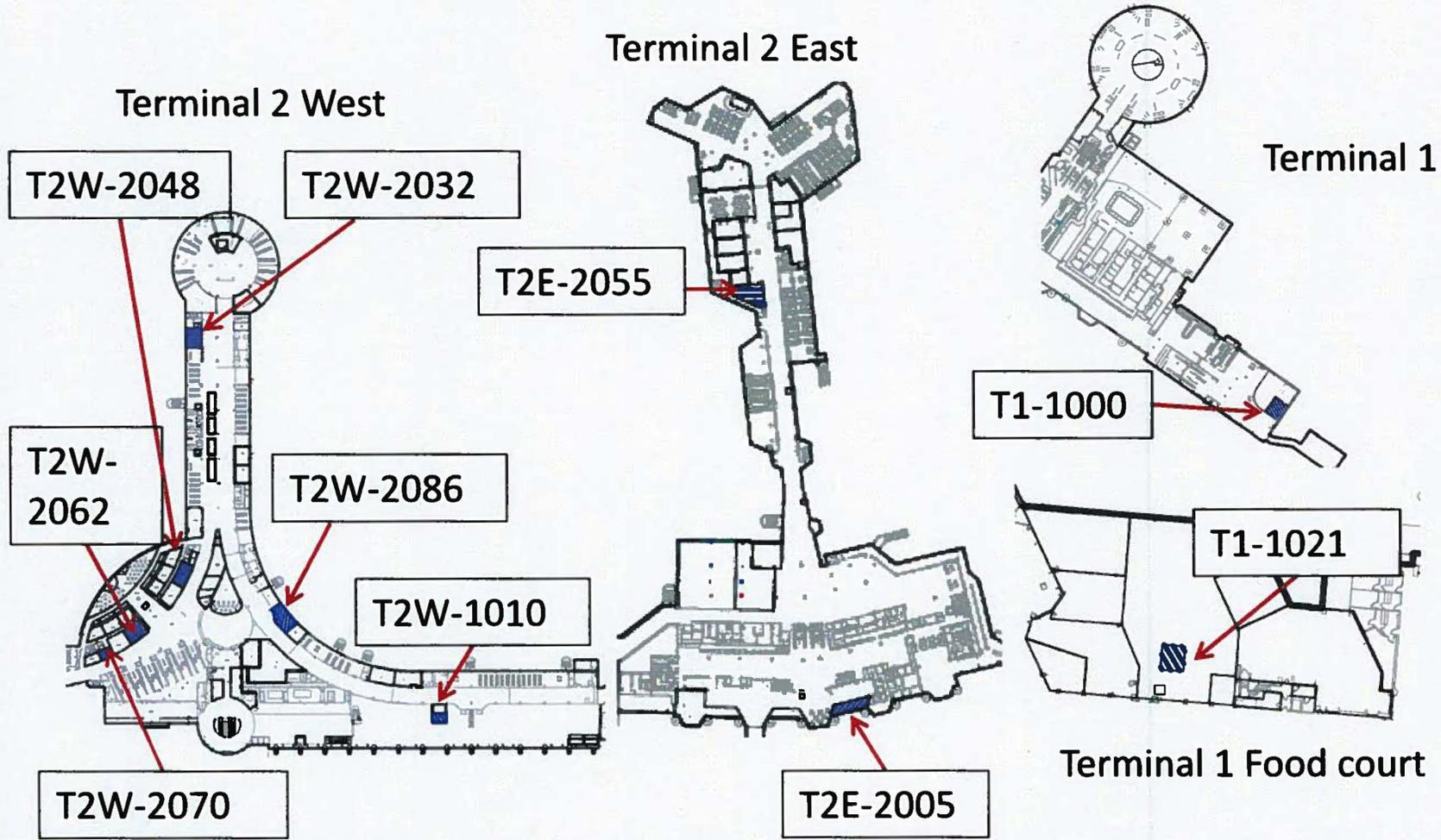
Thank you in advance for your consideration. If you have any questions, please feel free to contact me at (562)753-2025 or [steve.norby@us.mcd.com](mailto:steve.norby@us.mcd.com).

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'S. Norby', is written over the typed name and title.

Steve Norby  
Vice President & General Manager  
McDonald’s USA, LLC  
Southern California Region

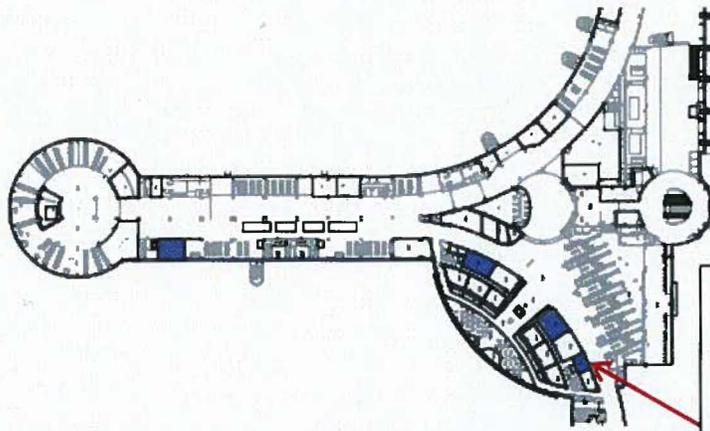
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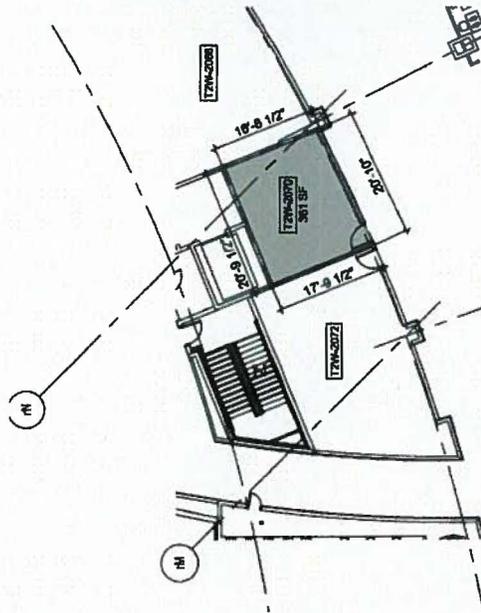
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# RETAIL PACKAGE 1 T2W-2070 – 361 SF

Terminal 2 West



T2W-2070



*Brighton®*

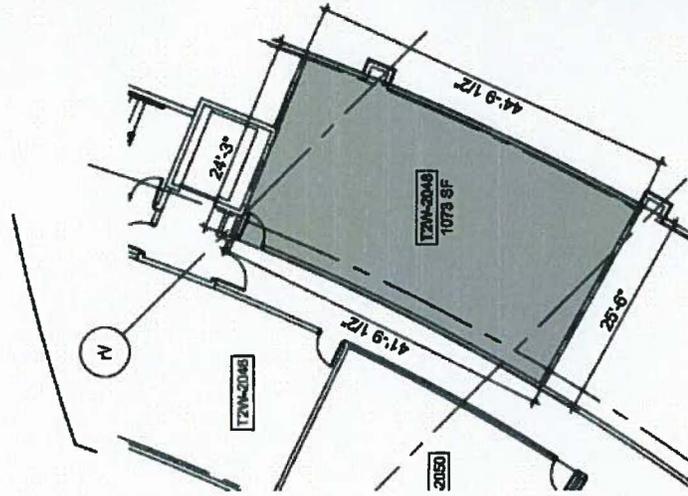
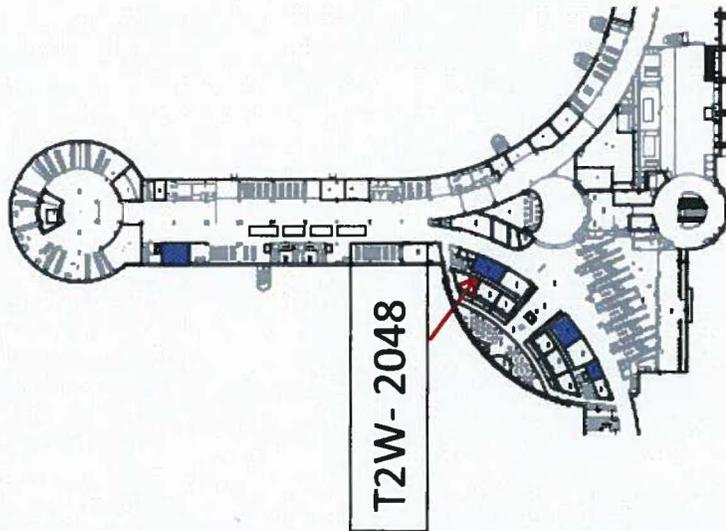


# Retail Pkg 1: Paradies



# RETAIL PACKAGE 1 T2W-2048 – 1073 SF

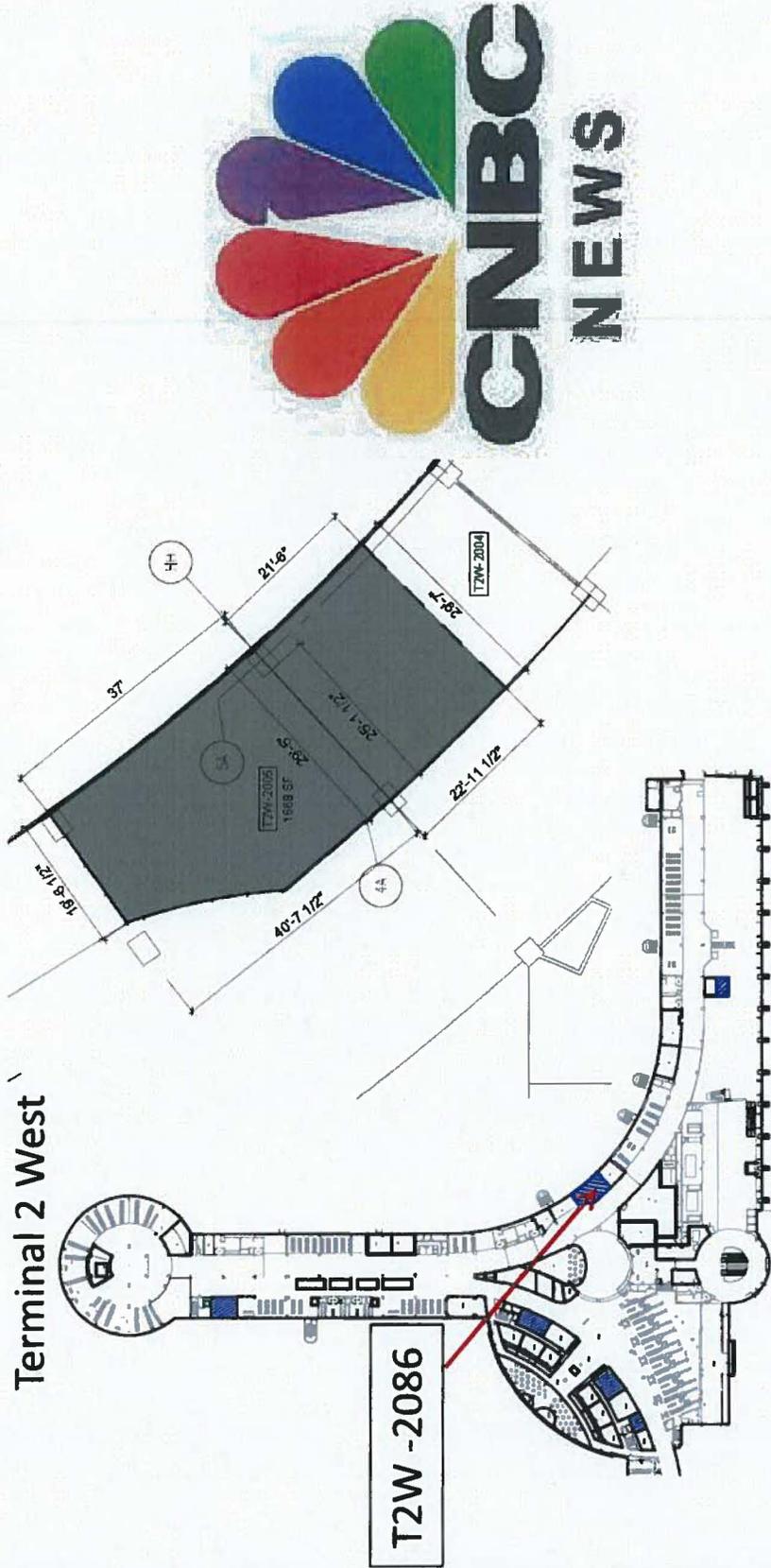
Terminal 2 West



# Retail Pkg 1: Paradies



# RETAIL PACKAGE 1 T2W-2086 1668 SF

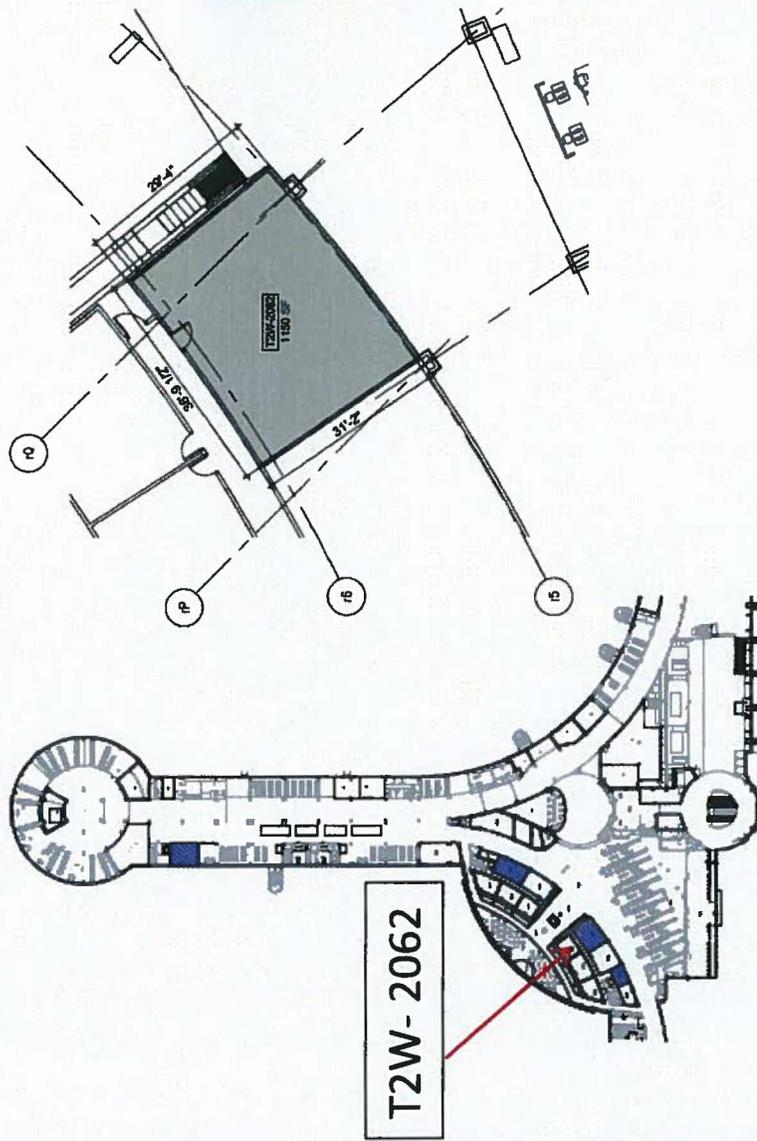


# Retail Pkg 1: Paradies

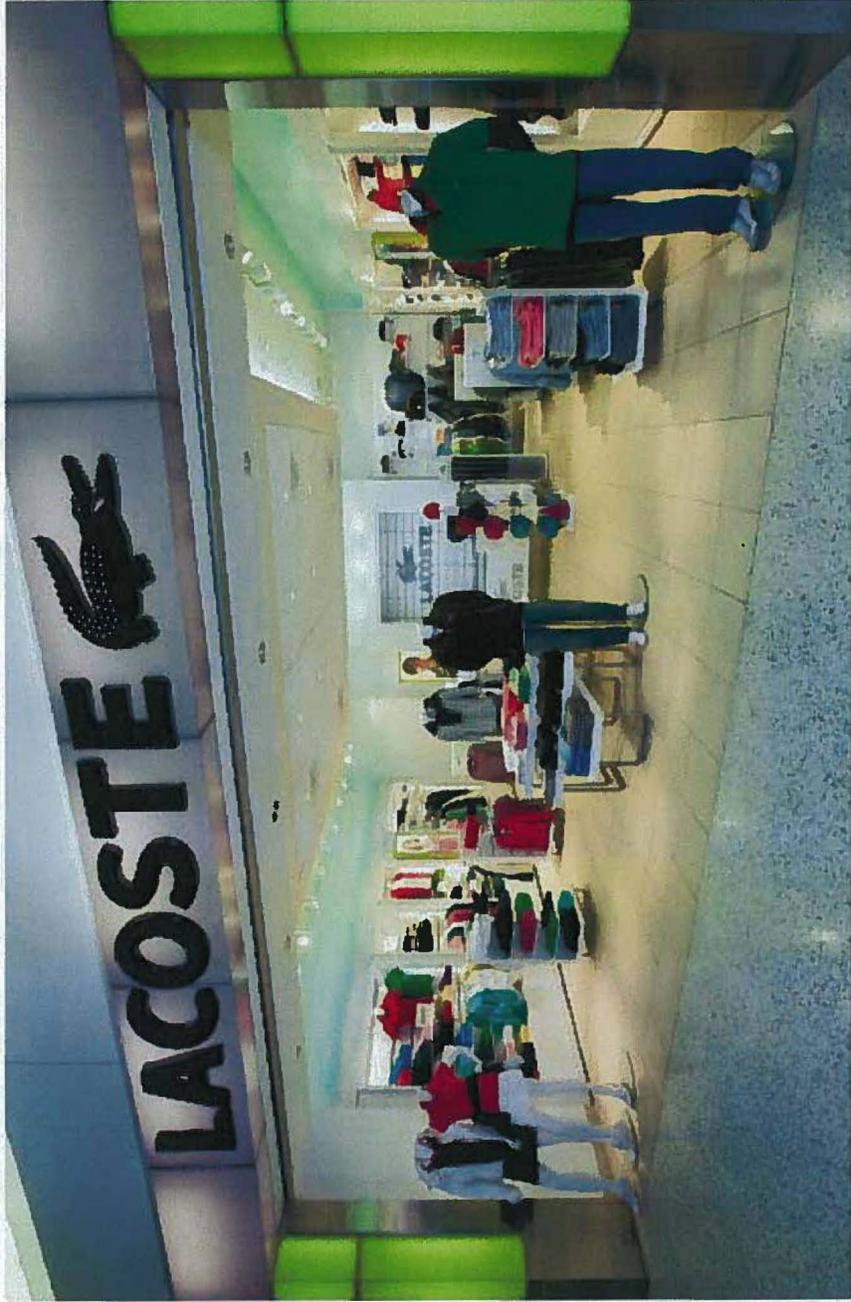


# RETAIL PACKAGE 1 T2W-2062 – 1150 SF

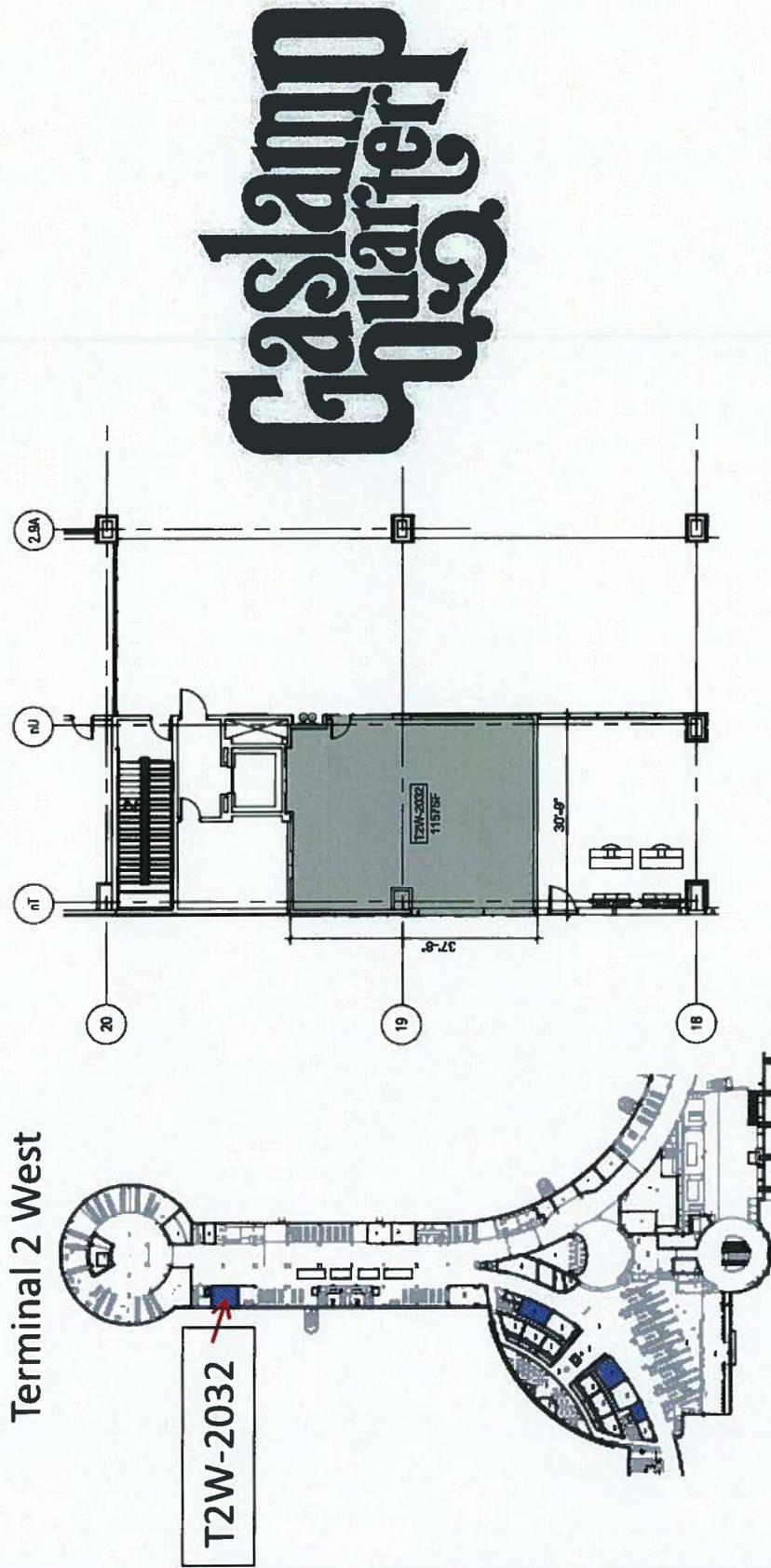
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# Retail Pkg 1: Paradies



# RETAIL PACKAGE 1 T2W-2032 – 1157 SF

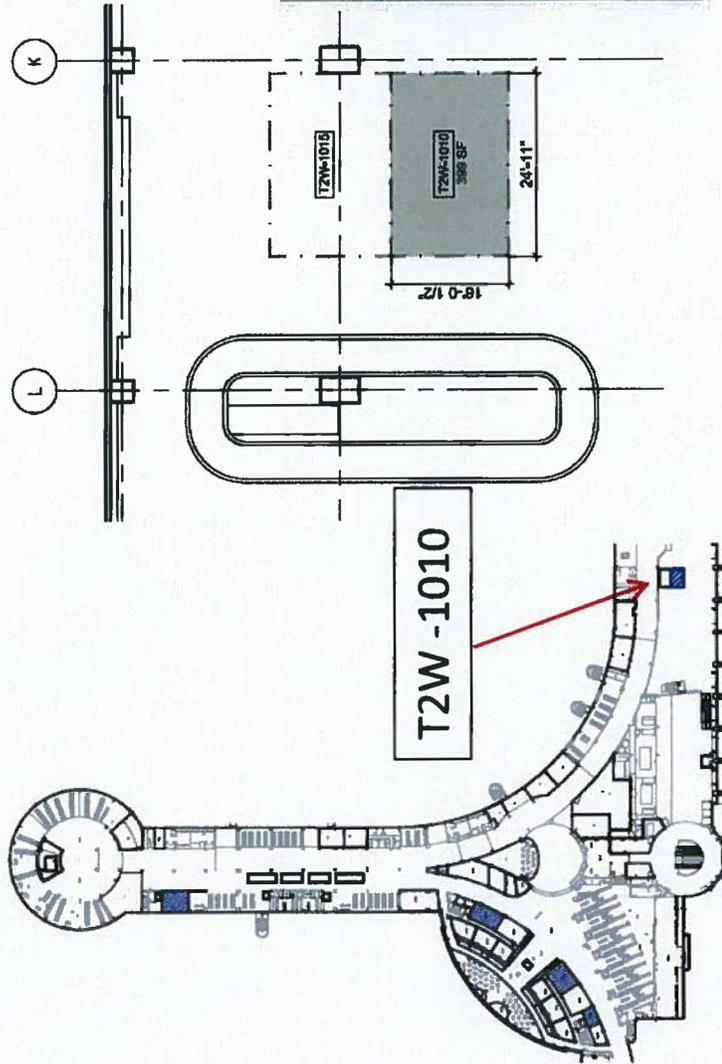


# Retail Pkg 1: Paradies



# RETAIL PACKAGE 1 T2W -1010 – 399 SF

Terminal 2 West



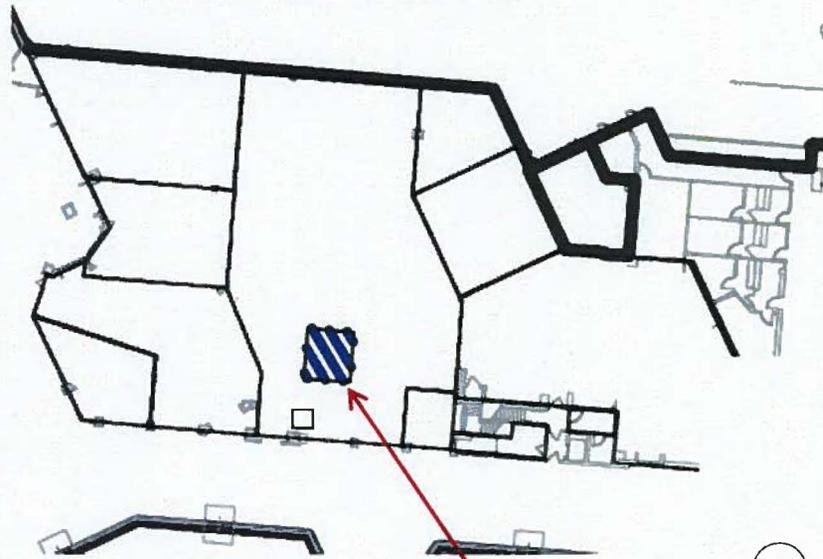
# Retail Pkg 1: Paradies



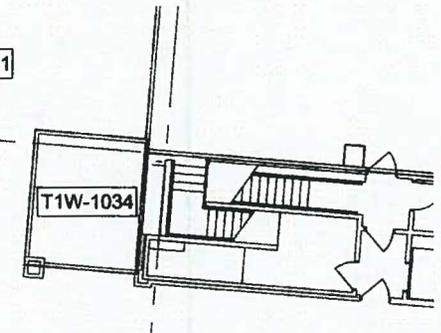
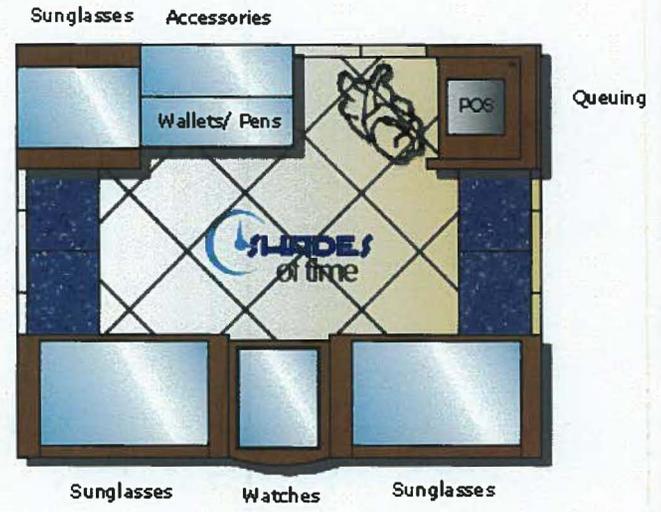
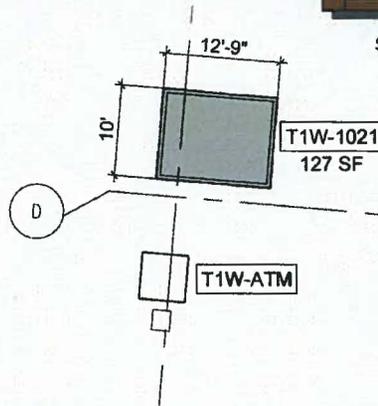
# RETAIL PACKAGE 1

## T1W-1021- 127 SF

Terminal 1 Food Court



T1W -1021



860000



# Retail Pkg 1: Paradies

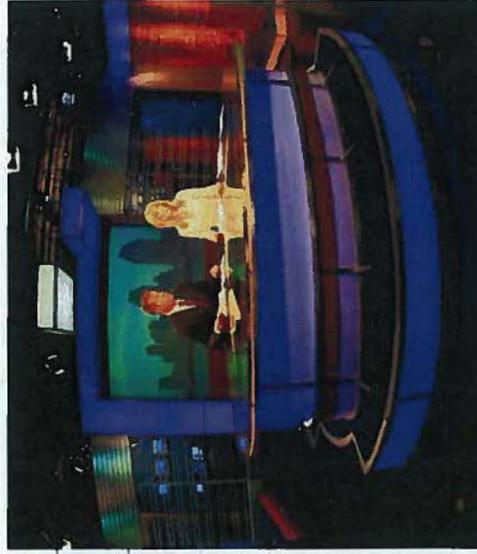
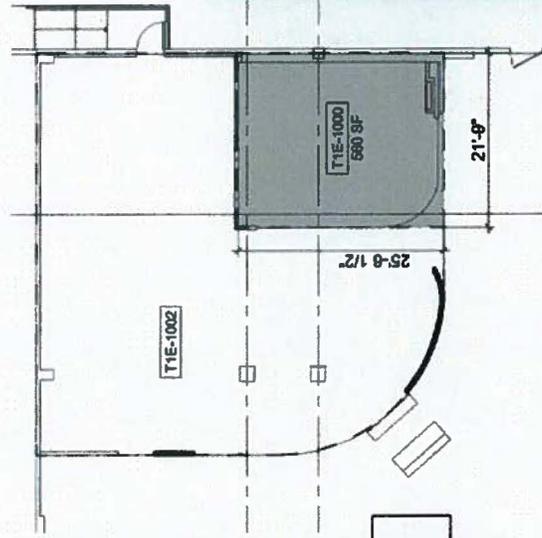
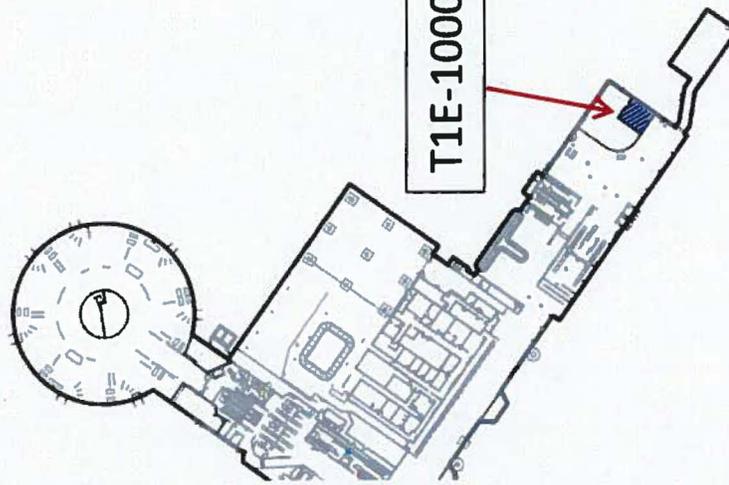


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# RETAIL PACKAGE 1 T1E-1000 – 560 SF

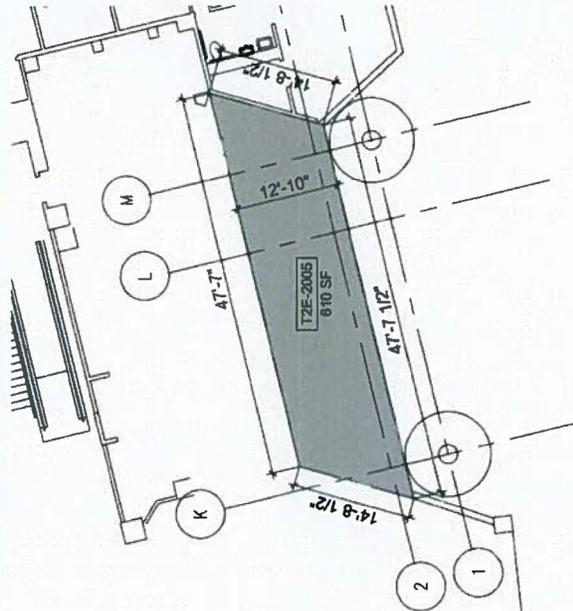
Terminal 1



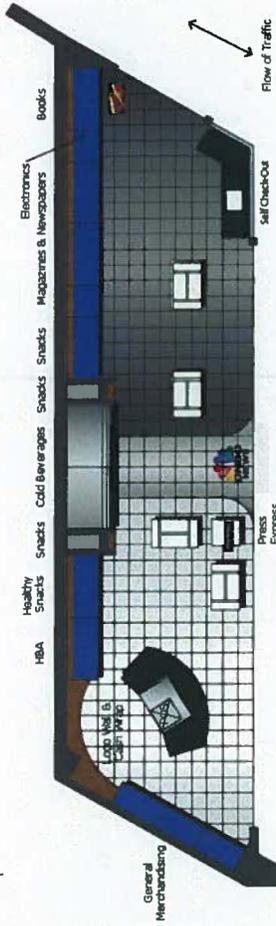
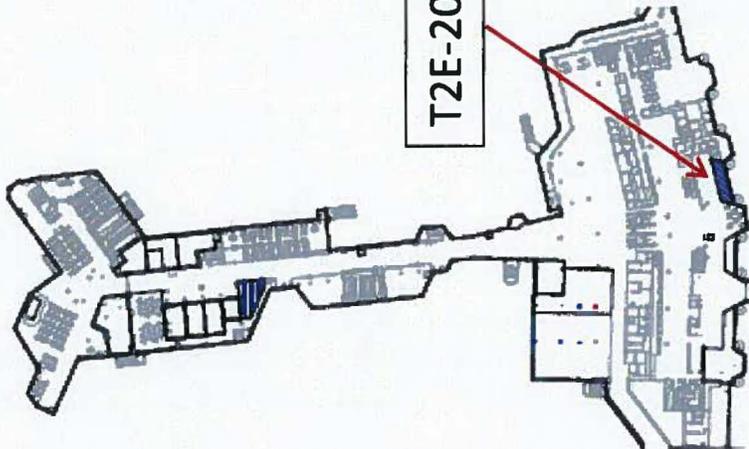
# Retail Pkg 1: Paradies



# RETAIL PACKAGE 1 T2E-2005 - 610 SF



Terminal 2 East

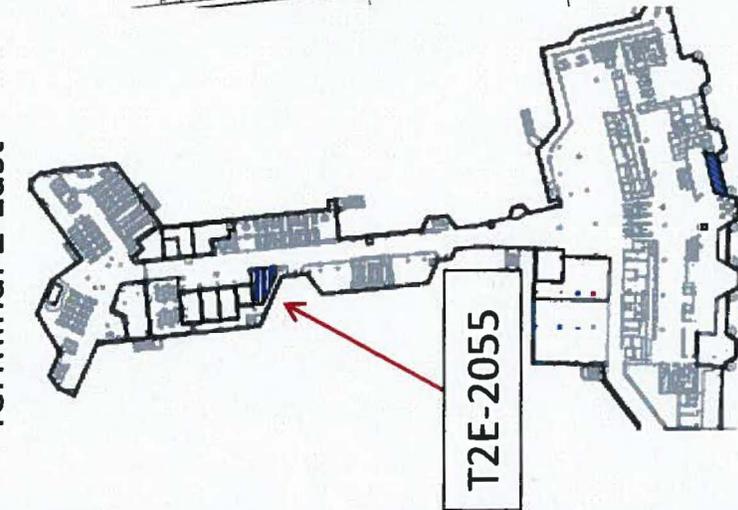


# Retail Pkg 1: Paradies

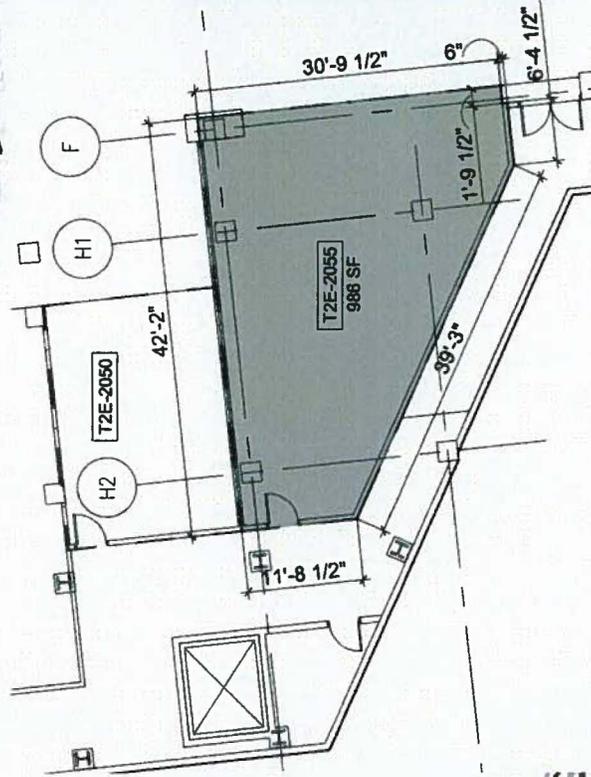


# RETAIL PACKAGE 1 T2E -2055 – 986 SF

Terminal 2 East



# The New York Times



# Retail Pkg 1: Paradises



RESOLUTION NO. 2011-0091

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONCESSION LEASE TO PARADIES - SAN DIEGO, LLC FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #1, AS INCLUDED IN THE REQUEST FOR PROPOSALS FOR FOOD SERVICE AND RETAIL CONCESSIONS, FOR A MAXIMUM TERM OF NINE (9) YEARS AND TEN (10) MONTHS, WHICH INCLUDES A PERIOD NOT TO EXCEED THIRTY-FOUR (34) MONTHS TO ALLOW FOR PACKAGE COMPLETION, WITH A FIRST YEAR MINIMUM ANNUAL GUARANTEE (MAG) OF \$1,147,000; AND AUTHORIZING THE PRESIDENT/CEO TO TAKE ALL NECESSARY ACTIONS TO EXECUTE THE CONCESSION LEASE

WHEREAS, for the past three years, staff has been planning to solicit responses via a Request for Proposal (RFP) for a new food service and retail concession program at San Diego International Airport; and

WHEREAS, the Concession Development Program (CDP) RFP provides for new concession locations from the Terminal 2 West (Green Build) and Terminal 2 East Expansion projects and complete re-concepting of existing locations, beginning in December 2012; and

WHEREAS, at its October 26, 2009 meeting, the Board was informed of the goals, objectives and business strategy of the CDP; and

WHEREAS, at its November 4, 2010 meeting, staff informed the Board of CDP RFP planning, involving business community outreach efforts; and

WHEREAS, at its January 6, 2011 meeting, the Board was briefed on RFP packaging guidelines and concession locations; and

WHEREAS, on February 2, 2011, the CDP RFP was released. The CDP RFP included eight food service packages totaling 46 locations and eight retail packages totaling 40 locations; and

WHEREAS, each package required respondents to propose a fixed Minimum Annual Guarantee and percentage rents within a specified range; and

WHEREAS, to ensure a diversity of concepts and encourage competition, the CDP RFP also established the following limitations on the award of concession leases to a single proposer:

- 30% of food service square footage
- 35% of retail square footage
- 30% of total program square footage; and

WHEREAS, Retail Package #1 includes ten locations encompassing approximately 8,100 square feet; and

WHEREAS, on May 25, 2011 four proposals were received for Retail Package #1; and

WHEREAS, the proposers were evaluated by an evaluation panel using the following criteria:

- company background, experience, financial capability and financial offer;
- concept/brand development and merchandise/menus;
- design, materials and capital investment;
- management, staffing plan, and training;
- operations and maintenance plan; and
- and marketing and promotions plan; and

WHEREAS, additional consideration was given in the evaluation process for proposals that met or exceeded the required standards for small business participation and worker retention; and

WHEREAS, the evaluation panel reviewed the proposals and recommended that a concession lease be awarded to Paradies - San Diego, LLC for development and operation of Retail Package #1 (as included in the CDP RFP) for a maximum term of nine (9) years and ten (10) months, (which includes a period not to exceed thirty-four (34) months to allow for base building construction, Authority shell construction and renovation, and build out of the concession locations (Package Completion)) with a total first year Minimum Annual Guarantee (MAG) of \$1,147,000; and

WHEREAS, the Board finds that awarding a concession lease to Paradies - San Diego, LLC is in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby AWARDS a concession lease to Paradies - San Diego, LLC for development and operation of Retail Package #1, as included in the Request for Proposals for Food Service and Retail Concessions, for a maximum term of nine (9) years and ten (10) months, which includes a period not to exceed thirty-four (34) months to allow for Package Completion, with a first year Minimum Annual Guarantee (MAG) of \$1,147,000 and AUTHORIZES the President/CEO to take all necessary actions to execute the concession lease; and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA"), Pub. Res. Code §21065; and is not a "development" as defined by the California Coastal Act, Pub. Res. Code §30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of August, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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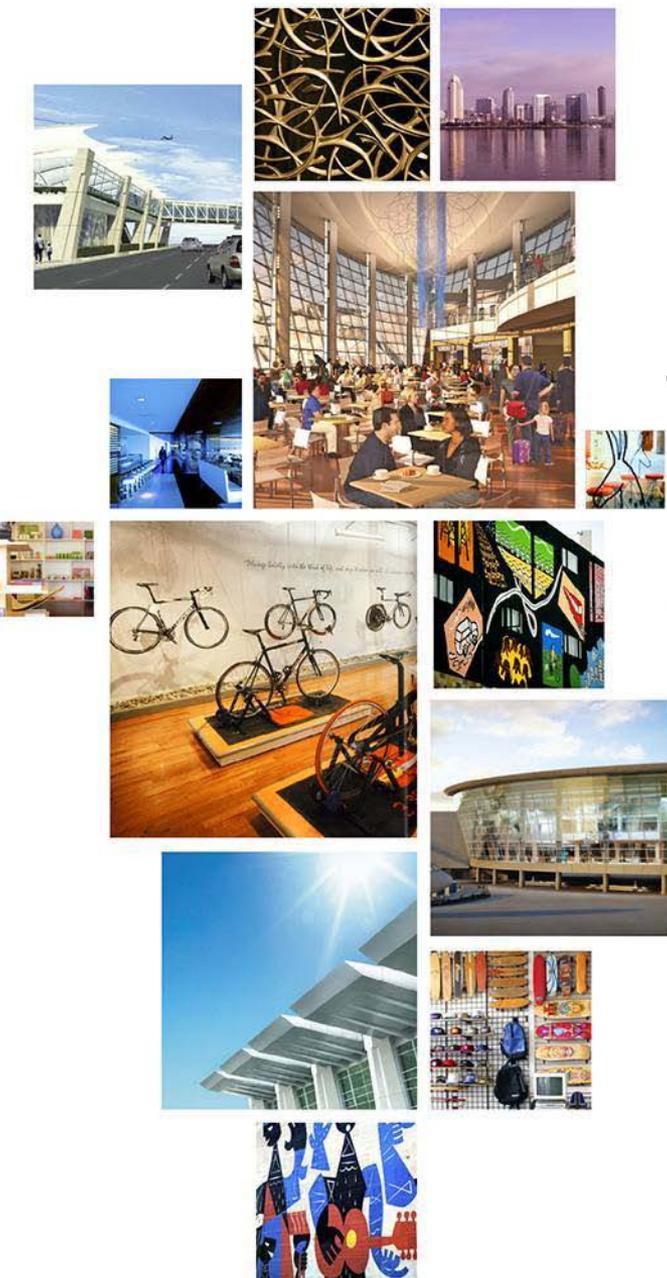
TONY R. RUSSELL  
DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

---

BRETON K. LOBNER  
GENERAL COUNSEL

000108



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

**CONCESSION DEVELOPMENT PROGRAM (CDP)  
REQUEST FOR PROPOSALS (RFP)  
RECOMMENDATIONS FOR AWARD OF TWELVE  
(12) CONCESSION LEASES**

**Vernon D. Evans**  
Vice President, Finance

August 4, 2011



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Presenters

Jana Vargas  
Director, Procurement

Bob Silvas  
Director, Small Business Development

Nyle Marmion  
Manager, Concession Development  
Real Estate Management



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# CDP RFP Goals and Objectives

- Maximize concession opportunities
- Provide an efficient operating environment
- Exceed passengers' expectations
- Capture the spirit of the San Diego Region
- Ensure a diversity of concepts
- Encourage healthy competition
- Create opportunities for ACDBE, local, and small businesses
- Represent the best local, regional, national, and international concepts/brands
- Optimize non-aviation revenues



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# CDP RFP Timeline

Milestones	Date
Outreach	July 2009 – December 2010
Board Briefing	October 26, 2009
Board Briefing	November 4, 2010
Board Briefing	January 6, 2011
Concessions Industry Day	January 21, 2011
Release of Request For Proposals (RFP)	February 02, 2011
Pre-Submittal Conference	February 16, 2011
Questions and Clarifications Deadline	March 25, 2011
RFP Submittals Due to Authority	May 25, 2011
Evaluation Panel Review/Interviews	June/July 2011
Recommendation to Board	August 4, 2011



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Outreach Efforts: Concession 101 Sessions

Date	Event	Estimated # of Attendees
7/16/2009	Authority Advisory Committee	40+
11/16/2009	Existing Concessionaires' Quarterly Meeting	30
11/18/2009	San Ysidro Chamber of Commerce	35-40
2/10/2010	Airport Volunteer Ambassadors	100
2/24/2010	Existing Concessionaires' Quarterly Meeting	30
3/25/2010	National City, California	4
4/13/2010	Asian Business Association	30
4/22/2010	El Cajon, California	34
6/7/2010	Existing Concessionaires' Quarterly Meeting	30
6/15/2010	Board Room, Commuter Terminal	55
7/28/2010	Regional Bank Representatives	9



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Outreach Efforts: Business and Community Groups

Date	Event	Estimated # of Attendees
11/19/2009	San Diego County Hispanic Chamber of Commerce Monthly Meeting	40
11/21/2009	United Veterans Council Monthly Meeting	30
12/3/2009	San Diego North Economic Development Council Holiday Luncheon & Awards Presentation	200
1/26/2010	Asian Business Association's Monthly Rice Club	35
2/18/2010	Women Construction Owners & Executives Quarterly Meeting	35
2/18/2010	Asian Business Association Lunar New Year Celebration	300



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Outreach Efforts: Business and Community Groups

Date	Event	Estimated # of Attendees
3/12/2010	SCORE Women's Networking Breakfast and Exhibition	200
5/7/2010	Assemblymember Marty Block's Outreach Event: <i>Grow Your Small Business – Financing and Contracts</i>	60
5/25/2010	San Diego Women's Construction Coalition	30
June 2010	National Latina Business Women Association	75
10/21/2010	Central San Diego Black Chamber of Commerce "Economic Summit"	30

# Outreach Efforts: Direct Contacts

As of	Type	Status
February 2011	CDP Interest List	200+



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Outreach Efforts: National Events

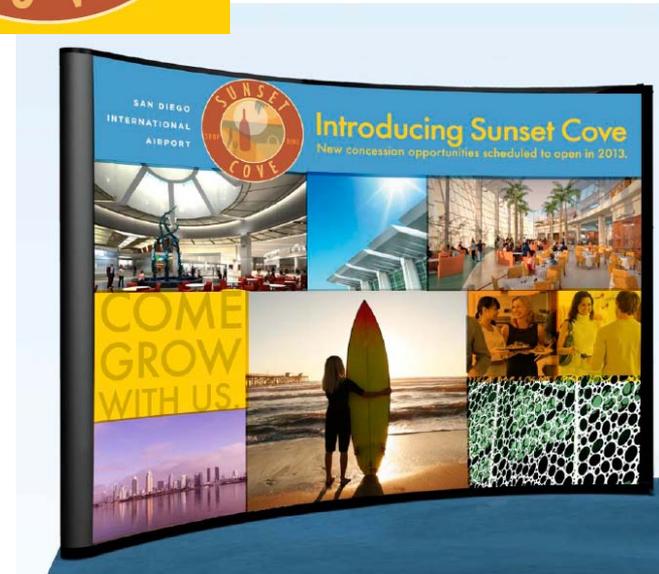
Date	Event
3/13-17/2010	Airport Revenue News (ARN) Conference & Exhibition Houston, TX
5/14-20/2010	Association of Airport Executives (AAAE) Conference & Exhibition Dallas, TX
5/22-25/2010	International Convention of Shopping Centers (ICSC) RECON Global Retail Real Estate Convention Las Vegas, NV
6/18-23/2010	Airport Minority Advisory Council (AMAC) Diversity Conference New Orleans, LA
11/08-11/2010	Airport Council International Concessions Conference Phoenix, AZ



## SAN DIEGO INTERNATIONAL AIRPORT Concession Development Program

# Marketing and Public Relations Efforts

- Sunset Cove Brand
- Trade Show Booth and Graphics
- Collateral Materials
  - Sunset Cove Bag
  - Concession Opportunities Brochure
  - CDP Business Opportunities Webpage





**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Marketing and Public Relations Efforts

- CDP Promotional Advertising
  - ACI-NA Centerlines Magazine, AAAE Airport Magazine and Airport Revenue News Magazine

**WE'RE  
 REINVENTING  
 SHOPPING AND DINING  
 AT THE AIRPORT.  
 BIG IDEAS  
 WELCOME.**

*We're seeking to create inviting and memorable experiences that reflect a San Diego that has come of age – as a dynamic, enterprising and trendsetting cultural hot spot.*

**SAN DIEGO INTERNATIONAL AIRPORT IS DOUBLING ITS CONCESSION SPACE, AND REDEVELOPING 100% OF ITS EXISTING FOOD & BEVERAGE AND RETAIL SERVICES.**



*If you're a local, regional, national or international retailer or restaurateur with an original concept that helps to define the San Diego experience, we want to hear from you.*

**Go to [san.org/cdp](http://san.org/cdp) to register your business today.**  
 RFPs for the Concession Development Program (CDP), will be released 1Q 2011. We encourage small, local, minority and women-owned businesses, to participate. For additional information, contact Bhavesh A. Patel, Manager, Concession Development Program. 619-400-2593. [bpatel@san.org](mailto:bpatel@san.org)



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SAN DIEGO INTERNATIONAL AIRPORT

## New Concession Opportunities

Request for Proposals to be released Q1 2011

For Information: [SAN.ORG/CDP](http://SAN.ORG/CDP)

COME GROW WITH US

**BHAVESH A. PATEL**  
 Manager,  
 Concession Development Program

San Diego County Regional Airport Authority  
 P.O. Box 82776  
 San Diego, CA 9238-2776

W: 619-400-2593  
 C: 619-952-9840  
[bpatel@san.org](mailto:bpatel@san.org)



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP Requirements

- Limitation on Award
  - Proposers may submit proposals for multiple food service and retail packages
  - SDCRAA will limit the number of awards made to any single Proposer based on square footage
    - 30% of Food Service Program
    - 35% of Retail Program
    - 30% of Total Program



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP Requirements

- Minimum Capital Investment Requirements
  - Food Service
    - \$350 – \$450 per square foot for the initial build out
  - Retail
    - \$300 – \$400 per square foot for the initial build out
  - Mid-term refurbishment will be required



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP Requirements

- Term of Concession Leases
  - Food Service: 7 to 10 years
  - Retail: 5 to 7 years
- Pricing Policy
  - Street Pricing plus Ten Percent (10%)
  - Price comparison exclusions:
    - Resort Hotels or Communities
    - Sports and Entertainment Venues
    - Other Transportation Terminals
    - Amusement Parks and Hotels



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP Requirements

- Rent Terms for each package defined in the RFP
  - Minimum Annual Guarantee (MAG)
    - Adjusted annually
      - 90% of Rent paid to Authority during the prior Annual Period
      - or
      - 103% of MAG for the prior Annual Period, whichever is greater
  - Percentage Rent of Gross Sales by Category of Merchandise



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# RFP – Evaluation Criteria

Criteria	Weighting %
Company Background, Experience, Financial Capability and Financial Offer	35
Concept/Brand Development and Merchandise/Menus	20
Designs, Materials, and Capital Investment	15
Management, Staffing Plan, and Training	15
Operations and Maintenance Plan	10
Marketing and Promotions Plan	5
	<b>100%</b>



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP – Evaluation Criteria

- Company Background, Experience, Financial Capability and Financial Offer – 35% Weighting
  - Relevant experience in the operation of the proposed concept
  - Business Plan, Financial Statements and Metrics
    - Demonstrate an understanding of the proposed lease
    - Reasonableness and viability of proposed operation
    - Financial offer
    - The ability to fund continuing operations from the cash flow generated by the operation



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

## RFP – Evaluation Criteria

- Concept/Brand Development and Merchandise/Menus – 20% Weighting
  - Merchandise mix is consistent with concept and provides a wide variety of merchandise and price points
  - Incorporating storage into the design of the spaces and fixtures
  - Overall appeal of proposed concept to passengers
  - Conformance with concept sought in RFP
  - Ability to optimize sales, revenue, and customer satisfaction



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

## RFP – Evaluation Criteria

- Designs, Materials, and Capital Investment – 15% Weighting
  - Interior and exterior renderings and floor plans layouts
  - Description of the design and materials to be used
  - Amount of capital investment made by unit
  - Reflects Tenant Design Criteria Manual Guidelines
  - Design supports the proposed brand/concept and a strong merchandising strategy is incorporated into design



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP – Evaluation Criteria

- Management, Staffing, and Training – 15% Weighting
  - Description of key individuals and their specific roles and responsibilities
  - Proposed organization chart and staffing
  - Employee standards and expectations
  - Description of customer service standards
  - Defined rules and regulations, training programs, and on-going orientation or on-the-job training
  - Customer service and monitoring of the concession to ensure high standards are maintained
  - Customer service assurance procedures and guarantees



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

## RFP – Evaluation Criteria

- Operation and Maintenance Plan – 10% Weighting
  - Procedures for merchandise replenishment, warehousing/storage, and inventory control
  - Overall store standards including maintenance of concession facilities, cleanliness of the location, fixtures, and orderly display of merchandise
- Marketing and Promotions Plan – 5% Weighting



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# RFP – Evaluation Criteria

- Board-Adopted Preferences
  - Small Business Preference (Authority Policy 5.12)
  - Worker Retention (Board Resolution 2010 – 0142R)



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Evaluation Panel Makeup

## Six Panelists

- Vice President, Development (41 years airport industry experience)
- Vice President, Finance (30 years airport industry experience)
- Vice President, Planning and Operations (16 years airport industry experience)
- Director, Small Business Development (20 years airport industry experience)
- Airport Concession Program Manager – SEA
  - 10 years airport concessions experience
  - Award winning program
- Airport Concession Program Manager – SFO
  - 23 years airport concessions experience
  - Award winning program



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# RFP Submittals

- Proposals Due – May 25, 2011
- 48 Responsive Proposals from 20 Business Entities:

Host International, Inc	OTG Management West, LLG
Diego Concession Group, LLC	Paradies – San Diego, LLC
Green Beans Coffee Co., Inc.	PGC-PCI San Diego, LLC
Guava & Java SFO Inc.	Project Horizon, Inc.
HG-CV-Epicure-Martinez San Diego, JV	RMS Enterprises, LLC
High Flying Foods San Diego Partnership	SAN Airport Partners, Inc.
Nine Dragons, Inc.	Spa Didacus, Inc.
LS Travel Retail and Partners at SAN, LLC	SSP America, Inc.
Mission Yogurt, Inc.	Stellar Partners, Inc.
NewZoom, Inc.	XpresSpa San Diego Airport, LLC

- 2 Non-responsive proposals from 2 Business Entities



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# ACDBE Program

- Title 49 Code of Federal Regulations, Part 23
- Three Year Goal
- Overall Goal – 24%
- Achievement
  - Direct Lease
  - Sublease
  - Joint Ventures
  - Suppliers & Vendors



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# FAA Guidance on Joint Ventures

- FAA Issued Guidance in July 2008
- Areas For Review
  - Capital Contribution
  - Risks & Profits
  - Management
  - Control



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# ACDBE Participation

Retail ACDBE  
Participation  
36%

Food ACDBE  
Participation  
21%

Total Retail & Food ACDBE  
Participation  
28%



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package Summary

Package Number	Package Term (Years)	Unit Count	Square Footage	Market Share
				<b>Retail</b>
1	7	10	8,100	26%
2	7	6	6,037	20%
3	7	7	5,856	19%
4	7	7	4,763	15%
5	7	2	1,457	5%
6	5	4	280	1%
7	7	3	2,313	8%
8	7	2	1,897	6%



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 1

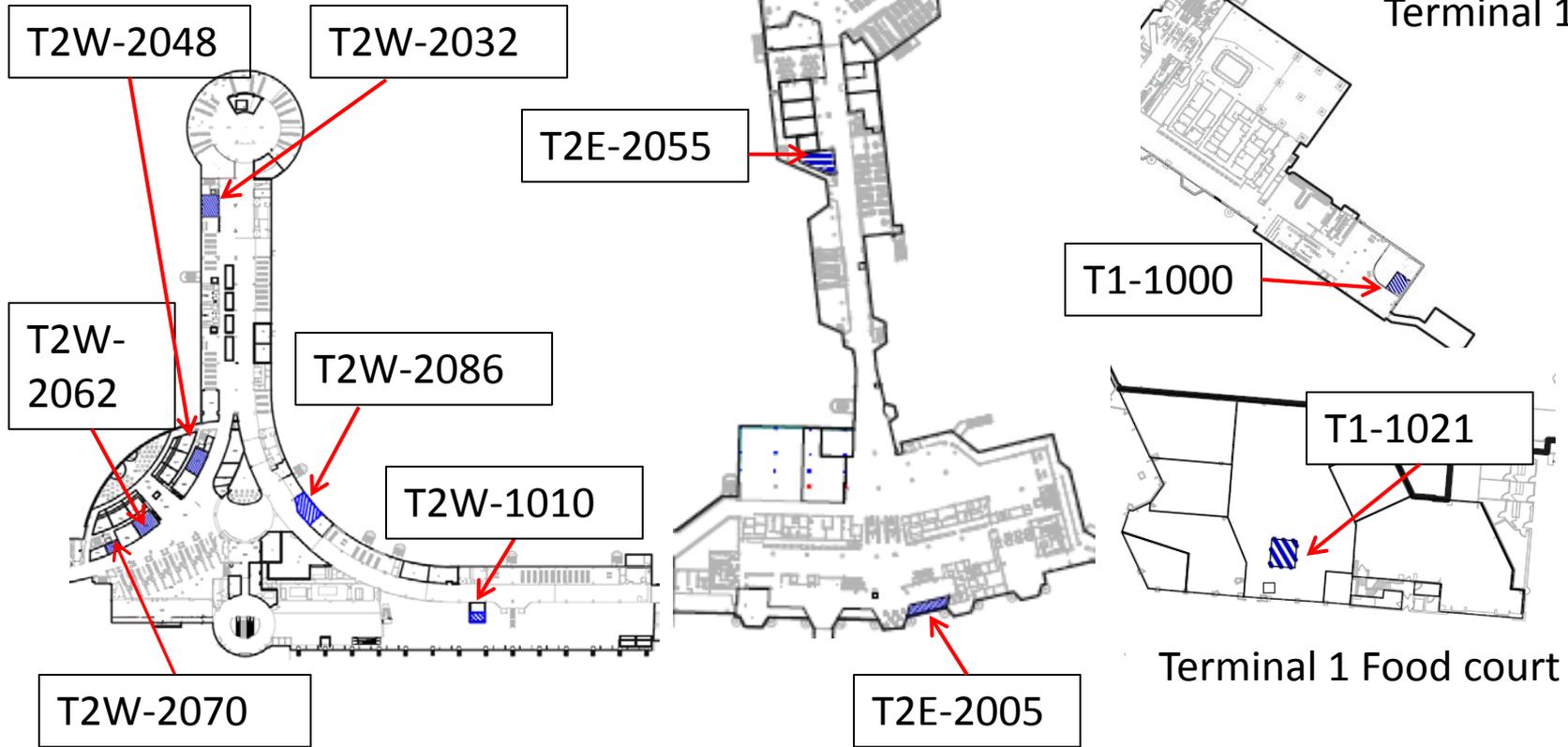
Package	Unit Count	Unit Number	Location	Square Footage	Concept
1	1	T2W-2070	T2W Core	361	Leather Goods
1	1	T2W-2048	T2W Core	1,073	Sports Store
1	1	T2W-2086	T2W Core	1,677	Newsstand and Sundries
1	1	T2W-2062	T2W Core	1,150	Casual Apparel
1	1	T2W-2032	T2W North Rotunda	1,157	Local Concept & Themed Products
1	1	T2W-1010	T2W Pre-Security	399	Newsstand and Sundries
1	1	T1W-1021	T1 1 Pre-Security	127	Jewelry
1	1	T1E-1000	T1 Post-Security	560	Newsstand and Sundries
1	1	T2E-2005	T2E Pre-Security	610	Newsstand and Sundries
1	1	T2E-2055	T2E Post-Security	986	Bookstore
<b>TOTAL</b>	<b>10</b>			<b>8,100</b>	

# RETAIL PACKAGE 1

Terminal 2 East

Terminal 2 West

Terminal 1



**CONCESSION**  
Development Program



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 1: Minimum Requirements

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**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

---

**Percent Rent  
(Biddable within Provided Range)**

**13% to 17%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$1,147,000**

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**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 1 Proposers

<p>Host International, Inc. (Host)</p>	<p>Proposed business entity is comprised of Host International, Inc. as prime concessionaire with a sublease to a joint venture comprised of Host International, Inc. (74% ownership) and Nine Dragons, Inc. (26% ownership)</p>
<p>HG-CV-Epicure-Martinez San Diego JV (Hudson Group)</p>	<p>Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)</p>
<p>LS Travel Retail and Partners at SAN, LLC (LS Travel Retail)</p>	<p>Proposed business entity is comprised of a joint venture of LS Travel Retail North America (74% ownership) and P&amp;P Services, LLC (26% ownership)</p>
<p>Paradies-San Diego, LLC (Paradies)</p>	<p>Proposed business entity is comprised of a joint venture between The Paradies Shops, LLC (70% ownership) and CRS Sophisticated Solutions, Inc. (30% ownership)</p>



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 1

## Proposed Concepts by Proposer

Location	T2W -2070	T2W -2048	T2W -2086	T2W -2062	T2W-2032	T2W-1010	T1W-1021	T1E-1000	T2E-2005	T2E-2055
<b>Square Feet</b>	<b>361</b>	<b>1,073</b>	<b>1,677</b>	<b>1,150</b>	<b>1,157</b>	<b>399</b>	<b>127</b>	<b>560</b>	<b>610</b>	<b>986</b>
<b>Proposer</b>	<b>Concepts</b>									
Host	Tumi	Callaway	Sunset News	Sun Diego Surf	Crazy Shirts	Sunset News	Talie	San Diego Union Tribune	San Diego Union Tribune	Simply Books
Hudson Group	Galleries San Diego	Rip Curl	Hudson News/Discover San Diego	Tommy Hilfiger	San Diego Zoo	Coronado News	Fire CZ	CNN News	Lindbergh Field News	Warwick's of La Jolla
LS Travel Retail	Leather by Rebecca Norman	Team Shops San Diego	San Diego Union Tribune	Billabong	Discover San Diego	USA Today Travel	Rebecca Norman Handmade in CA	Relay	San Diego Union Tribune	Watermark Books
Paradies	Brighton Collectibles	PGA Tour Shops	CNBC News San Diego	Lacoste	Gaslamp Market-Place	SANd News	Shades of Time	Channel 10 News	CNBC Express	The New York Times Bookstore



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 1 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Host	13%	\$1,147,000
Hudson Group	\$0-\$7.0M 13% \$7.0M-\$9.0M 15% Over \$9.0M 17%	\$1,147,000
LS Travel Retail	\$0-\$5.0M 13% Over \$5.0M 17%	\$1,147,000
Paradies	17% Non-Specialty 13% Specialty	\$1,147,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 1 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	4	4	4	3	3	4	22
Hudson Group	1	3	1	1	2	3	11
LS Travel Retail	3	2	3	4	4	2	18
Paradies	2	1	2	2	1	1	9

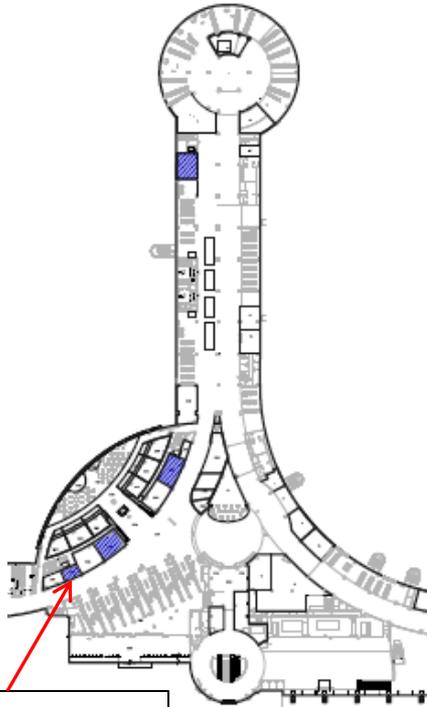
PM = Panel Member

“1” is (best suited) ; “4” (least suited)

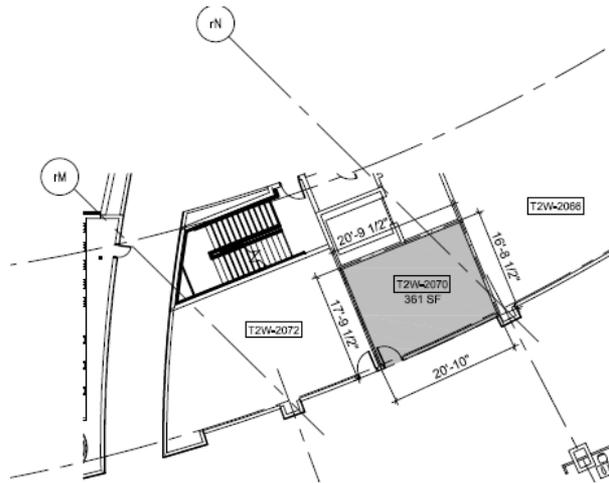
Lowest Total = Best Suited

# RETAIL PACKAGE 1 T2W-2070 – 361 SF

Terminal 2 West



T2W-2070



*Brighton*®



**CONCESSION**  
Development Program

# Retail Pkg 1: Paradies



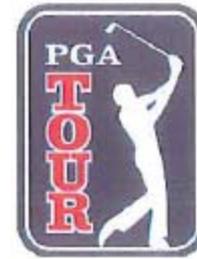
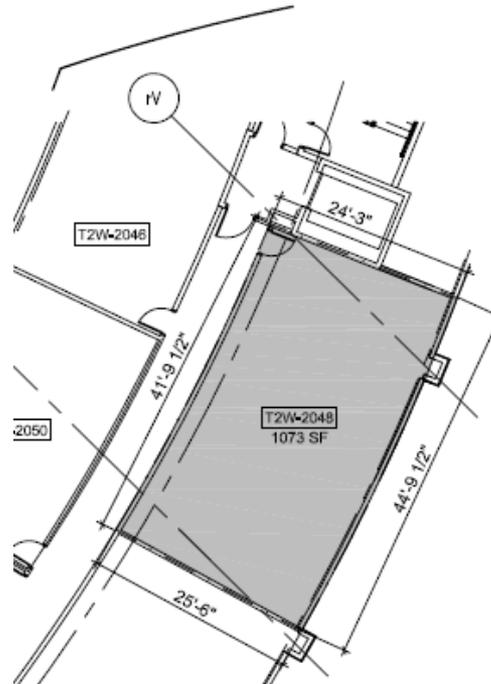
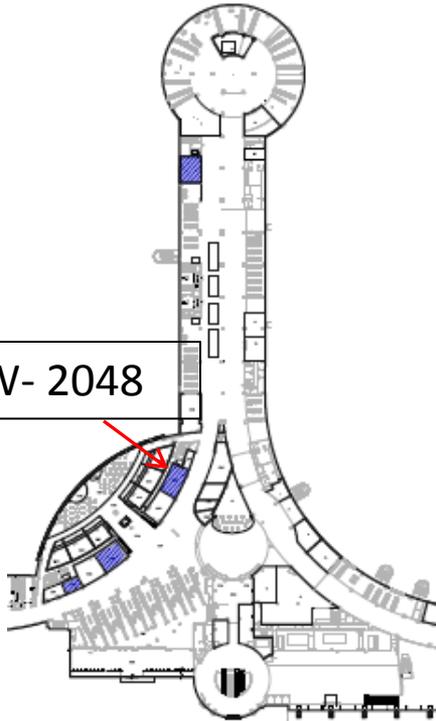
**CONCESSION**  
Development Program

# RETAIL PACKAGE 1

## T2W-2048 – 1073 SF

Terminal 2 West

T2W- 2048



# PGA TOUR SHOPS



**CONCESSION**  
Development Program

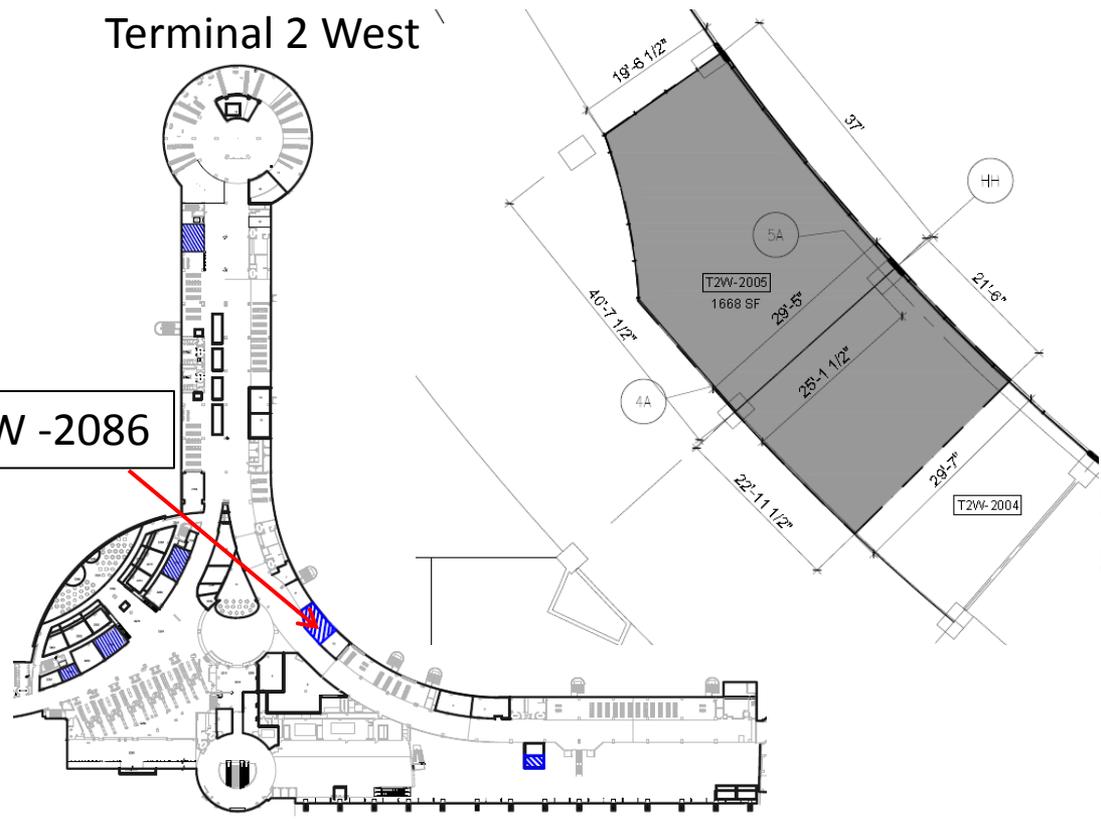
# Retail Pkg 1: Paradies



# RETAIL PACKAGE 1 T2W-2086 1668 SF

Terminal 2 West

T2W -2086



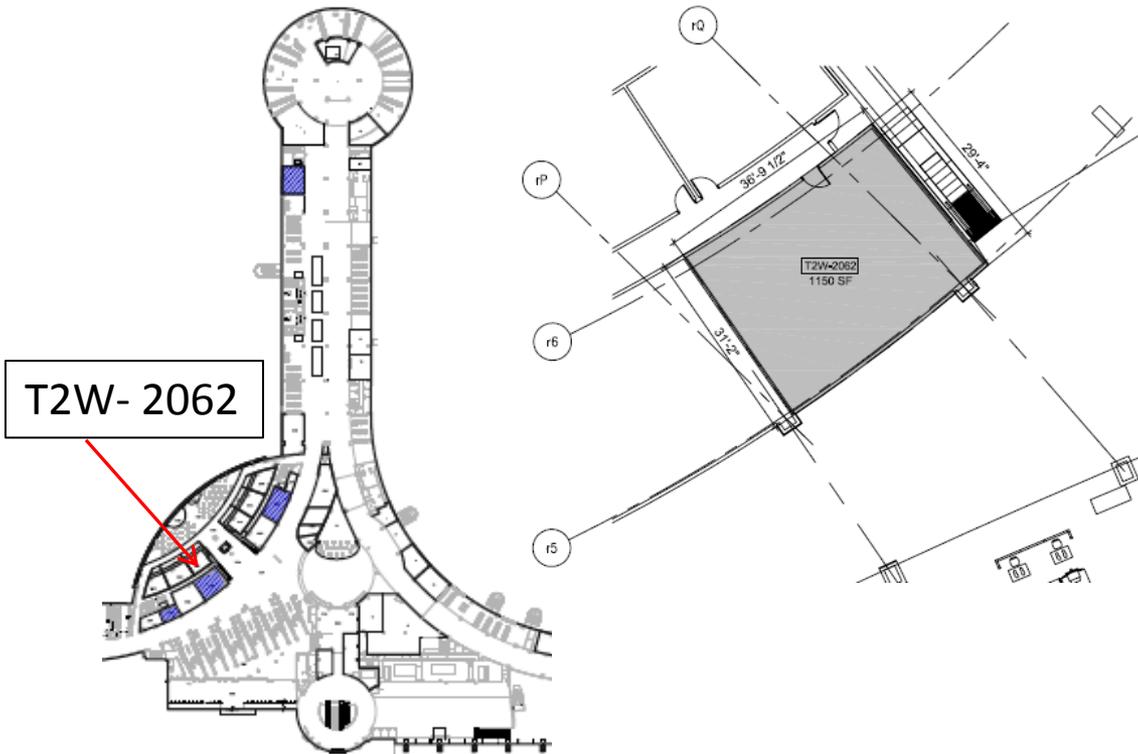
# Retail Pkg 1: Paradises



# RETAIL PACKAGE 1

## T2W-2062 – 1150 SF

Terminal 2 West



# Retail Pkg 1: Paradies



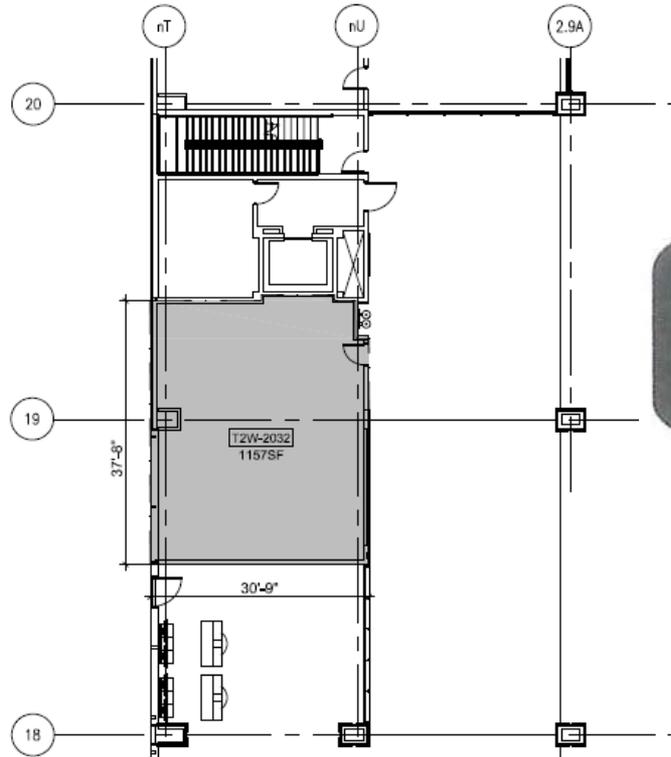
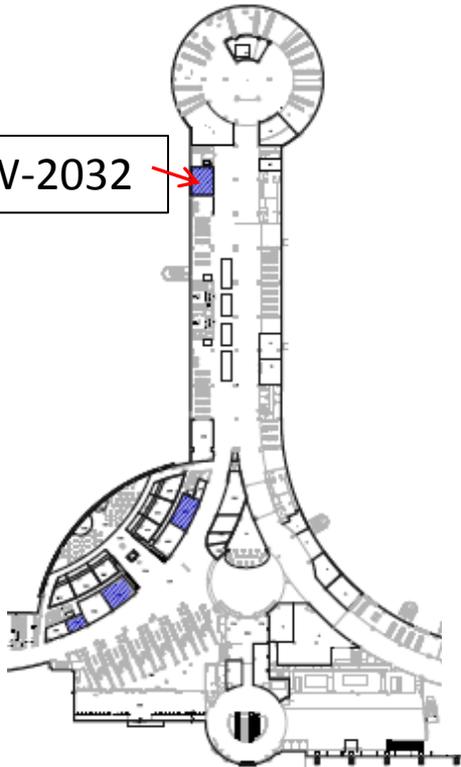
**CONCESSION**  
Development Program

# RETAIL PACKAGE 1

## T2W-2032 – 1157 SF

Terminal 2 West

T2W-2032



Gaslamp  
Quarter



**CONCESSION**  
Development Program

# Retail Pkg 1: Paradies

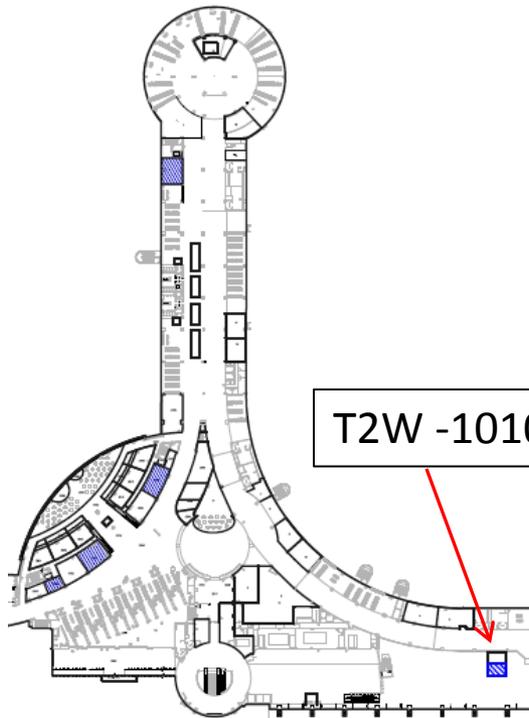


**CONCESSION**  
Development Program

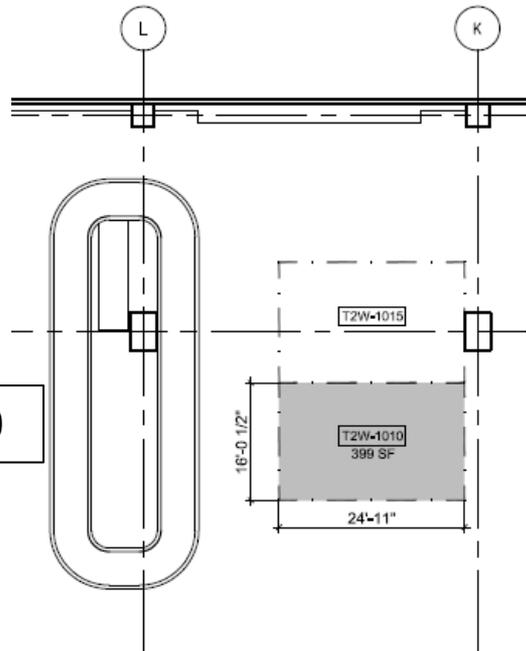
# RETAIL PACKAGE 1

## T2W -1010 – 399 SF

Terminal 2 West



T2W-1010



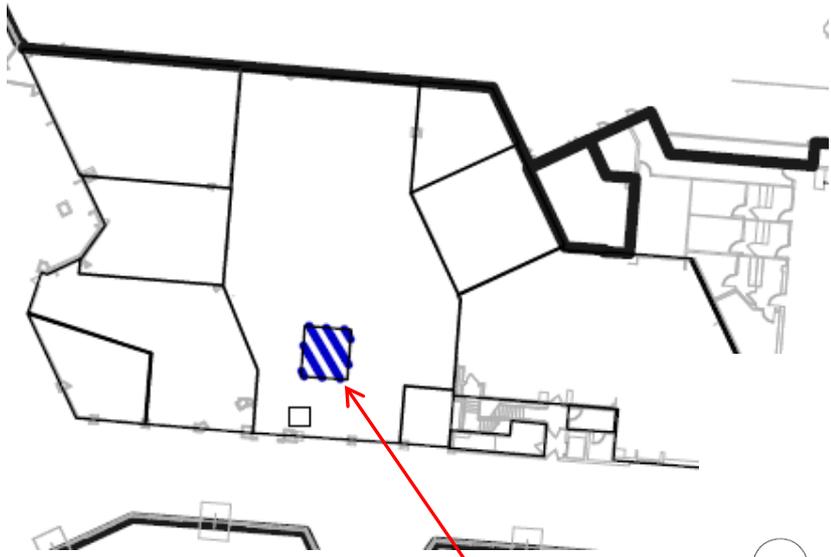
# Retail Pkg 1: Paradies



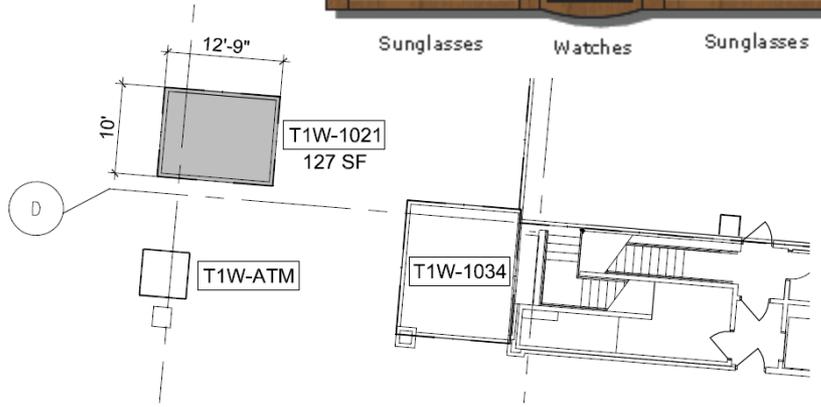
# RETAIL PACKAGE 1

## T1W-1021- 127 SF

Terminal 1 Food Court



T1W -1021



# Retail Pkg 1: Paradies

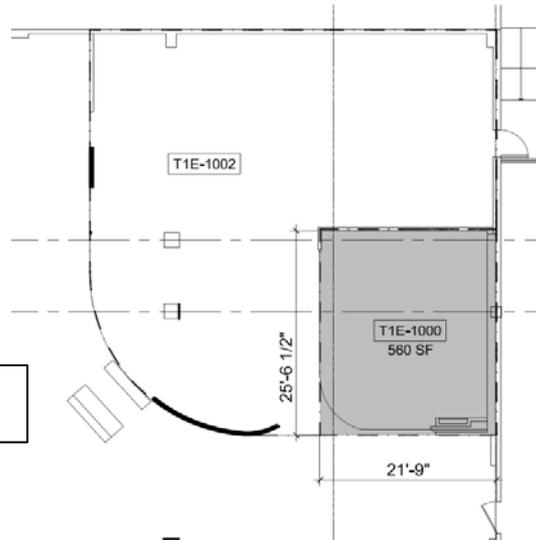
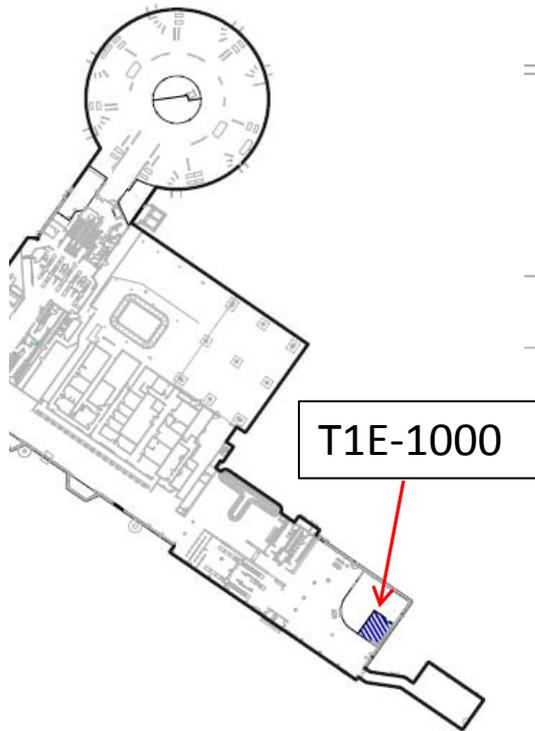


**CONCESSION**  
Development Program

# RETAIL PACKAGE 1

## T1E-1000– 560 SF

Terminal 1



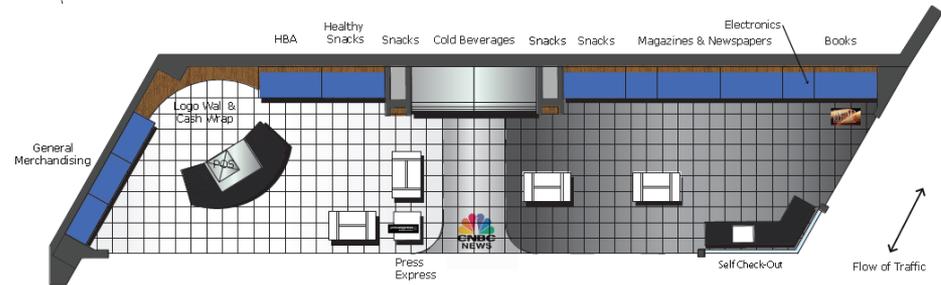
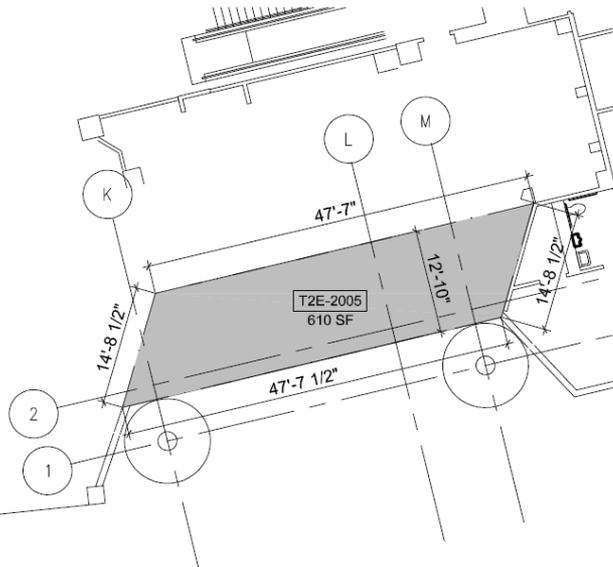
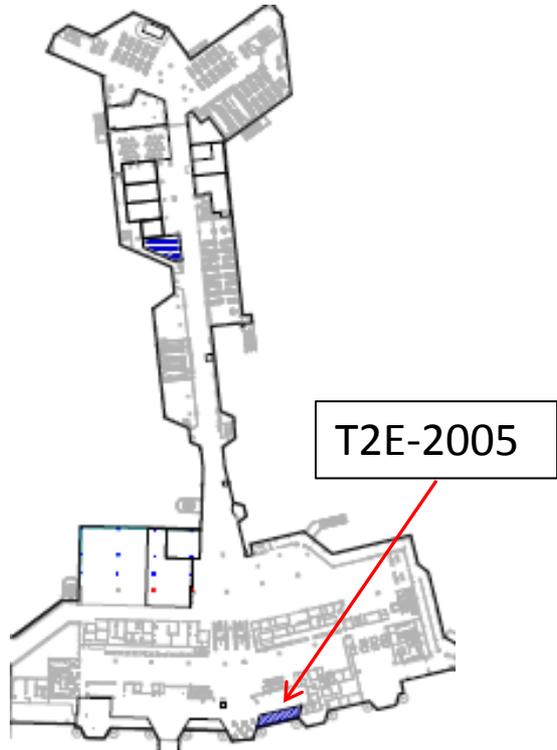
# Retail Pkg 1: Paradises



# RETAIL PACKAGE 1 T2E-2005 – 610 SF



Terminal 2 East



# Retail Pkg 1: Paradies

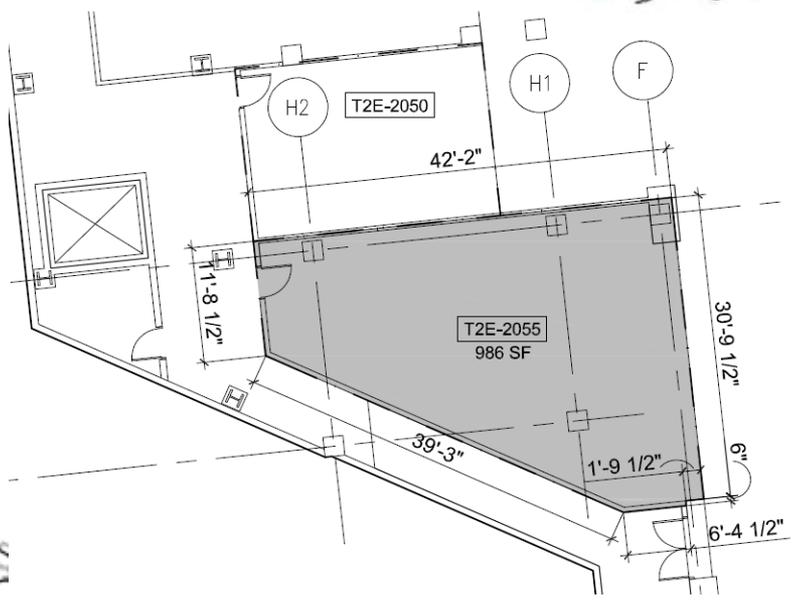
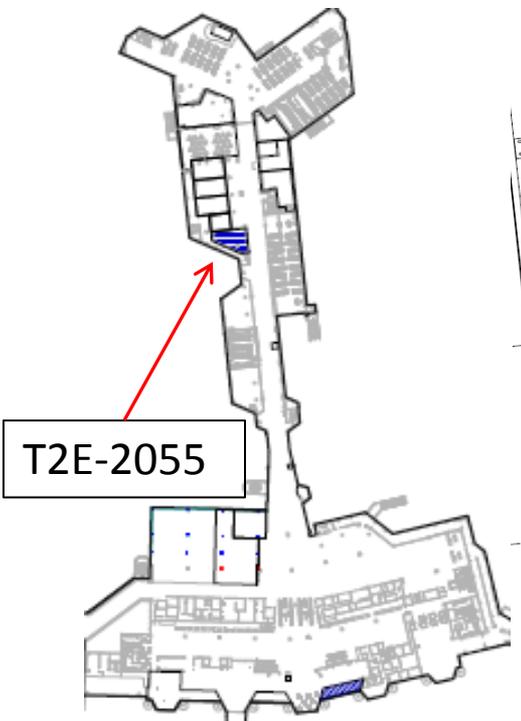


# RETAIL PACKAGE 1

## T2E -2055 – 986 SF

Terminal 2 East

The New York Times



# Retail Pkg 1: Paradises



Paradise - Jacksonville, Inc. - Jacksonville International Airport



**CONCESSION**  
Development Program



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #1 Summary

Recommendation for Award of Lease:

- Paradies – San Diego, LLC (Paradies)

ACDBE% - 30%

Worker Retention:

Paradies will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 2

Package	Unit Count	Unit Number	Location	Square Footage	Concept
2	1	T2W-2072	T2W Core	702	Accessories
2	1	T2W-2042	T2W Core	1,738	Bookstore
2	1	T2W-2002	T2W East	1,351	Newsstand and Sundries (possibly w/ Gourmet Coffee)
2	1	T1E-2006	T1 Post-Security	966	Newsstand and Sundries
2	1	CTO-1010	CT Post-Security	752	Newsstand and Sundries
2	1	CTO-1005	CT Pre-Security	528	Newsstand and Sundries w/ Gourmet Coffee
<b>TOTAL</b>	<b>6</b>			<b>6,037</b>	

# RETAIL PACKAGE 2

Terminal 2 West

Terminal 1

Commuter Terminal

CTO-1005

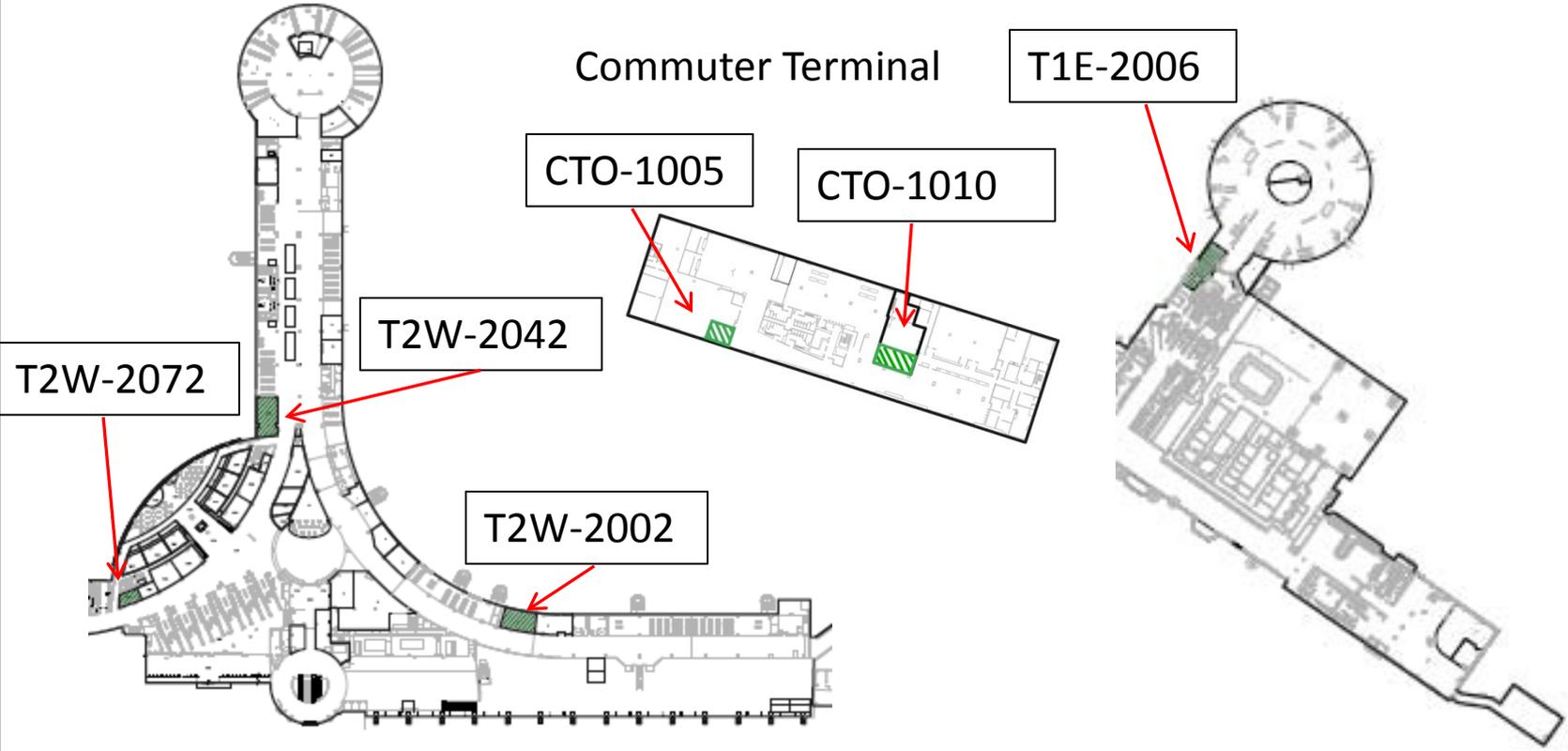
CTO-1010

T1E-2006

T2W-2042

T2W-2072

T2W-2002



**CONCESSION**  
Development Program



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 2: Minimum Requirements

---

**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

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**Percent Rent  
(Biddable within Provided Range)**

**13% to 17%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$1,134,000**

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**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 2 Proposers

Host –Nine Dragons, LLC (Host)	Proposed business entity is comprised of Host International, Inc. as prime concessionaire with a sublease to a joint venture comprised of Host International, Inc. (74% ownership) and Nine Dragons, Inc. (26% ownership)
HG-CV-Epicure-Martinez San Diego JV (Hudson Group)	Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)
LS Travel Retail and Partners at SAN, LLC (LS Travel Retail)	Proposed business entity is comprised of a joint venture of LS Travel Retail North America (74% ownership) and P&P Services, LLC (26% ownership)
PGC-PCI San Diego LLC (PGC-PCI)	Proposed business entity is comprised of a joint venture of Pacific Gateway Concessions , LLC (67% ownership) and Procurement Concepts, Inc. (33% ownership)
Paradies-San Diego, LLC (Paradies)	Proposed business entity is comprised of a joint venture between The Paradies Shops, LLC (70% ownership) and CRS Sophisticated Solutions, Inc. (30% ownership)



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 2

## Proposed Concepts by Proposer

Location	T2W-2072	T2W-2042	T2W-2002	T1E-2006	CTO-1010	CTO-1005
<b>Square Feet</b>	702	1,738	1,351	966	752	528
<b>Proposer</b>	<b>Concepts</b>					
Host	Sunglass Icon	Simply Books	San Diego Union Tribune	Sunset News	San Diego Union Tribune	San Diego Magazine News
Hudson Group	Sunglass Hut	Warwick's, Papyrus, etc.	Gaslamp Quarter News	Hudson News	Lindbergh News	San Diego Bay News and Café
LS Travel Retail	Sundial	Watermark	San Diego Union Tribune	Relay	San Diego Union Tribune	USA Today Travel Zone
PGC-PCI	Beach House	Bay Books	US News w/ Ryan's Bros Coffee	US News & World Report	KPBS News	Where Traveler News
Paradies	Brighton Collectibles	The New York Times Bookstore	CNBC News San Diego	CNBC News San Diego	Channel 10 News	SANd News



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 2 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Host	17%	\$ 1,134,000
Hudson Group	17%	\$ 1,134,000
LS Travel Retail	17%	\$ 1,134,000
PGC-PCI	17%	\$ 1,134,000
Paradies	17%	\$ 1,134,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 2 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	5	5	4	3	3	5	25
Hudson Group	1	1	1	1	1	1	6
LS Travel Retail	4	3	3	4	4	4	22
PGC-PCI	2	4	5	2	2	2	17
Paradies	3	2	2	5	5	3	20

PM = Panel Member

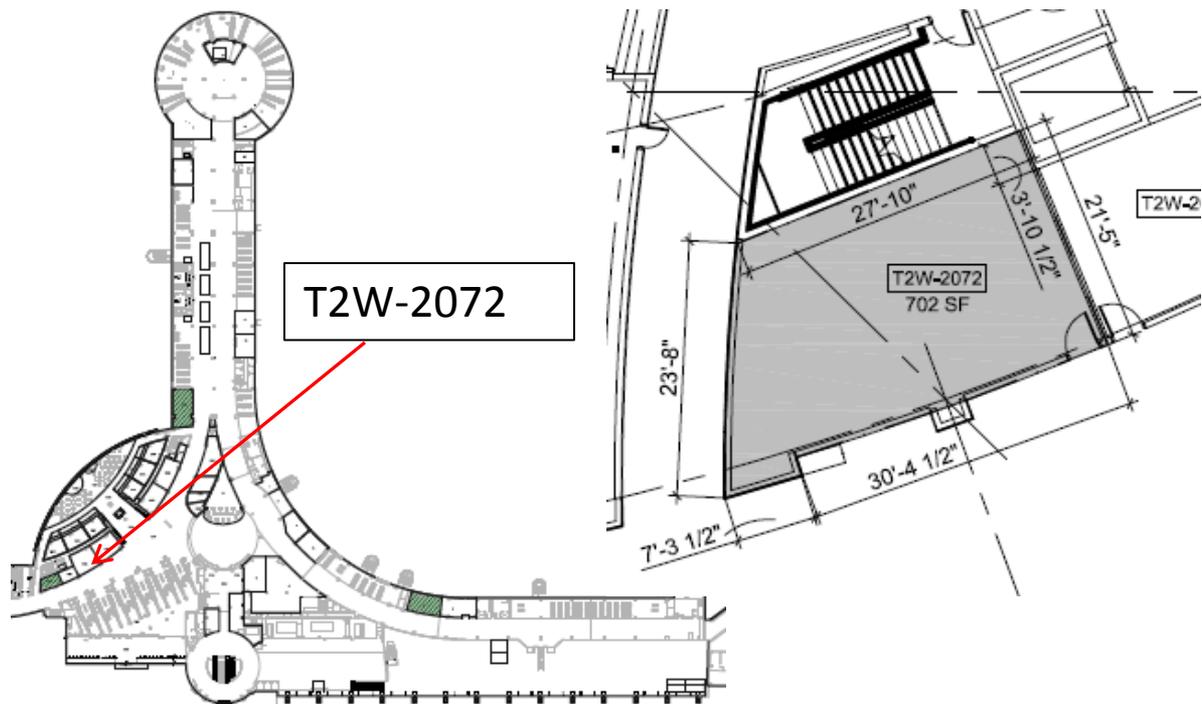
“1” is (best suited) ; “5” (least suited)

Lowest Total = Best Suited

# RETAIL PACKAGE 2 T2W-2072 – 702 SF

## sunglass hut

Terminal 2 West



**CONCESSION**  
Development Program

# Retail Pkg 2: Hudson Group

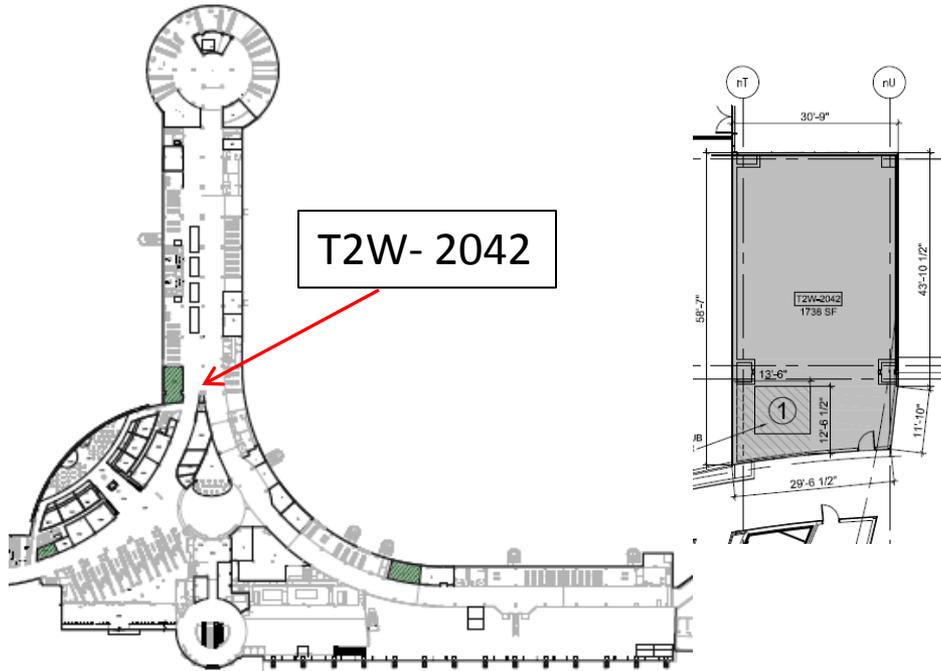


**CONCESSION**  
Development Program

# RETAIL PACKAGE 2

## T2W -2042 – 1738 SF

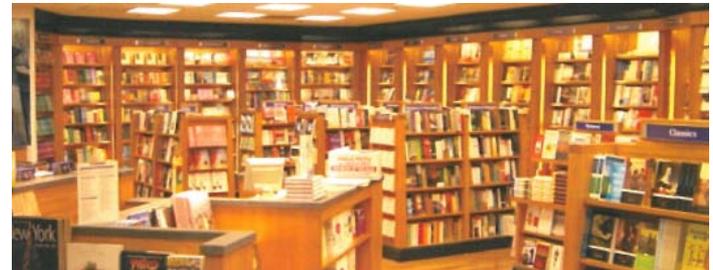
Terminal 2 West



Warwick's of La Jolla



Kids Corner



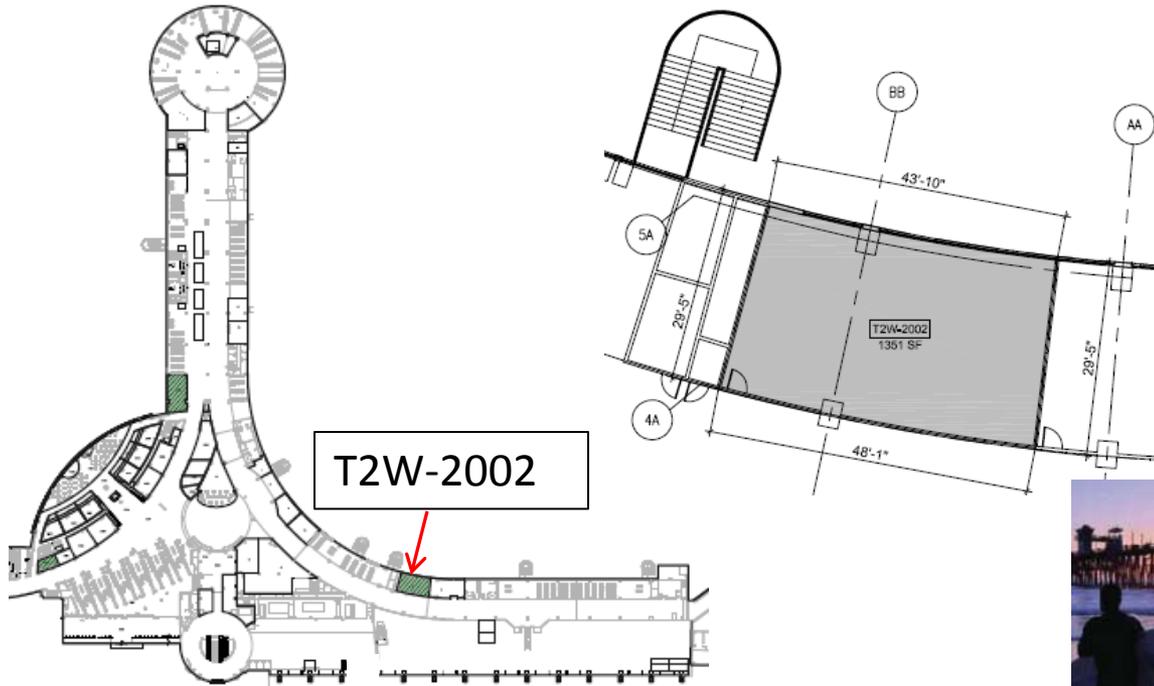
# Retail Pkg 2: Hudson Group



# RETAIL PACKAGE 2

## T2W-2002 – 1351 SF

Terminal 2 West



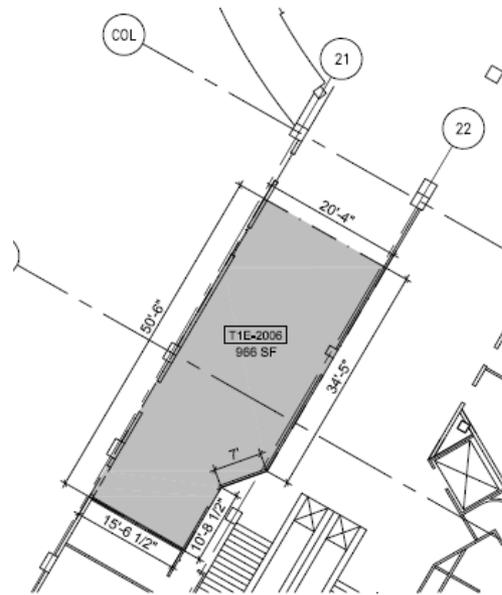
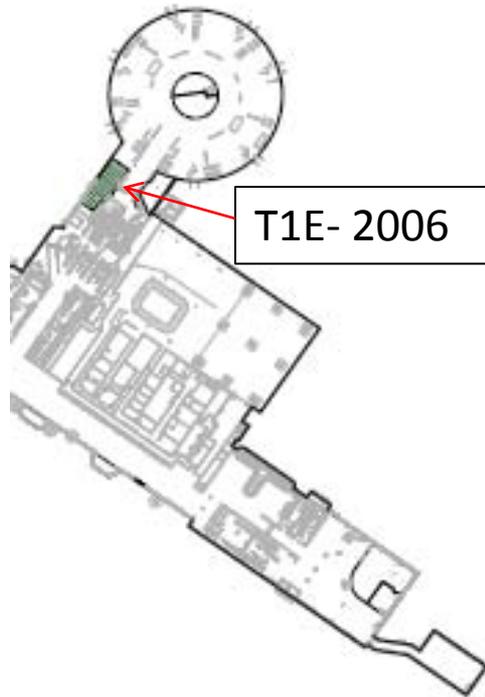
# Retail Pkg 2: Hudson Group



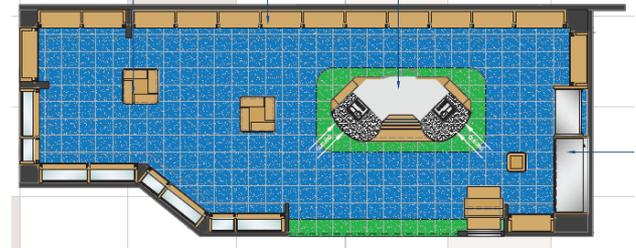
# RETAIL PACKAGE 2

## T1E-2006 – 966 SF

Terminal 1



*Hudson News*



**CONCESSION**  
Development Program

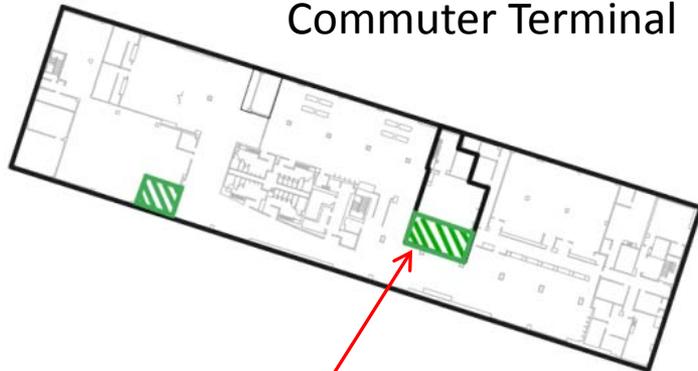
# Retail Pkg 2: Hudson Group



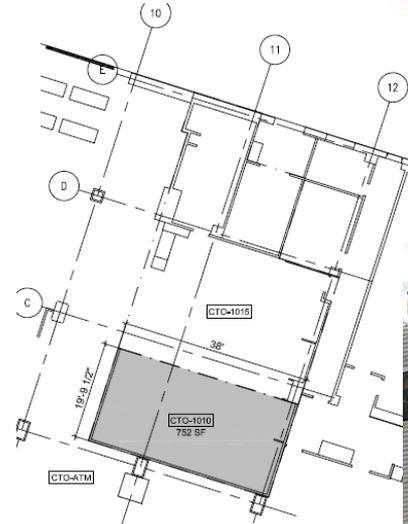
# RETAIL PACKAGE 2

## CTO-1010 – 752 SF

Commuter Terminal



CTO- 1010



# Retail Pkg 2: Hudson Group

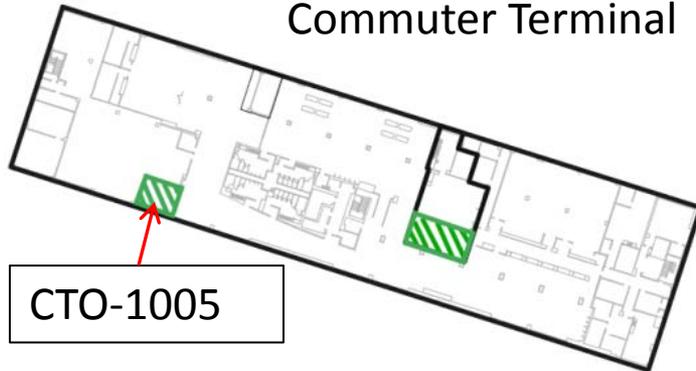


**CONCESSION**  
Development Program

# RETAIL PACKAGE 2

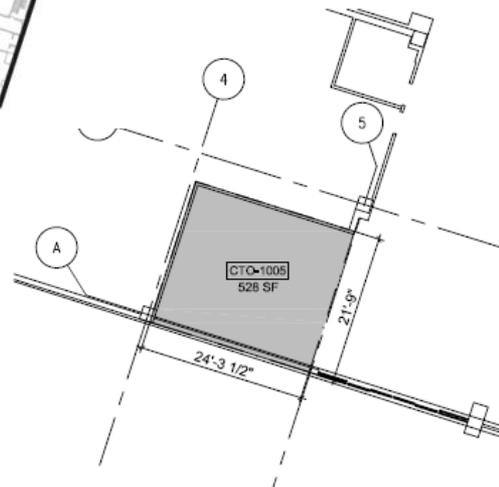
## CTO-1005 – 528 SF

Commuter Terminal



San Diego Bay  
**NEWS**

**CNN** NEWSSTAND  
EAM 51000



**CONCESSION**  
Development Program

# Retail Pkg 2: Hudson Group



San Diego Bay  
**NEWS**



**CONCESSION**  
Development Program



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #2 Summary

Recommendation for Award of Lease:

- HG-CV-Epicure-Martinez San Diego, JV (Hudson Group)

ACDBE% - 26%

Worker Retention:

Hudson Group will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 3

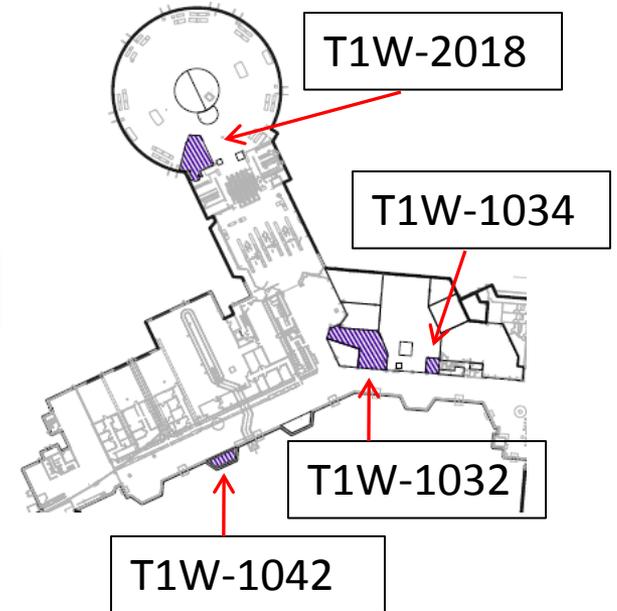
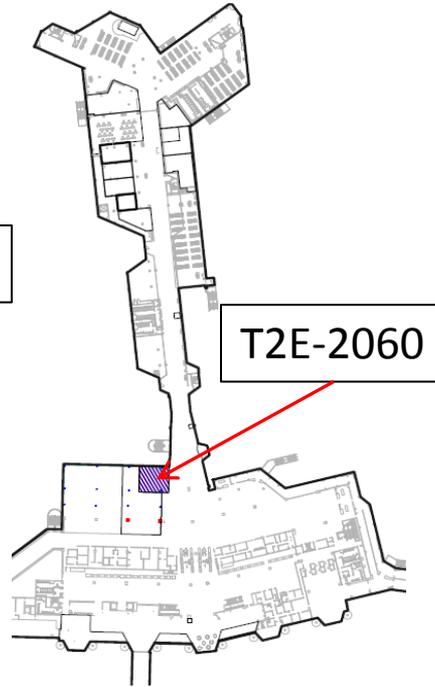
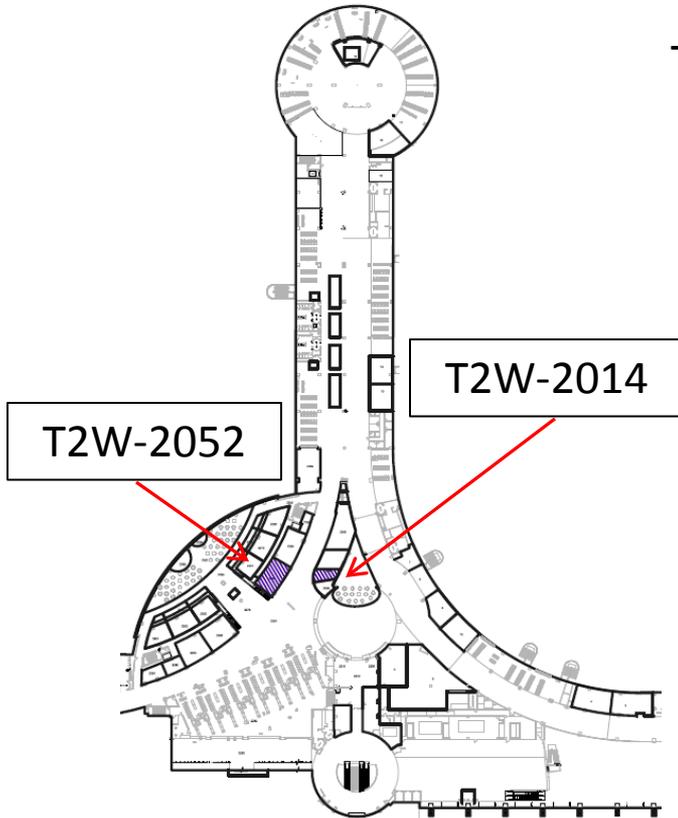
Package	Unit Count	Unit Number	Location	Square Footage	Concept
3	1	T1W-1042	T1 Pre-Security	348	Newsstand and Sundries
3	1	T1W-1032	T1 1 Pre-Security	1,407	Bookstore
3	1	T1W-1034	T1 Pre-Security	188	Accessories
3	1	T1W-2018	T1 Post-Security	1,092	Newsstand and Sundries
3	1	T2W-2052	T2W Core	1,067	Casual Apparel
3	1	T2W-2014	T2W Core	500	Children's Toys & Games
3	1	T2E-2060	T2E Post-Security	1,254	Newsstand and Sundries
<b>TOTAL</b>	<b>7</b>			<b>5,856</b>	

# RETAIL PACKAGE 3

Terminal 2 West

Terminal 2 East

Terminal 1 West





**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 3: Minimum Requirements

---

**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

---

**Percent Rent  
(Biddable within Provided Range)**

**13% to 17%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$752,000**

---



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 3 Proposers

<p>HG-CV-Epicure-Martinez San Diego JV (Hudson Group)</p>	<p>Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (Hudson) (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)</p>
<p>LS Travel Retail and Partners at SAN, LLC (LS Travel Retail)</p>	<p>Proposed business entity is comprised of a joint venture of LS Travel Retail North America (74% ownership) and P&amp;P Services, LLC (26% ownership)</p>
<p>PGC-PCI San Diego LLC (PGC-PCI)</p>	<p>Proposed business entity is comprised of a joint venture of Pacific Gateway Concessions , LLC (67% ownership) and Procurement Concepts, Inc. (33% ownership)</p>



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 3 Proposed Concepts by Proposer

Location	T1W-1042	T1W-1032	T1W-1034	T1W-2018	T2W-2052	T2W-2014	T2E-2060
<b>Square Feet</b>	<b>348</b>	<b>1,407</b>	<b>188</b>	<b>1,092</b>	<b>1,067</b>	<b>500</b>	<b>1,254</b>
<b>Proposer</b>	<b>Concepts</b>						
Hudson Group	Hudson News	Hudson Booksellers	G-Shock	Hudson News	Harley Davidson	KidsWorks	Hudson News
LS Travel Retail	USA Today Travel Zone	Watermark	Sundial	San Diego Union Tribune	Fresh Produce	Geppetto	Relay
PGC- PCI	Where Traveler San Diego	Bay Books	The Beach House	US News & World Report	Apricot Lane Boutique	Kids Love San Diego	KPBS News



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 3 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Hudson Group	\$0-\$7.0M 13% \$7.0M-\$9.0M 15% Over \$9.0M 17%	\$ 752,000
LS Travel Retail	13%	\$ 752,000
PGC-PCI	\$0-\$7.0M 13% \$7.0M-\$8.0M 14% Over \$8.0M 15%	\$ 752,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 3 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Hudson Group	2	1	3	2	2	2	12
LS Travel Retail	3	2	2	3	3	3	16
PGC-PCI	1	3	1	1	1	1	8

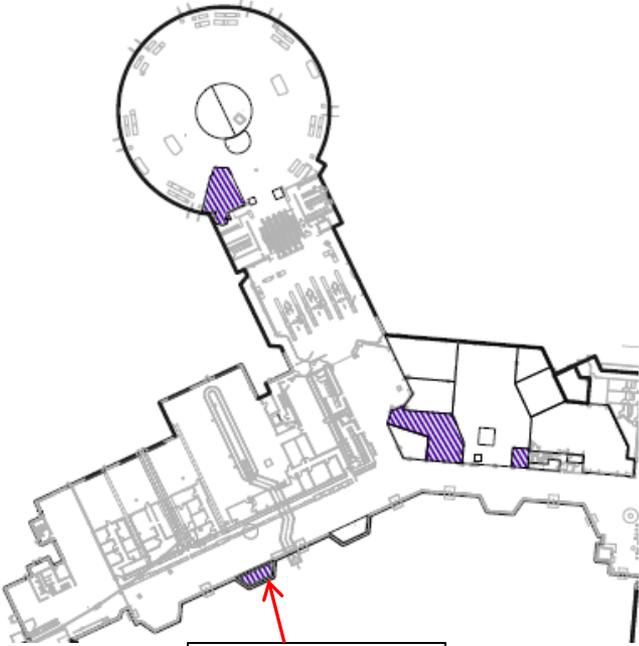
“1” is (best suited); “3” (least suited)

PM = Panel Member

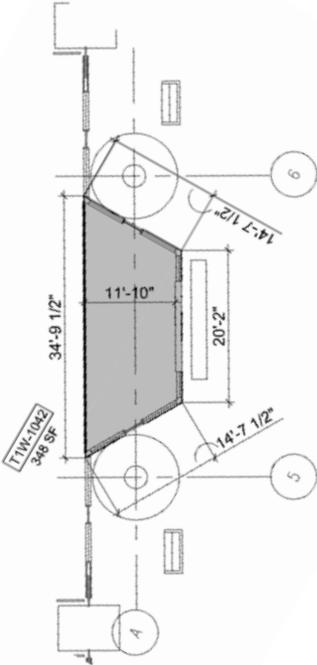
Lowest Total = Best Suited

# RETAIL PACKAGE 3 T1W-1042 – 348 SF

Terminal 1 West



T1W-1042



wheretraveler  
SAN DIEGO NEWS AND GIFT



**CONCESSION**  
Development Program

# Retail Pkg 3: PGC-PCI

wheretraveler

wheretraveler

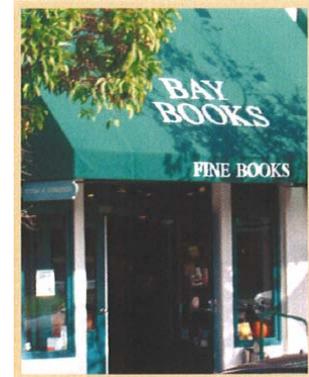
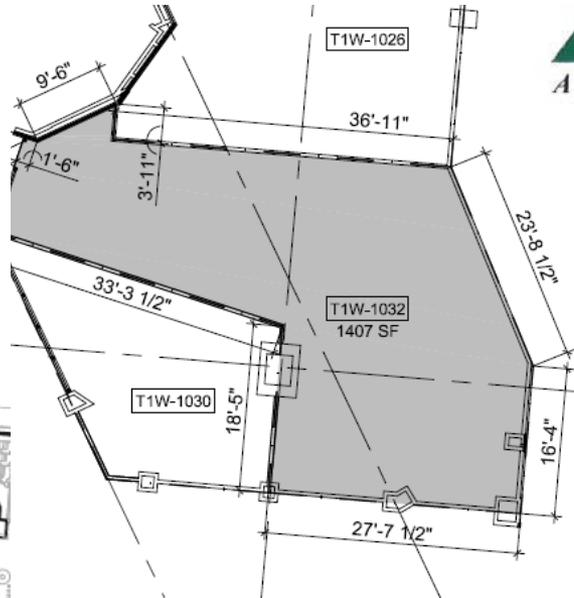
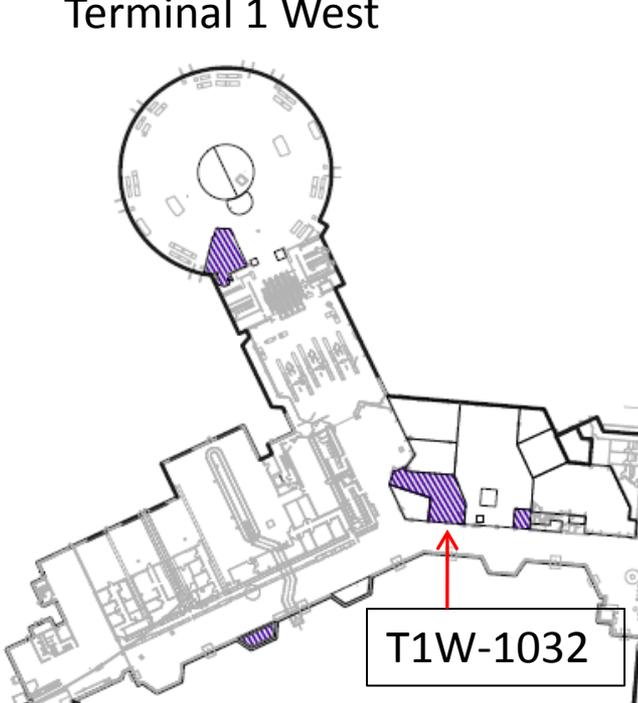


**CONCESSION**  
Development Program

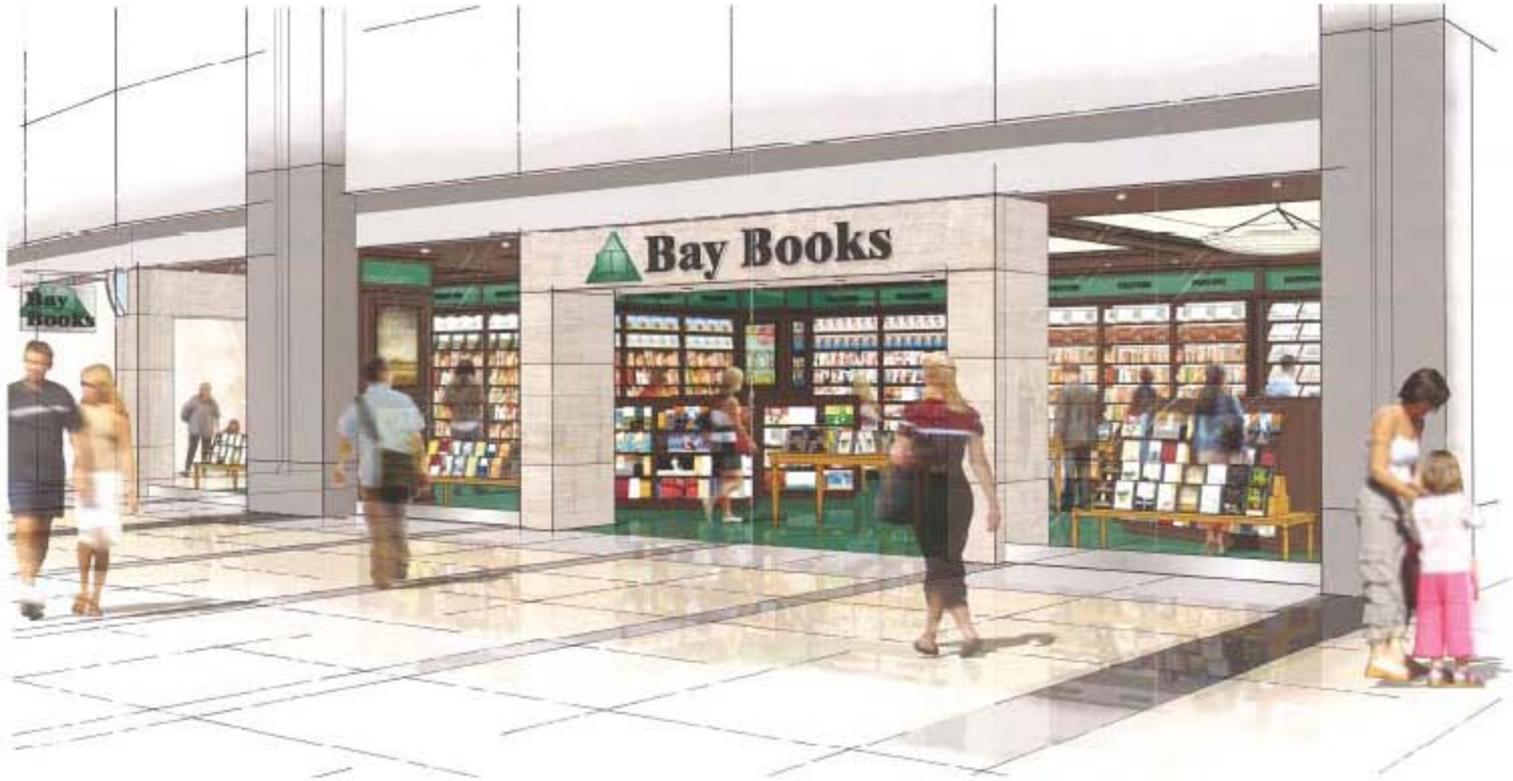
# RETAIL PACKAGE 3

## T1W-1032 – 1407 SF

Terminal 1 West



# Retail Pkg 3: PGC-PCI

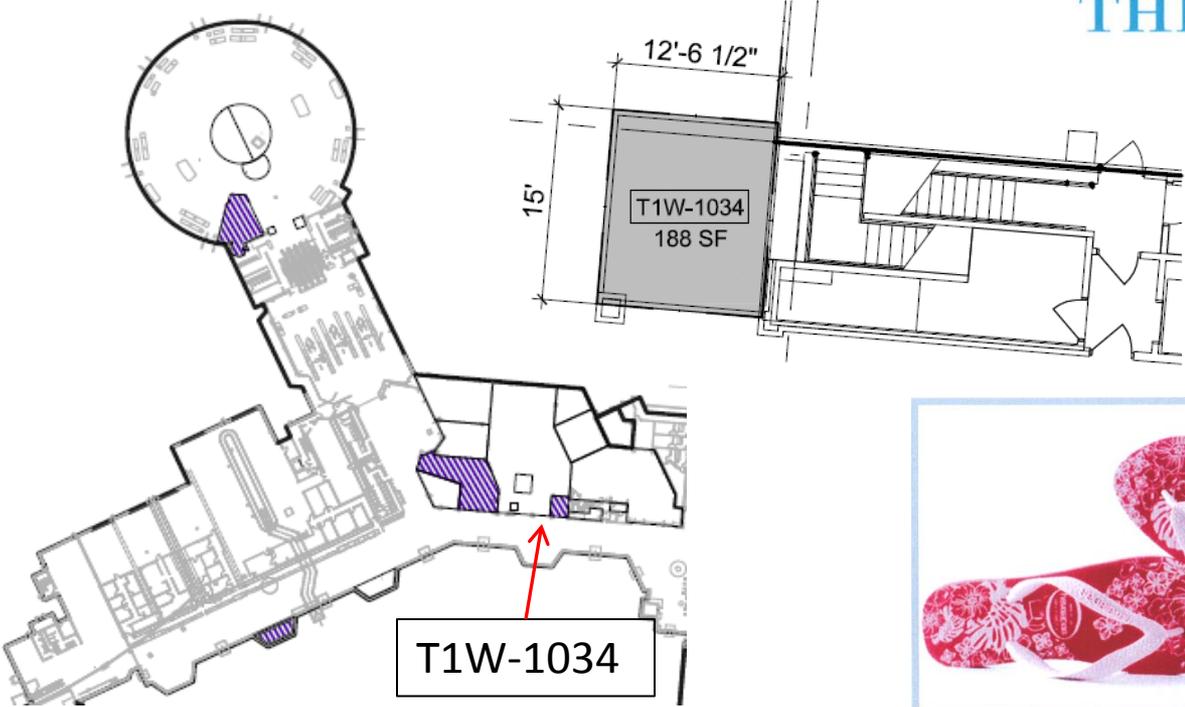


# RETAIL PACKAGE 3

## T1W-1034 – 188 SF

Terminal 1 West

**THE BEACH HOUSE**



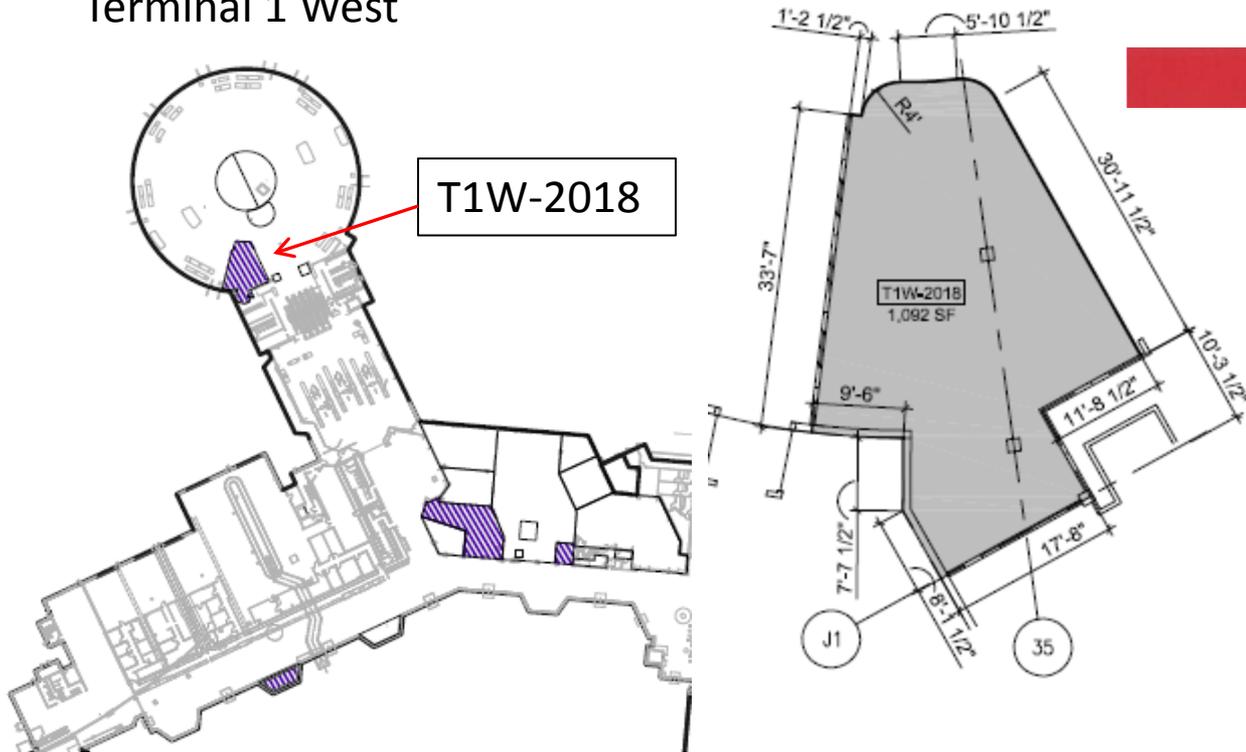
# Retail Pkg 3: PGC-PCI



**CONCESSION**  
Development Program

# RETAIL PACKAGE 3 T1W-2018 – 1092 SF

Terminal 1 West



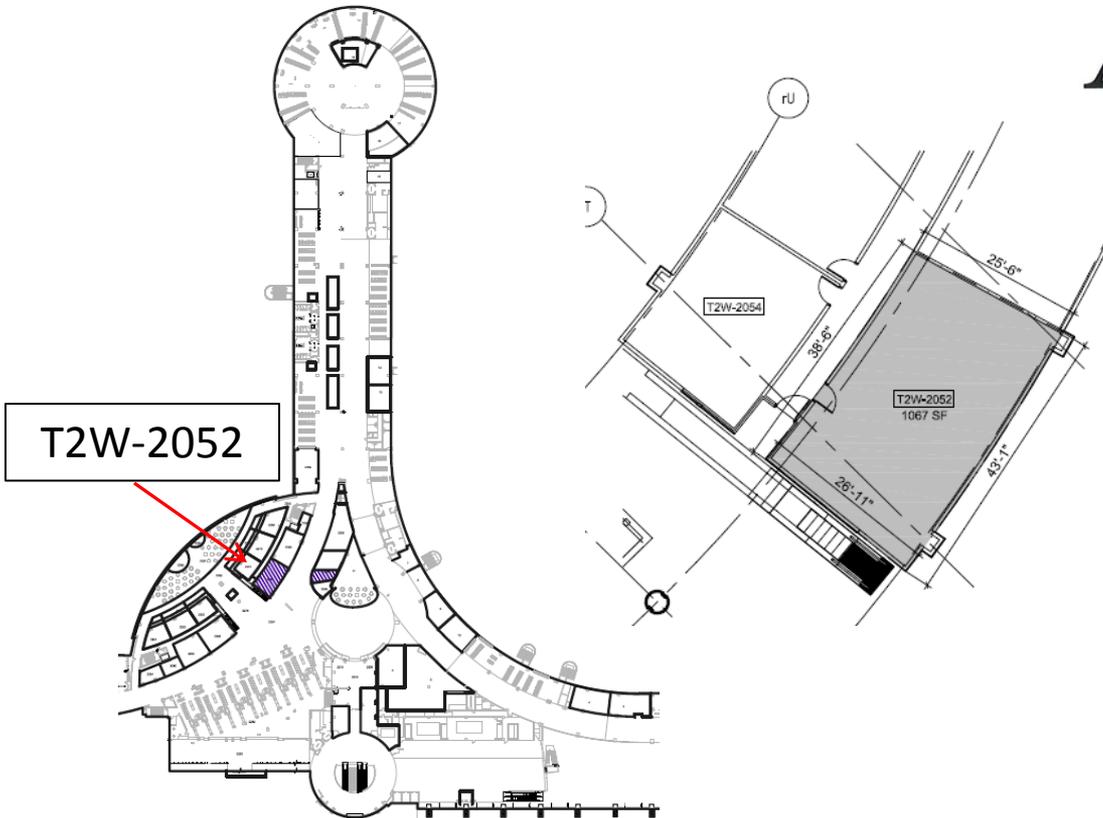
# Retail Pkg 3: PGC-PCI



# RETAIL PACKAGE 3

Terminal 2 West T2W-2052 – 1067 SF

## Apricot Lane<sup>®</sup> BOUTIQUE



# Retail Pkg 3: PGC-PCI



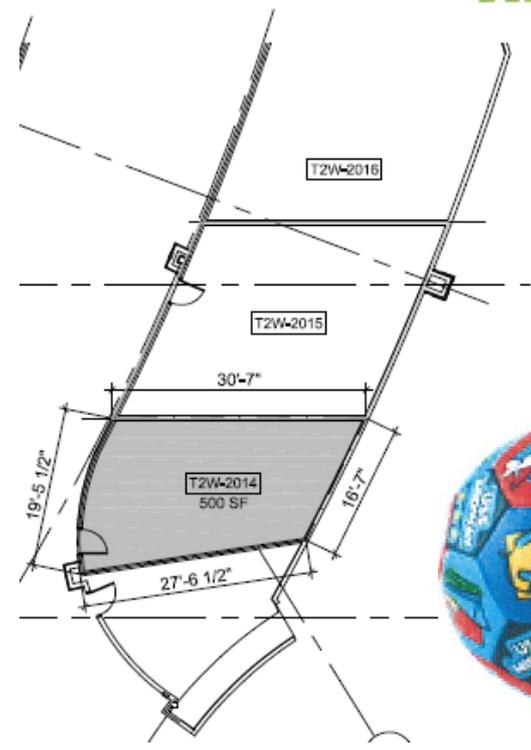
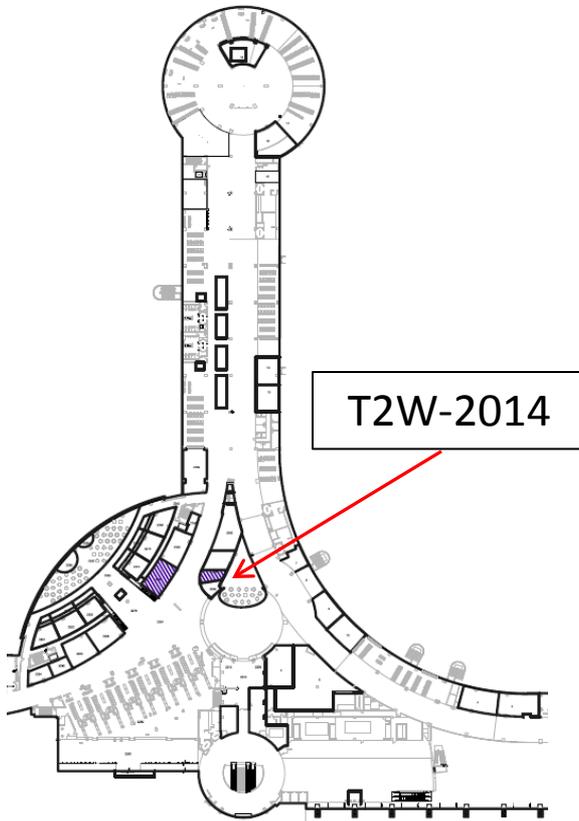
**CONCESSION**  
Development Program

# RETAIL PACKAGE 3

## T2W-2014 – 500 SF

Terminal 2 West

Kids Love San Diego



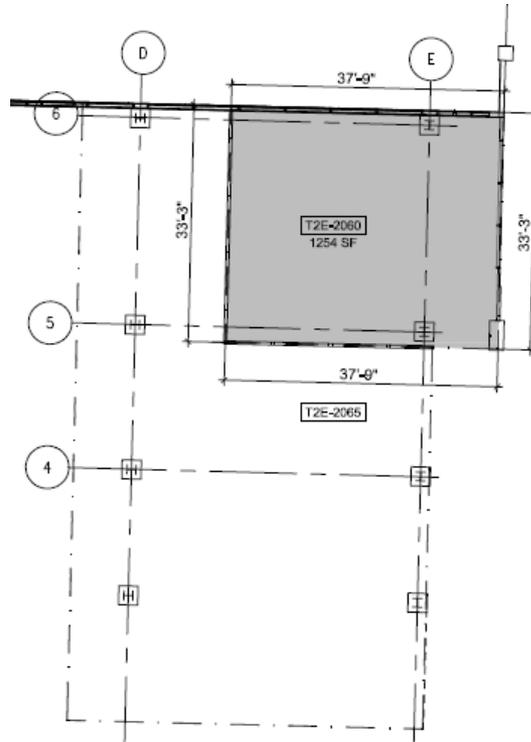
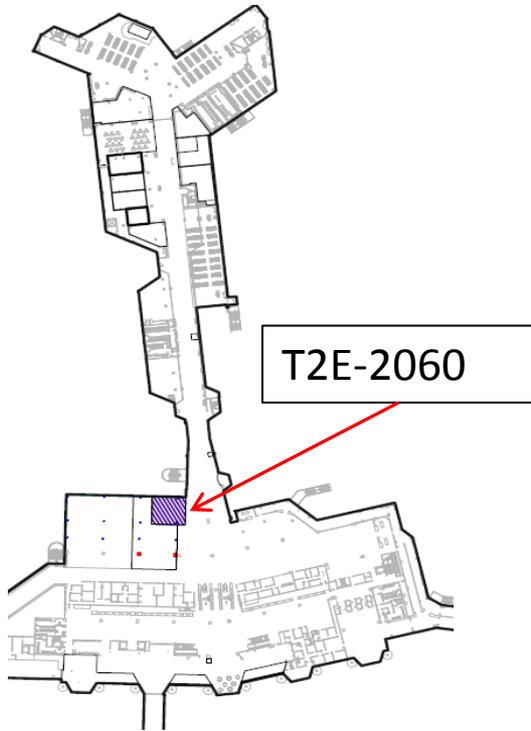
# Retail Pkg 3: PGC-PCI



# RETAIL PACKAGE 3

## T2E-2060 – 1254 SF

Terminal 2 East



**CONCESSION**  
Development Program

# Retail Pkg 3: PGC-PCI



**CONCESSION**  
Development Program



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #3 Summary

Recommendation for Award of Lease:

- PGC-PCI San Diego, LLC (PGC - PCI)

ACDBE% - 33%

Worker Retention:

PGC - PCI will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 4

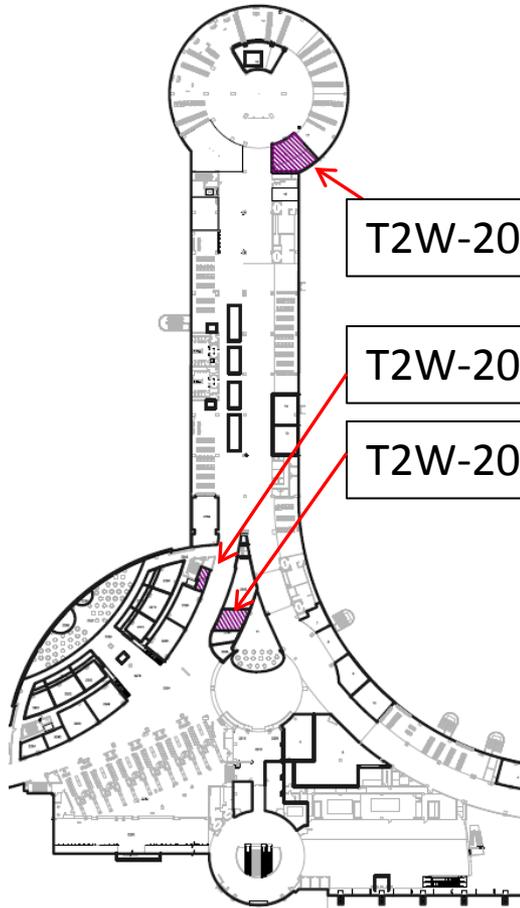
Package	Unit Count	Unit Number	Location	Square Footage	Concept
4	1	T2W-2044	T2W Core	219	Jewelry
4	1	T2W-2026	T2W North Rotunda	1,448	Newsstand and Sundries
4	1	T2W-2015	T2W West	725	Accessories or Travel Items
4	1	T1E-1046	T1 Pre-Security	348	Newsstand and Sundries
4	1	T2E-2009	T2E Post-Security	215	Candy
4	1	T2E-2015	T2E Post-Security	500	Accessories or Travel Items
4	1	T2E-2010	T2E Post-Security	1,308	Newsstand and Sundries
<b>TOTAL</b>	<b>7</b>			<b>4,763</b>	

Terminal 2 West

# RETAIL PACKAGE 4

Terminal 2 East

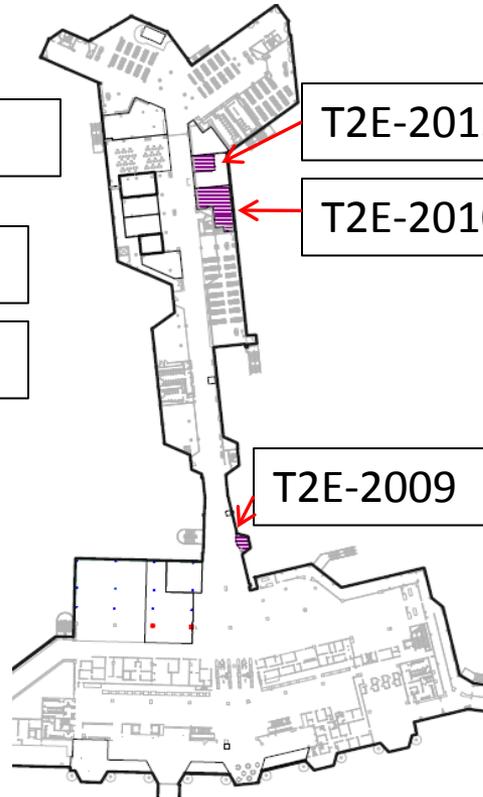
Terminal 1



T2W-2026

T2W-2044

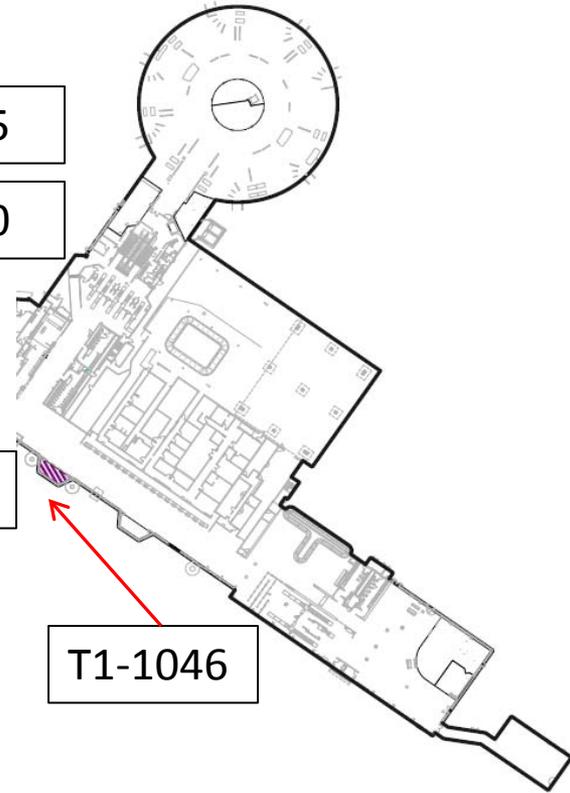
T2W-2015



T2E-2015

T2E-2010

T2E-2009



T1-1046



**CONCESSION**  
Development Program



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 4: Minimum Requirements

---

**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

---

**Percent Rent  
(Biddable within Provided Range)**

**13% to 17%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$783,000**

---



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 4 Proposers

Host –Nine Dragons, LLC (Host)	Proposed business entity is comprised of Host International, Inc. as prime concessionaire with a sublease to a joint venture comprised of Host International, Inc. (74% ownership) and Nine Dragons, Inc. (26% ownership)
HG-CV-Epicure-Martinez San Diego JV (Hudson Group)	Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (Hudson) (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)
LS Travel Retail and Partners at SAN, LLC (LS Travel Retail)	Proposed business entity is comprised of a joint venture of LS Travel Retail North America (74% ownership) and P&P Services, LLC (26% ownership)
PGC-PCI San Diego LLC (PGC-PCI)	Proposed business entity is comprised of a joint venture of Pacific Gateway Concessions , LLC (67% ownership) and Procurement Concepts, Inc. (33% ownership)
Paradies-San Diego, LLC (Paradies)	Proposed business entity is comprised of a joint venture between The Paradies Shops, LLC (70% ownership) and CRS Sophisticated Solutions, Inc. (30% ownership)
Stellar Partners, Inc. (Stellar Partners)	Susan Stackhouse- 51%; Barbara Geller- 25%; and Ramon Bosquez- 24% (of outstanding shares)



REVISED 08/03/11

**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 4

## Proposed Concepts by Proposer

Location	T2W-2044	T2W-2026	T2W-2015	T1E-1046	T2E-2009	T2E-2015	T2E-2010
<b>Square Feet</b>	<b>219</b>	<b>1,448</b>	<b>725</b>	<b>348</b>	<b>215</b>	<b>500</b>	<b>1,308</b>
<b>Proposer</b>	<b>CONCEPTS</b>						
Host	Talie	Sunset News	Clutch	San Diego Magazine	Spreckels	Magellan's	San Diego Magazine
Hudson Group	Fire CZ	Hudson News/Discover	Juicy Couture	News	Old Town News	See's Candy	Sunglass Hut
LS Travel Retail	Rebecca Norma Design	San Diego Union Tribune News	Sky Life	USA Today Travel Zone	See's Candy	Sky Life	Relay
PGC-PCI	Tafoya & Son Jewelry	US News & World Report	Le Travel Store	Where Traveler San Diego	Indulge in San Diego	Le Travel Store	KPBS News
Paradies	Erwin Pearl Jewelry by Samantha Davimes	Channel 10 News	Brighton Collectibles	SANd News	See's Candy	Brookstone	CNBC News
Stellar Partners		Stellar News	Brookstone	Stellar News Express	Jer's Chocolates	The Sharper Image	San Diego Old Town News & Market



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 4 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Host	17%	\$ 783,000
Hudson Group	17%	\$ 783,000
LS Travel Retail	17%	\$ 783,000
PGC-PCI	\$0-\$8.0M 15% \$8.0M-\$9.0M 16% Over \$9.0M 17%	\$ 783,000
Paradies	17% Non-Specialty 13% Specialty	\$ 783,000
Stellar Partners	\$0-\$5.0M 15% \$5.0M-\$7.0M 16% Over \$7.0M 17%	\$ 783,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 4 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	2	2	3	4	5	5	21
Hudson Group	5	1	2	3	2	3	16
LS Travel Retail	6	4	5	6	6	4	31
PGC-PCI	3	5	6	2	4	2	22
Paradies	4	6	4	5	3	6	28
<b>Stellar Partners</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>8</b>

PM = Panel Member

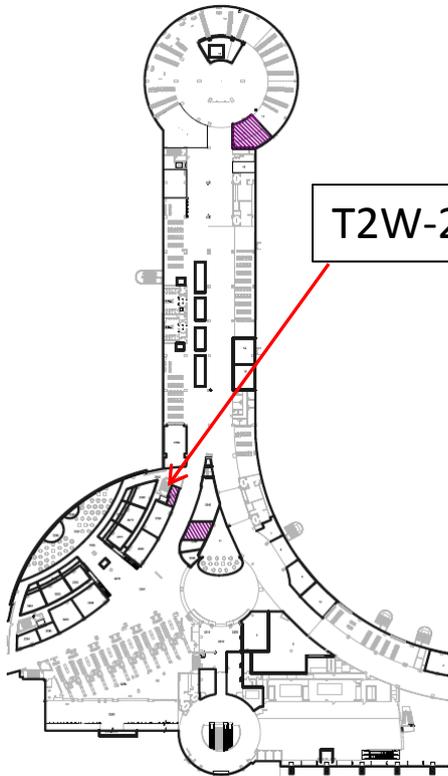
“1” is (best suited) ; “6” (least suited)

Lowest Total = Best Suited

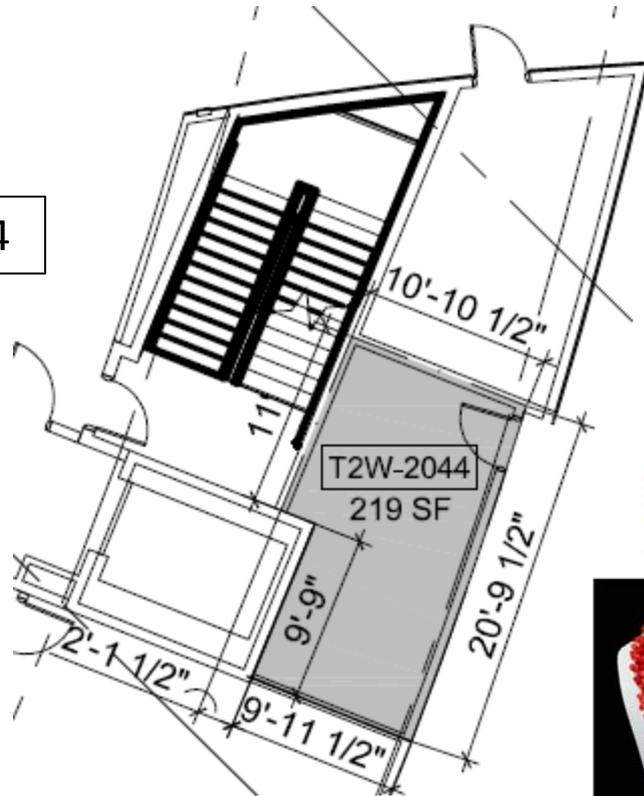
# RETAIL PACKAGE 4

## T2W-2044 – 219 SF

Terminal 2 West



T2W-2044

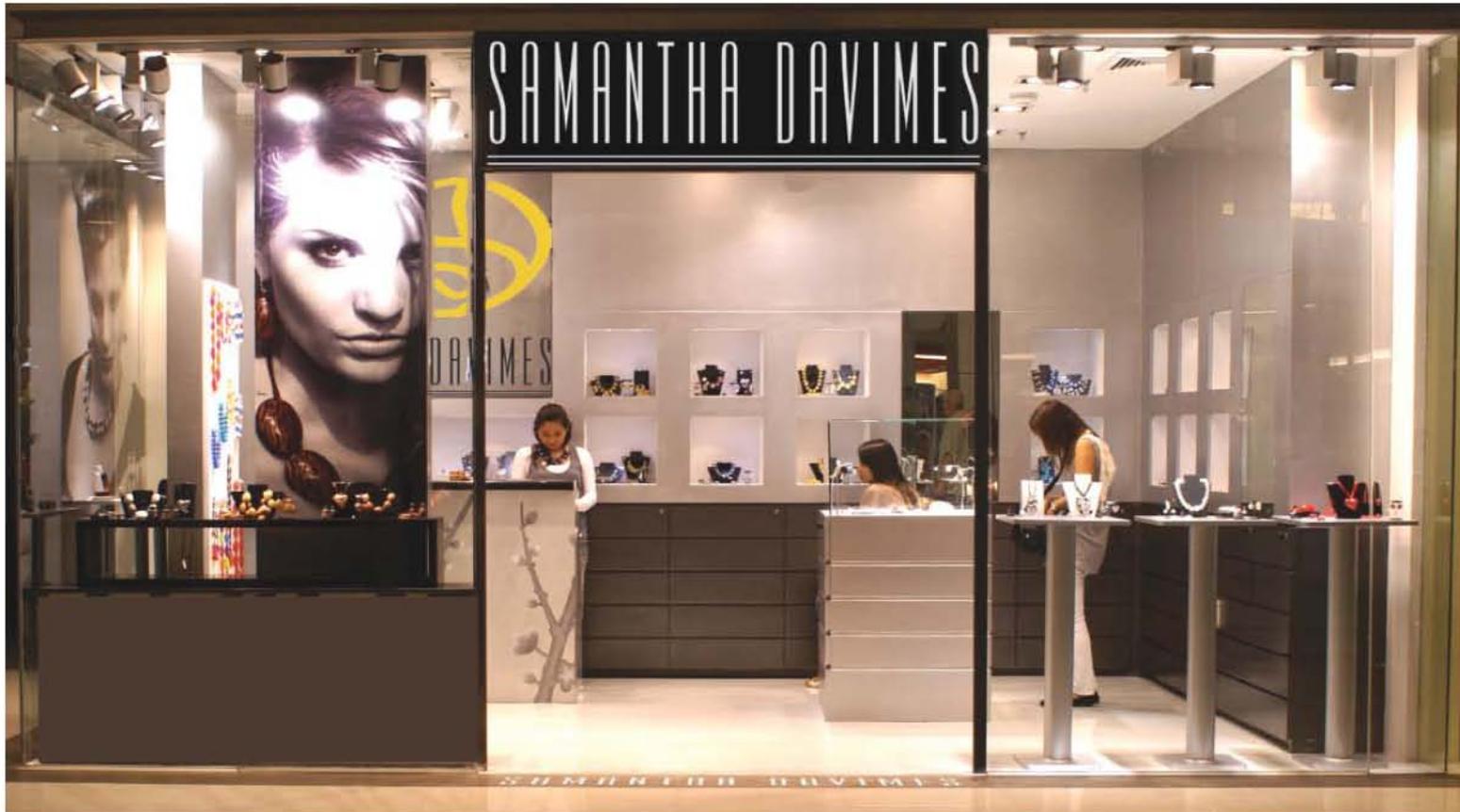


SAMANTHA DAVIMES



**CONCESSION**  
Development Program

# Retail Pkg 4: Stellar Partners

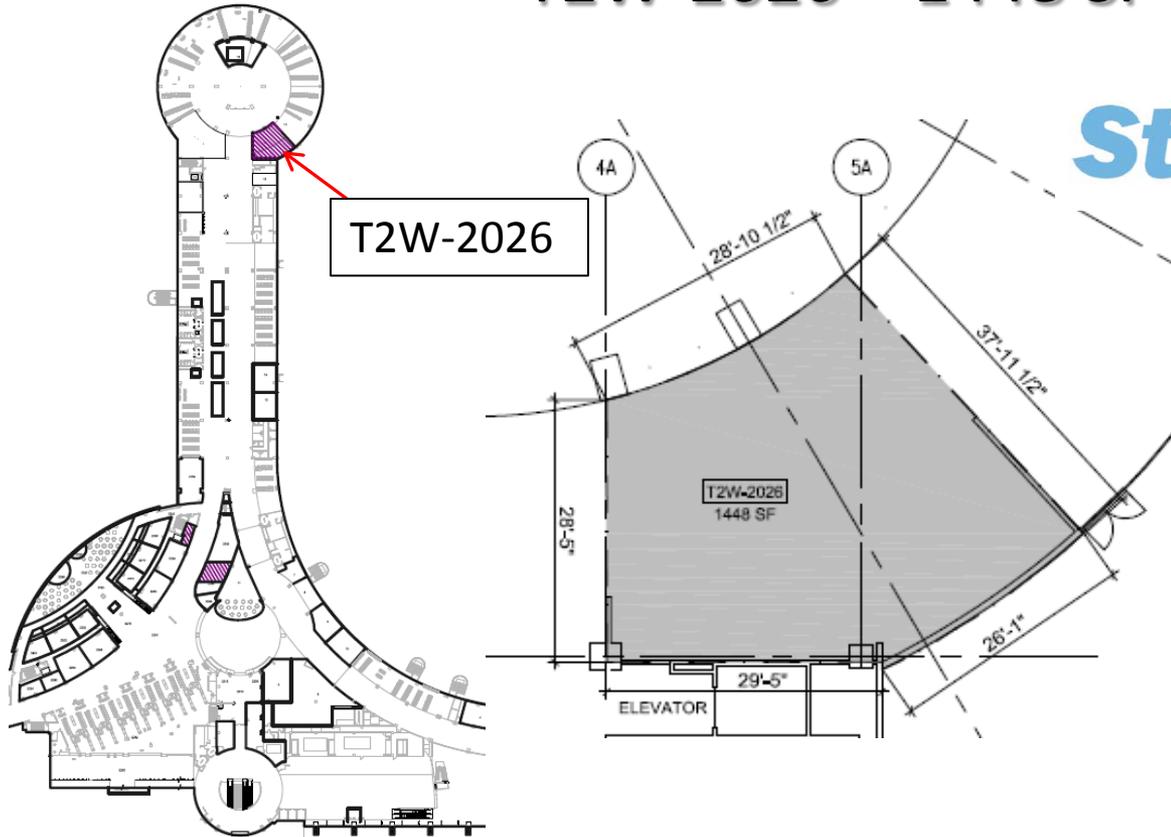


**CONCESSION**  
Development Program

# RETAIL PACKAGE 4

Terminal 2 West

## T2W-2026 – 1448 SF



# Stellar News



**CONCESSION**  
Development Program

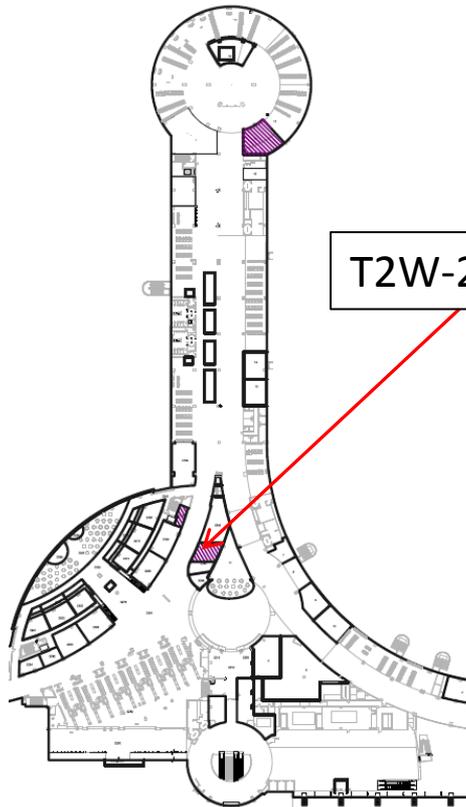
# Retail Pkg 4: Stellar Partners



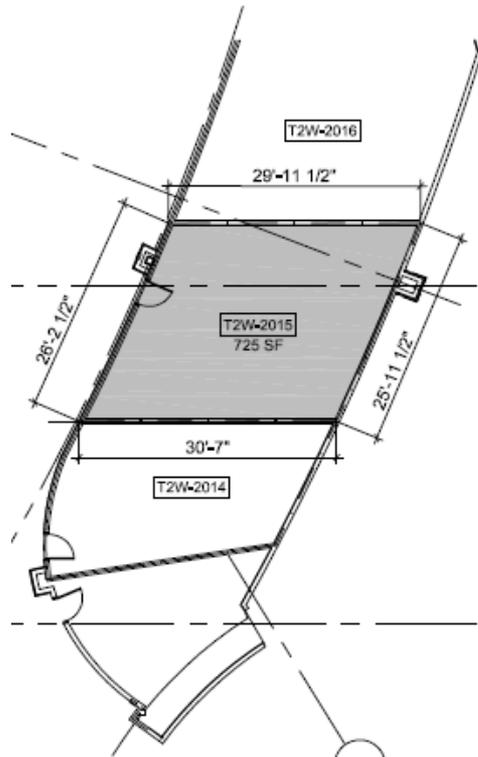
# RETAIL PACKAGE 4

## T2W-2015 – 725 SF

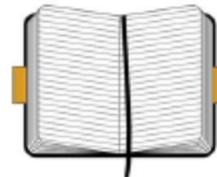
Terminal 2 West



T2W-2015



# Brookstone®



MOLESKINE®



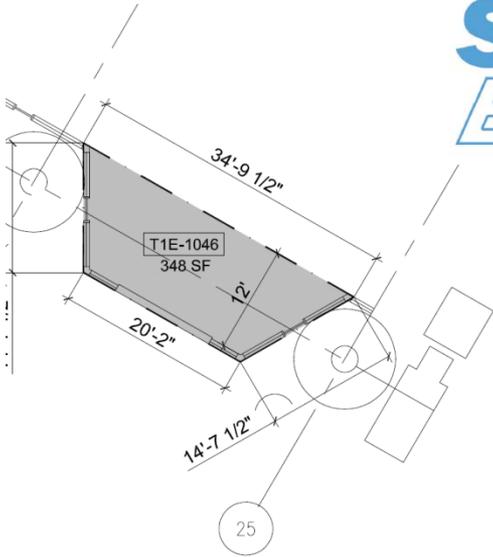
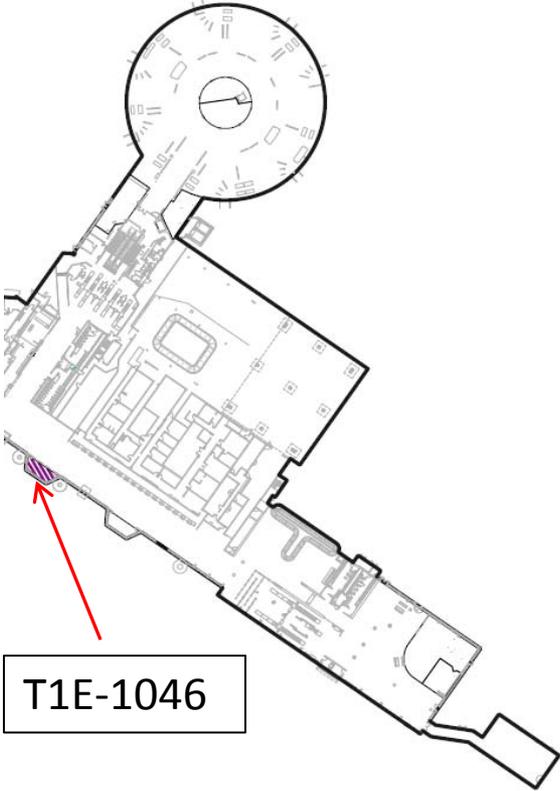
# Retail Pkg 4: Stellar Partners



# RETAIL PACKAGE 4

## T1E-1046 – 348 SF

Terminal 1



# Stellar News Express



**CONCESSION**  
Development Program

# Retail Pkg 4: Stellar Partners



**CONCESSION**  
Development Program

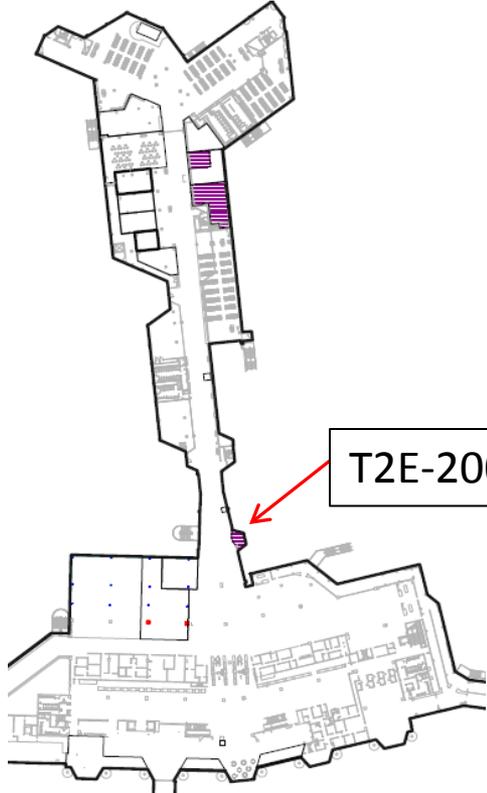
# RETAIL PACKAGE 4

## T2E-2009 – 215 SF

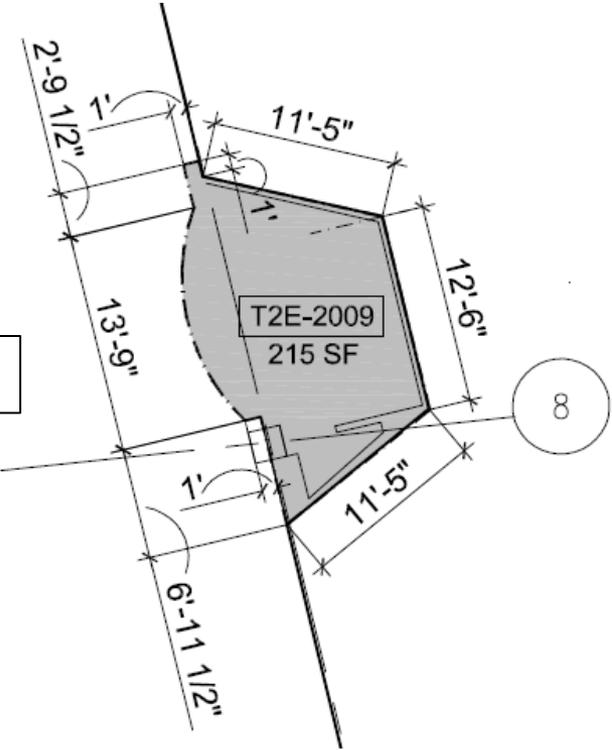
Terminal 2 East



CHOCOLATES



T2E-2009



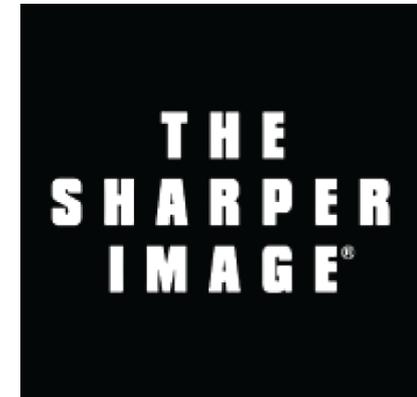
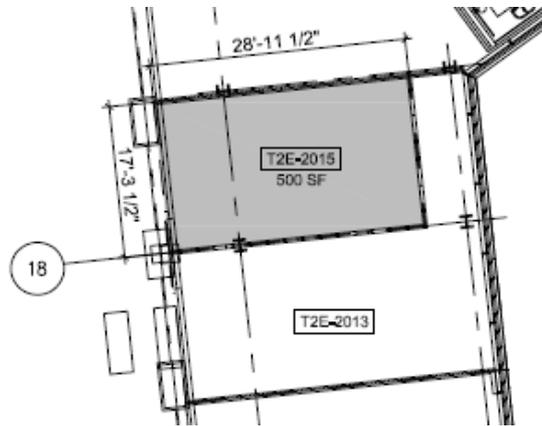
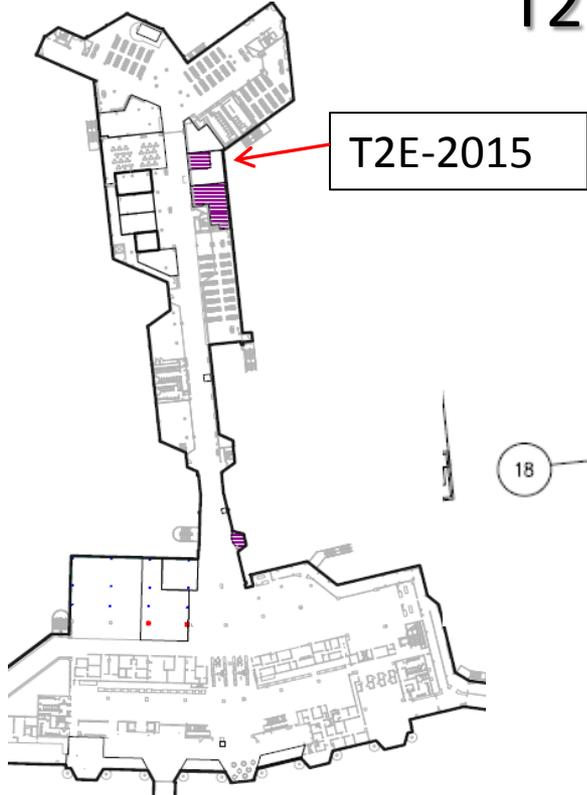
**CONCESSION**  
Development Program

# Retail Pkg 4: Stellar Partners

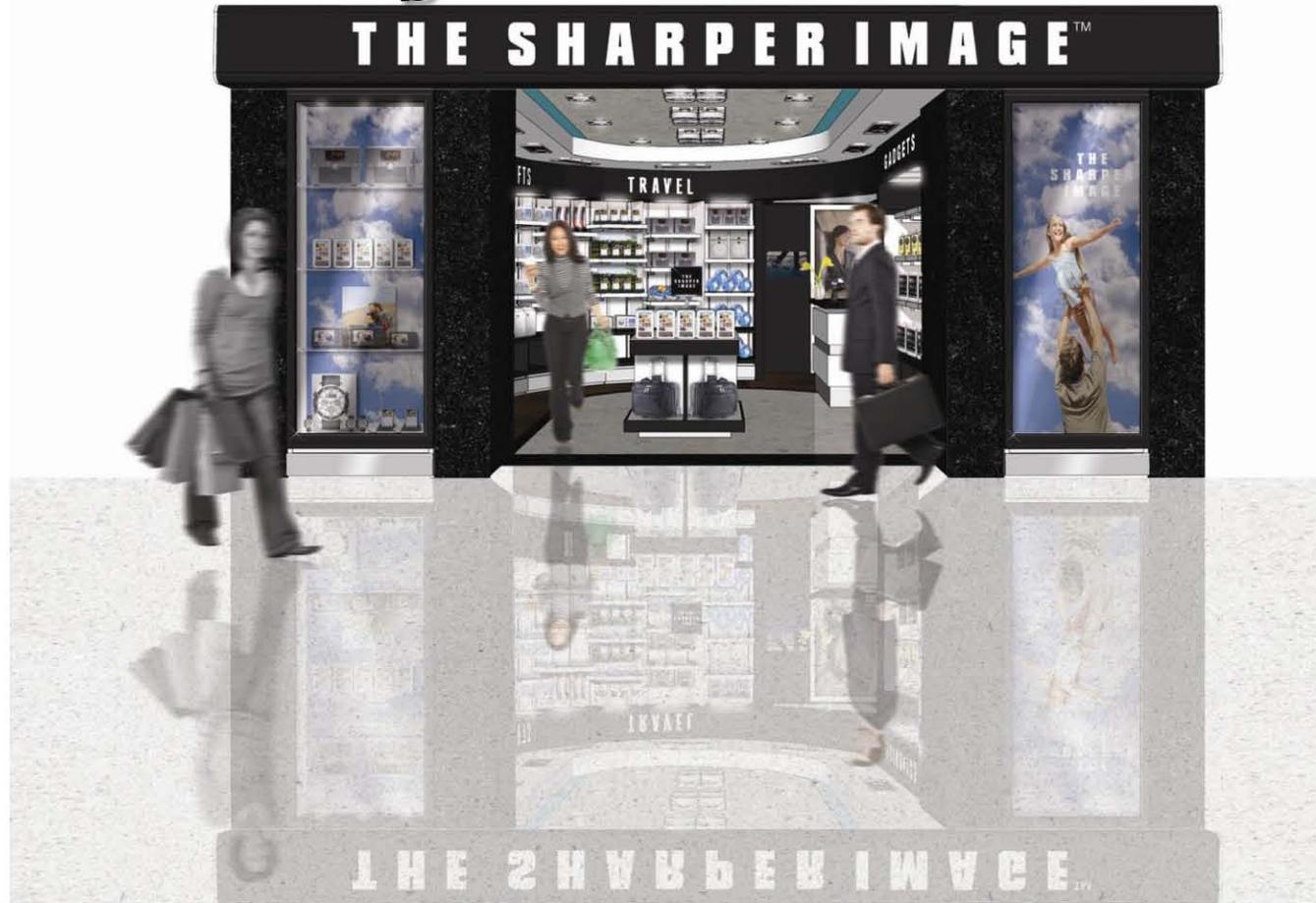


# RETAIL PACKAGE 4 T2E-2015 – 500 SF

Terminal 2 East



# Retail Pkg 4: Stellar Partners

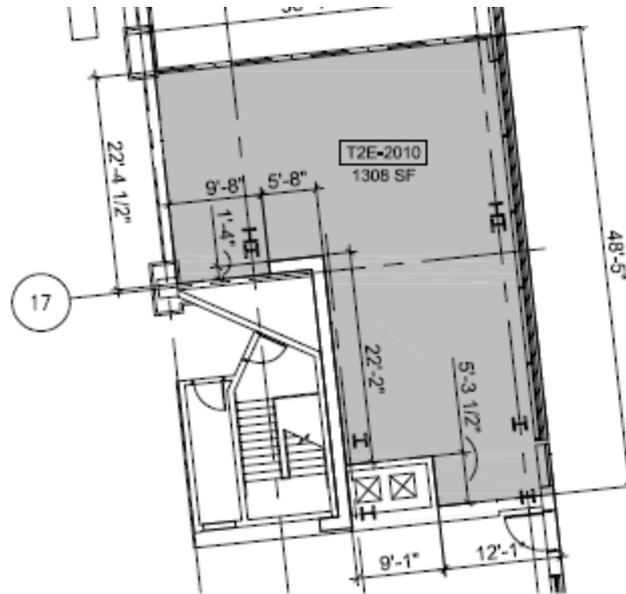
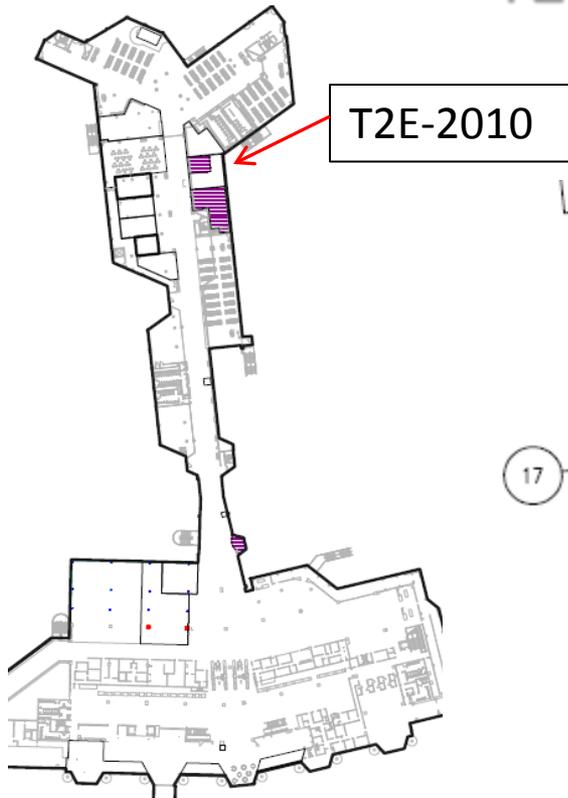


**CONCESSION**  
Development Program

# RETAIL PACKAGE 4

## T2E-2010 – 1308 SF

Terminal 2 East



# OLD TOWN NEWS & MARKET



**CONCESSION**  
Development Program

# Retail Pkg 4: Stellar Partners



**CONCESSION**  
Development Program



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #4 Summary

Recommendation for Award of Lease:

- Stellar Partners, Inc. (Stellar Partners)

ACDBE% - 83%

Worker Retention:

Stellar Partners will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



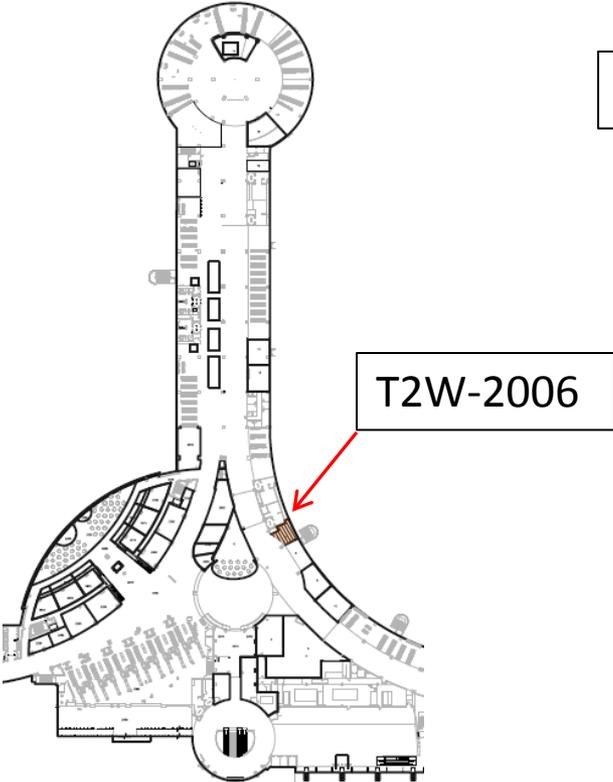
**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 5

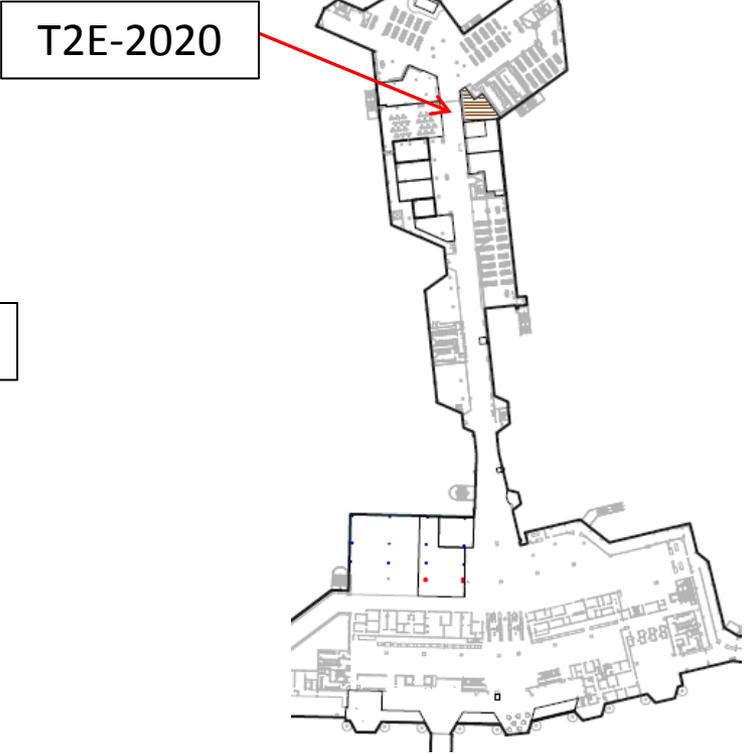
Package	Unit Count	Unit Number	Location	Square Footage	Concept
5	1	T2E-2020	T2E Post-Security	875	Spa Service
5	1	T2W-2006	T2W Core	582	Spa Service
<b>TOTAL</b>	<b>2</b>			<b>1,457</b>	

# RETAIL PACKAGE 5

Terminal 2 West



Terminal 2 East



**CONCESSION**  
Development Program



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 5: Minimum Requirements

---

**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

---

**Percent Rent  
(Biddable within Provided Range)**

**10.50% to 14.00%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$119,000**

---



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 5 Proposers

Spa Didacus, Inc. (Spa Didacus)	Proposed business entity is comprised of a joint venture between Spa Export SARL (74% ownership) and First Class Concessions (26% ownership)
XpresSpa San Diego Airport, LLC (XpresSpa)	Proposed business entity is comprised of a joint venture between XpresSpa (74% ownership) and Casa Unlimited Enterprises, Inc.(26% ownership)



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 5

## Proposed Concepts by Proposer

Location	T2E-2020	T2W-2006
Square Feet	875	582
Proposer	Concepts	
Spa Didacus	Be Relax	Be Relax
XpresSpa	XpresSpa	XpresSpa



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 5 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Spa Didacus	(years 1-4) 10.5% (years 5-7) 11%	\$ 119,000
XpresSpa	\$0-\$2.0M 11% Over \$2.0M 12% Retail Sales 14%	\$ 119,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 5 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Spa Didacus	1	1	1	1	2	2	8
XpresSpa	2	2	2	2	1	1	10

PM = Panel Member

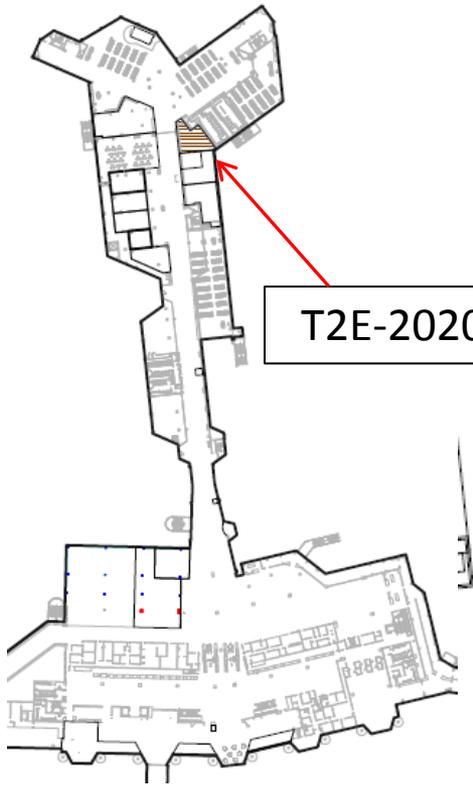
“1” is (best suited) ; “2” (next best suited)

Lowest Total = Best Suited

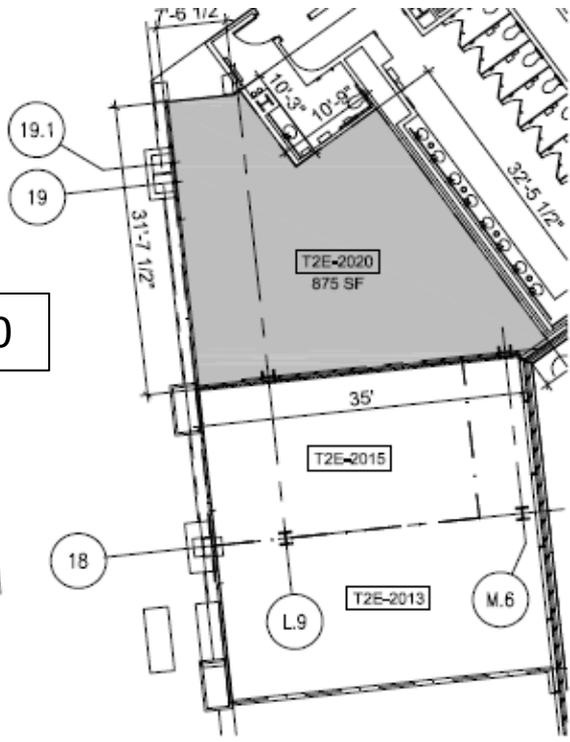
# RETAIL PACKAGE 5

## T2E-2020 – 875 SF

Terminal 2 East



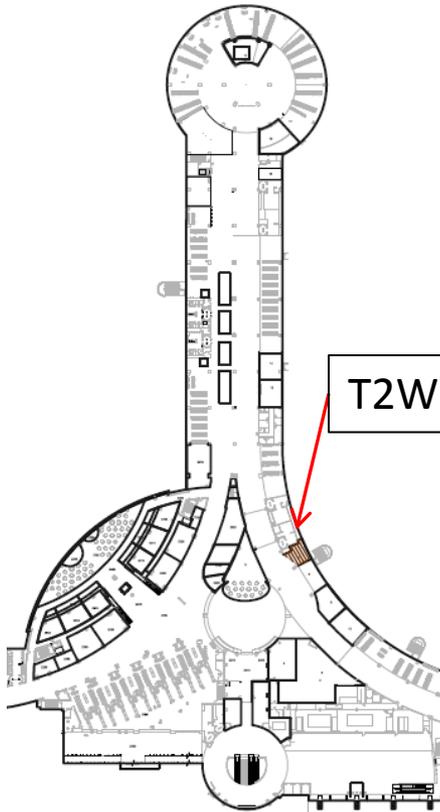
T2E-2020



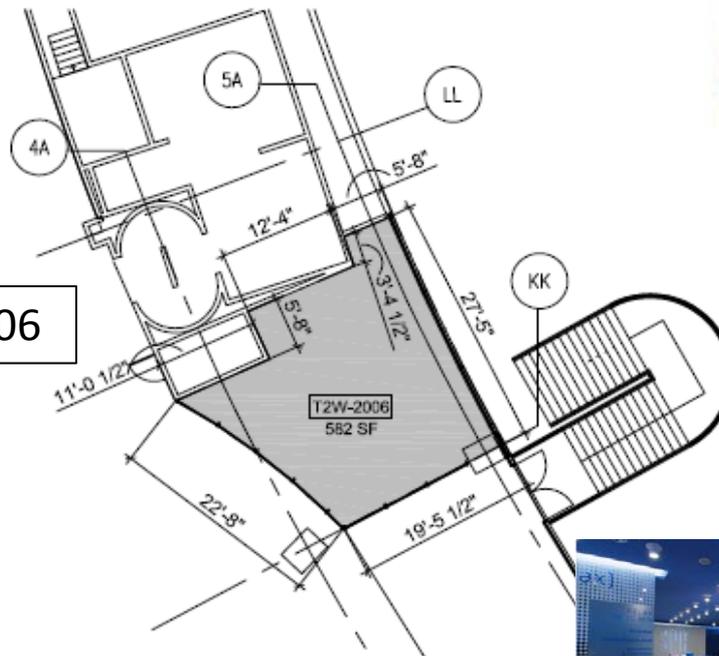
# RETAIL PACKAGE 5

## T2W-2006 – 582 SF

Terminal 2 West



T2W-2006



# Retail Pkg 5: Be Relax Spa (2 locations)





SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #5 Summary

Recommendation for Award of Lease:

- Spa Didacus, Inc. (Spa Didacus)

ACDBE% - 26%

Worker Retention:

Spa Didacus will meet minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 6

Package	Unit Count	Location	Square Footage	Concept
6	1	T1- Post-Security West	70	Automated Retail
6	1	T1- Post-Security West	70	Automated Retail
6	1	T1- Post-Security East	70	Automated Retail
6	1	T1- Post-Security East	70	Automated Retail
<b>TOTAL</b>	<b>4</b>		<b>280</b>	



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 6: Minimum Requirements

---

**Percent Rent**  
**(Biddable within Provided Range)**

**10% to 15%**

---

**Minimum Annual Guarantee (MAG)**  
**(Fixed)**

**\$50,000**

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SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package 6 Proposers

NewZoom, Inc. (Zoom Systems)	Proposed business is a Corporation
------------------------------	------------------------------------



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 6

## Proposed Concepts by Proposer

Location	T1W-Post Security #1	T1W-Post Security #2	T1E-Post Security #1	T1E-Post Security #2
<b>Square Feet</b>	70	70	70	70
<b>Proposer</b>	<b>Concepts</b>			
Zoom Systems	Best Buy	Clinique	Best Buy	Clinique



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 6 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Zoom Systems	10% of Sales	\$ 50,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 6 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Zoom Systems	1	1	1	1	1	1	6

PM = Panel Member  
“1” is (best suited)

# Retail Pkg 6: Zoom Systems



2 locations:  
T1W Post Security and T1E Post Security

2 locations:  
T1W Post Security and T1E Post Security





SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #6 Summary

Recommendation for Award of Lease:

- NewZoom, Inc.(Zoom Systems)

ACDBE% - 0%

Worker Retention: Not Applicable



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

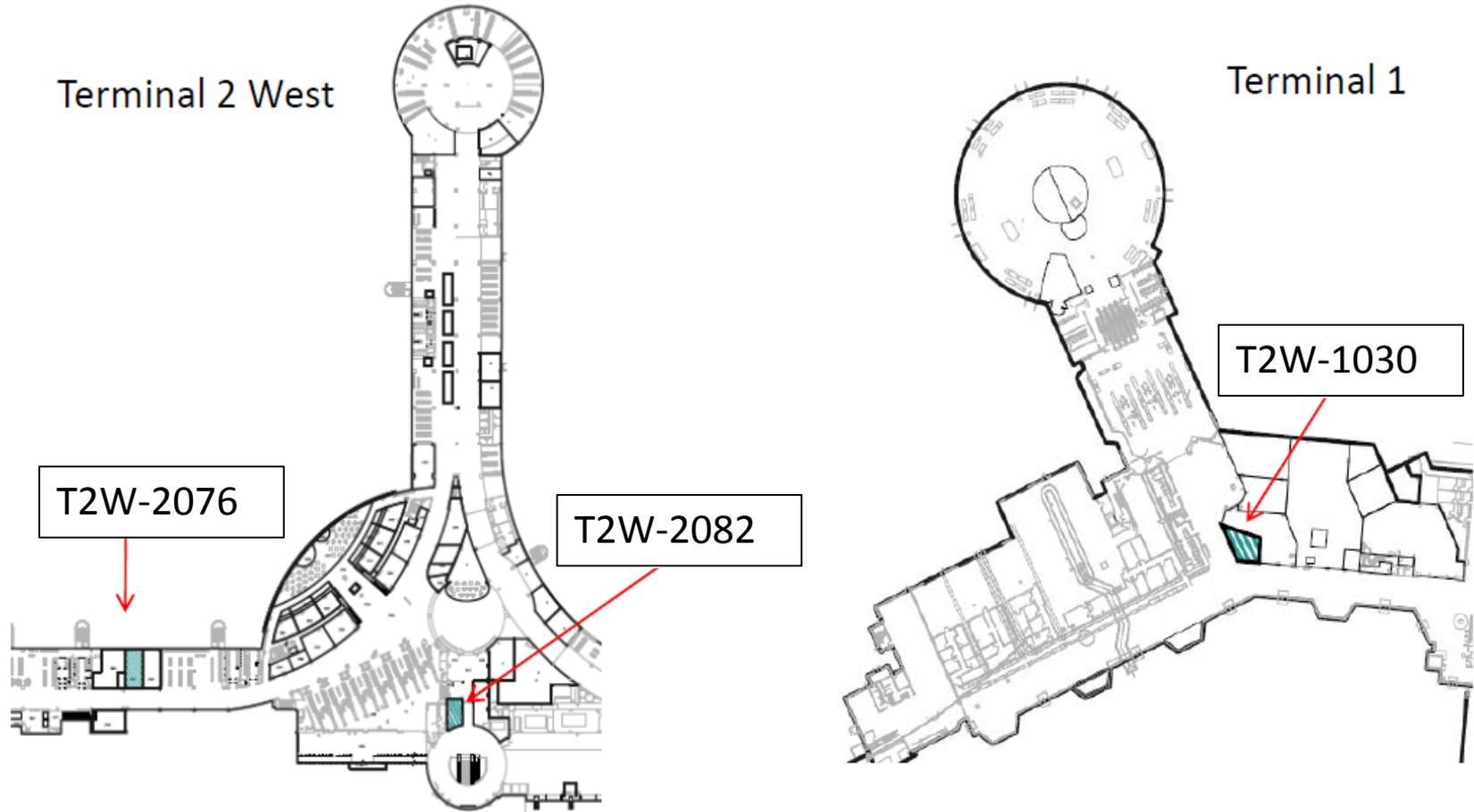
# Retail Package 7

Package	Unit Count	Unit Number	Location	Square Footage	Concept
7	1	T2W-2082	T2W-Pre-Security	670	Newsstand and Sundries
7	1	T1W-1030	T1-Pre-Security	532	Electronics and Gadgets
7	1	T2W-2076	T2W West- Post Security	1,111	Newsstand and Sundries
<b>TOTAL</b>	<b>3</b>			<b>2,313</b>	

# RETAIL PACKAGE 7

Terminal 2 West

Terminal 1





**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 7: Minimum Requirements

---

**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

---

**Percent Rent  
(Biddable within Provided Range)**

**13% to 17%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$375,000**

---



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 7 Proposers

<p>HG-CV-Epicure-Martinez San Diego JV (Hudson Group)</p>	<p>Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (Hudson) (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)</p>
<p>LS Travel Retail and Partners at SAN, LLC (LS Travel Retail)</p>	<p>Proposed business entity is comprised of a joint venture of LS Travel Retail North America (74% ownership) and P&amp;P Services, LLC (26% ownership)</p>
<p>PGC-PCI San Diego LLC (PGC-PCI)</p>	<p>Proposed business entity is comprised of a joint venture of Pacific Gateway Concessions, LLC (67% ownership) and Procurement Concepts, Inc. (33% ownership)</p>
<p>Paradies-San Diego, LLC (Paradies)</p>	<p>Proposed business entity is comprised of a joint venture between The Paradies Shops, LLC (70% ownership) and CRS Sophisticated Solutions, Inc. (30% ownership)</p>



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 7

## Proposed Concepts by Proposer

Location	T2W-2082	T1W-1030	T2W-2076
<b>Square Feet</b>	<b>670</b>	<b>532</b>	<b>1,111</b>
<b>Proposer</b>	<b>Concepts</b>		
Hudson Group	Lindbergh Field News	Tech on the Go	Gaslamp News
LS Travel Retail	San Diego Union Tribune	iStore Boutique	Relay
PGC-PCI	Where Traveler San Diego	RadioShack	KPBS News
Paradies	Channel 10 News	InMotion Entertainment	CNBC News San Diego



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 7 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Hudson Group	17%	\$ 375,000
LS Travel Retail	\$0-\$1.5M 13% Over \$1.5M 17%	\$ 375,000
PGC-PCI	\$0-\$3.0M 13% \$3.0M-\$4.0M 14% Over \$4.0M 15%	\$ 375,000
Paradies	17 % Non-Specialty 13% Specialty	\$ 375,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 7 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Hudson Group	1	1	1	1	1	1	6
LS Travel Retail	4	3	3	4	3	2	19
PGC-PCI	2	2	4	2	2	3	15
Paradies	3	4	2	3	4	4	20

PM = Panel Member

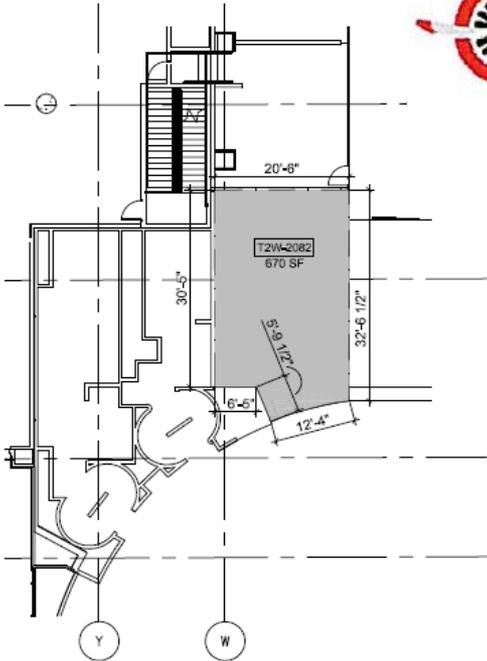
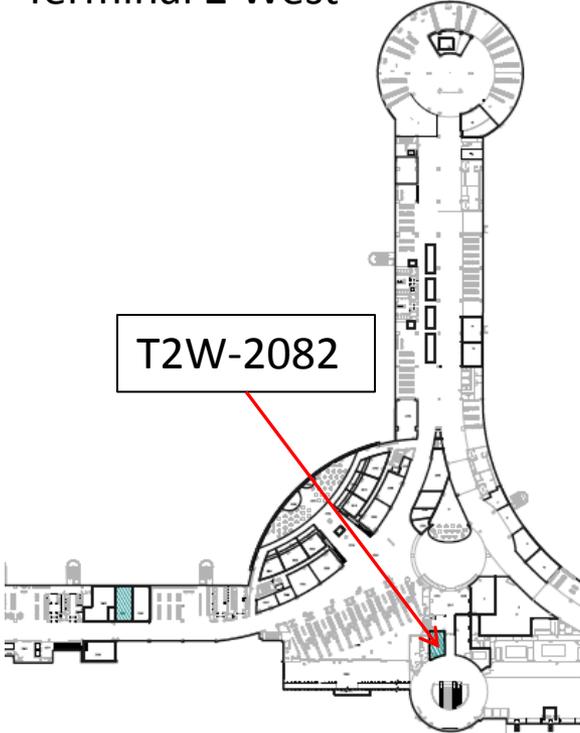
“1” is (best suited) ; “4” (least suited)

Lowest Total = Best Suited

# RETAIL PACKAGE 7

## T2W-2082 – 670 SF

Terminal 2 West



# Retail Pkg 7: Hudson Group

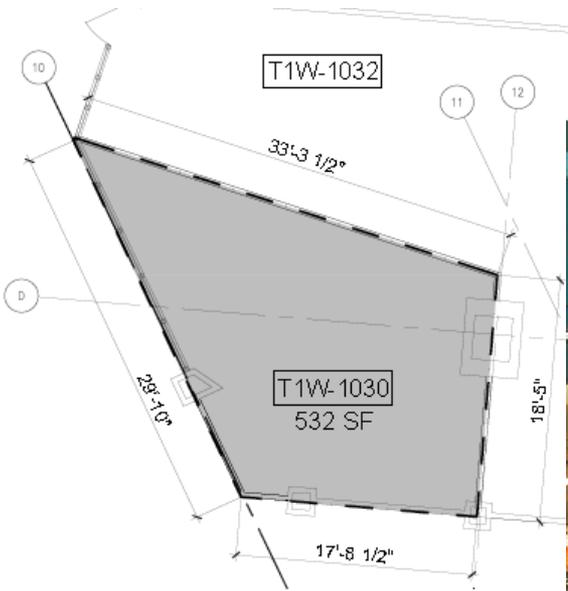
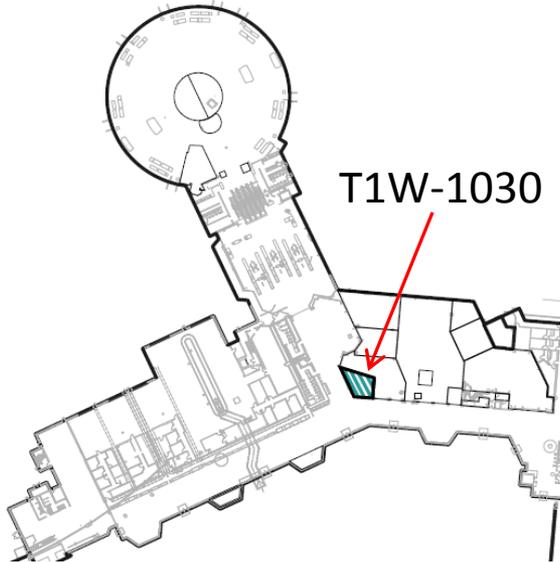


**CONCESSION**  
Development Program

# RETAIL PACKAGE 7

## T1W-1030 – 532 SF

Terminal 1



**CONCESSION**  
Development Program

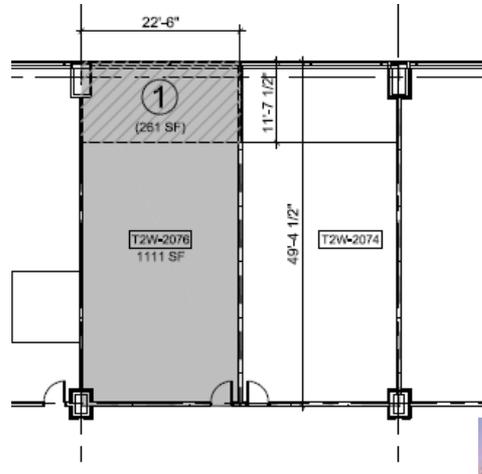
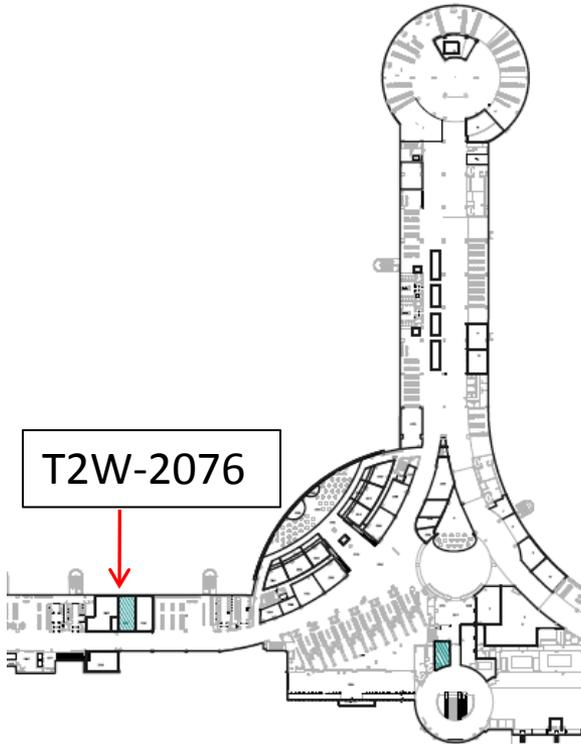
# Retail Pkg 7: Hudson Group



# RETAIL PACKAGE 7

## T2W-2076 – 1111 SF

Terminal 2 West



# Retail Pkg 7: Hudson Group



**CONCESSION**  
Development Program



SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #7 Summary

Recommendation for Award of Lease:

- HG-CV-Epicure-Martinez San Diego, JV (Hudson Group)

ACDBE% - 26%

Worker Retention:

Hudson Group will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



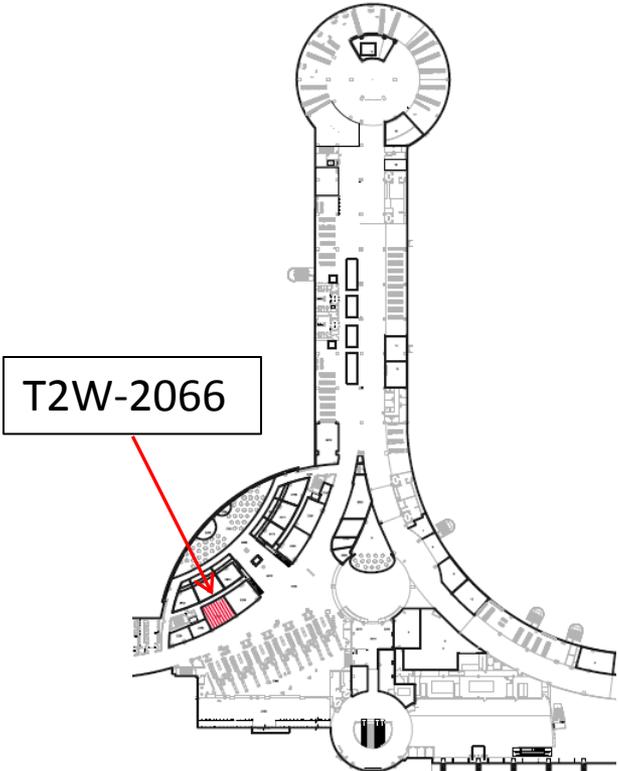
**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 8

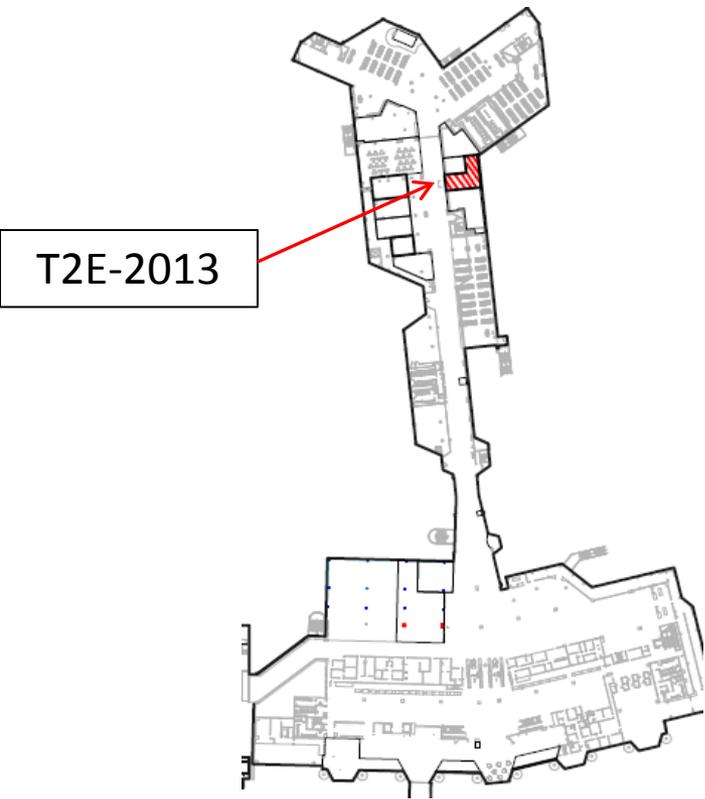
Package	Unit Count	Unit Number	Location	Square Footage	Concept
8	1	T2W-2066	T2W Core	1,141	Electronics and Gadgets
8	1	T2E-2013	T2E Post-Security	756	Electronics and Gadgets
<b>TOTAL</b>	<b>2</b>			<b>1,897</b>	

# RETAIL PACKAGE 8

Terminal 2 West



Terminal 2 East





**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 8: Minimum Requirements

---

**Minimum Investment in Fixed Improvements  
per Square Foot**

**\$300**

---

**Percent Rent  
(Biddable within Provided Range)**

**11% to 14%**

---

**Minimum Annual Guarantee (MAG)  
(Fixed)**

**\$126,000**

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**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Retail Package 8 Proposers

<p>HG-CV-Epicure-Martinez San Diego JV (Hudson Group)</p>	<p>Proposed business entity is comprised of a joint venture between Hudson Group (HG) Retail, LLC (71% ownership), Concourse Ventures, Inc. (3% ownership), Epicure Group International, LLC (13% ownership) and Martinez Niebla, LLC (13% ownership)</p>
<p>Project Horizon, Inc. (Project Horizon)</p>	<p>Project Horizon proposes to sublease Space T2W-2006 to a new JV formed between Project Horizon, Inc. (at 55% ownership) and APW Holdings, LLC (at 45% ownership) under the name Soundbalance® SAN, LLC.</p>



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 8

## Proposed Concepts by Proposer

Location	T2W-2066	T2E-2013
<b>Square Feet</b>	<b>1,141</b>	<b>756</b>
<b>Proposer</b>	<b>Concepts</b>	
Hudson Group	Tech on the Go	Tech on the Go
Project Horizon	Soundbalance	InMotion Entertainment



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Retail Package 8 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Hudson Group	11.0%	\$ 126,000
Project Horizon	14.0%	\$ 126,000



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Retail Package 8 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Hudson Group	2	2	2	2	2	2	12
Project Horizon	1	1	1	1	1	1	6

PM = Panel Member

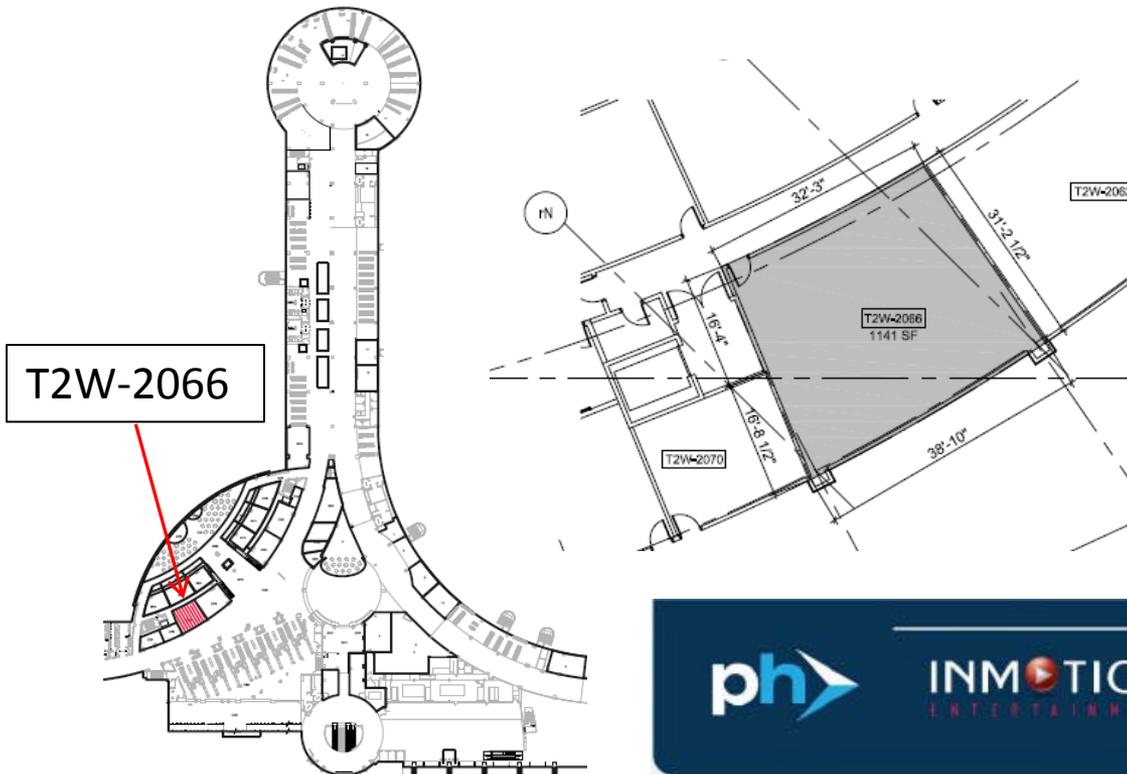
“1” is (best suited) ; “2” (next best suited)

Lowest Total = Best Suited

# RETAIL PACKAGE 8

## T2W-2066 – 1141 SF

Terminal 2 West



**project  
horizon**  
Experts in Electronics Retail

**ph** **INMOTION** **soundbalance**  
ENTERTAINMENT electronics with a green horizon

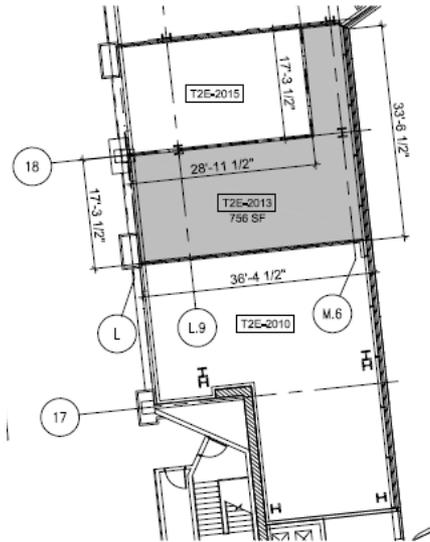
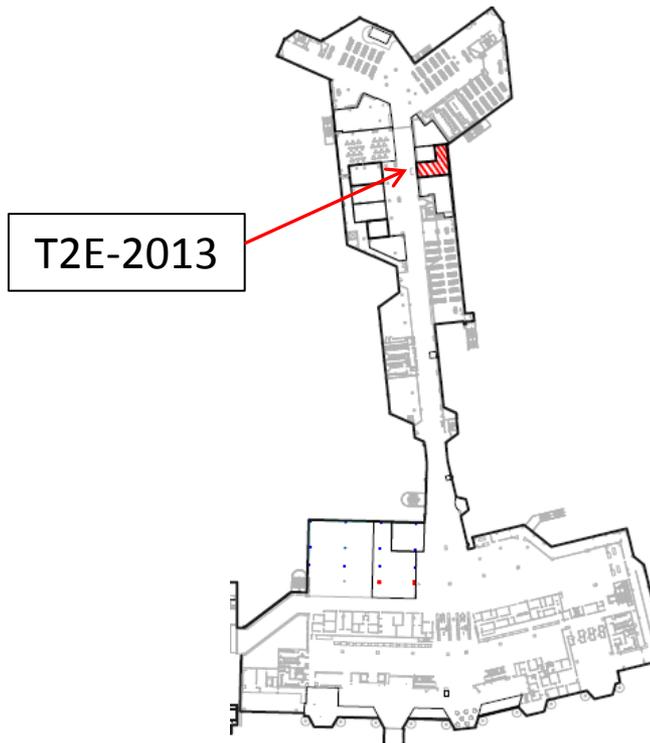
**CONCESSION**  
Development Program

# Retail Pkg 8: Project Horizon



# RETAIL PACKAGE 8 T2E-2013 – 756 SF

Terminal 2 East



# Retail Pkg 8: Project Horizon





SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Retail Package #8 Summary

Recommendation for Award of Lease:

- Project Horizon, Inc (Project Horizon)

ACDBE% - 26%

Worker Retention:

Project Horizon will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package Summary

Package Number	Term	Unit Count	Square Footage	Market Share
				<b>Food</b>
1	10	6	10,254	18%
4	7	2	1,106	2%
7	10	3	3,681	7%
8	10	5	8,051	14%



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 1

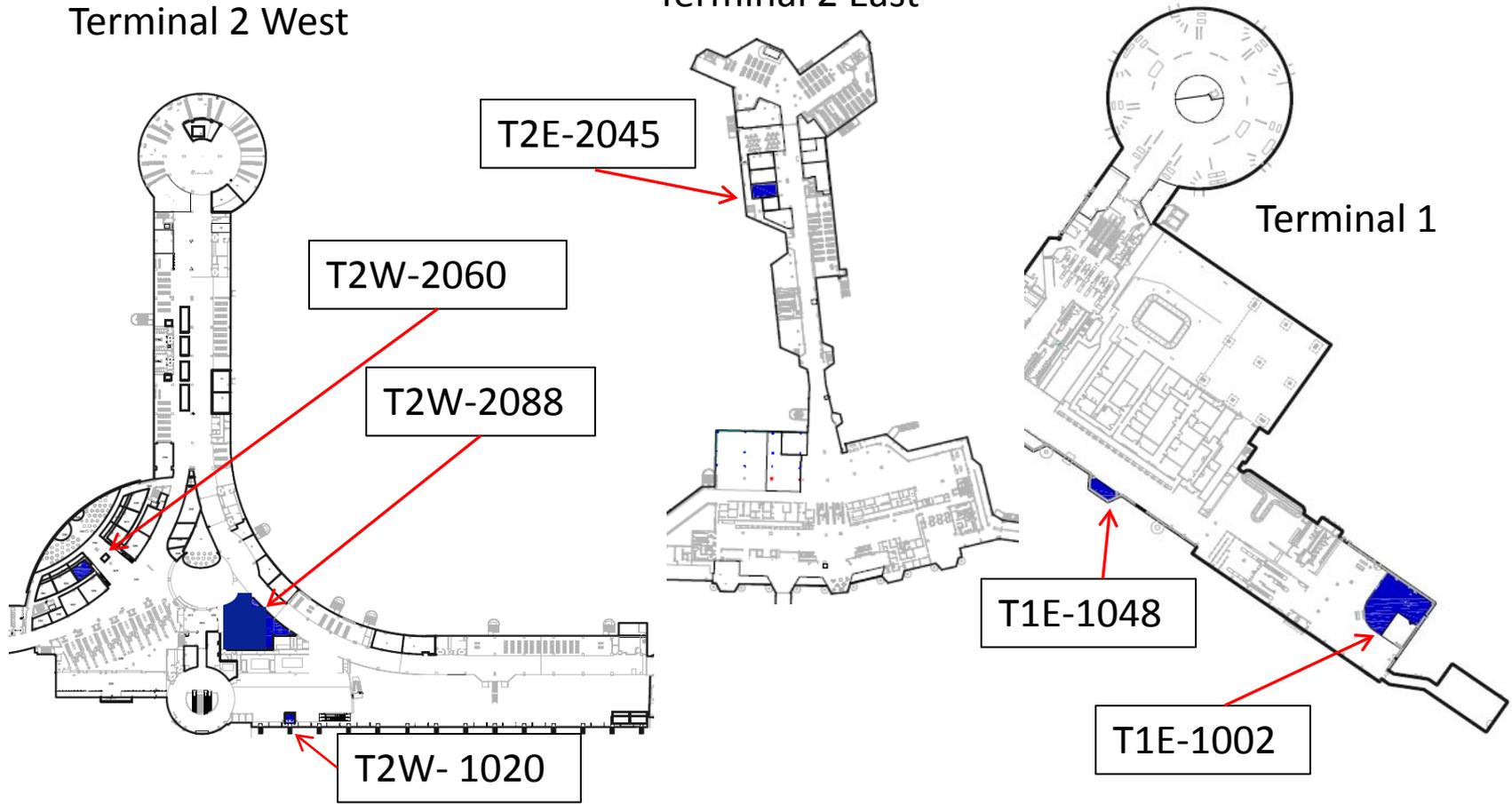
Package	Unit Count	Unit Number	Location	Square Footage	Concept
1	1	T2W-1020	T2W Pre-Security	268	Snack Food
1	1	T2W-2060	T2W-Core	703	Food Court-Hamburger
1	1	T2W-2088	T2W-Core	6,267	Casual Dining Restaurant
1	1	T2E-2045	T2E Post-Security	779	Food Court-Italian
1	1	T1E-1048	T1 Pre-Security	348	Gourmet Coffee w/ Baked Goods
1	1	T1E-1002	T1 Post-Security	1,889	Bar with Food
<b>TOTAL</b>	<b>6</b>			<b>10,254</b>	

# FOOD SERVICE PACKAGE 1

Terminal 2 West

Terminal 2 East

Terminal 1





**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 1: Minimum Requirements

<b>Minimum Investment in Fixed Improvements per Square Foot</b>	<b>\$350</b>	
<b>Percent Rent (Biddable within Provided Range)</b>	<b>Food/ Non-Alcohol</b>	<b>13.0% to 16.0%</b>
	<b>Alcohol</b>	<b>16.0% to 20.0%</b>
<b>Minimum Annual Guarantee (MAG) (Fixed)</b>	<b>\$988,100</b>	



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 1 Proposers

<p>Diego Concession Group, LLC (DCG)</p>	<p>Proposed business entity is comprised of Diego Concession Group as prime concessionaire with Hojeij Brand Foods, Inc. and Foodmaker, Inc. as sublessees.</p>
<p>Host International, Inc. (Host)</p>	<p>Proposed business entity is comprised of Host International, Inc. as prime Concessionaire with a sublease to a Joint Venture comprised of Host International, Inc. (65% ownership) and Concession Management Services, Inc. (35% ownership)</p>



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 1

## Proposed Concepts by Proposer

Location	T2W-1020	T2W-2060	T2W-2088	T2E-2045	T1E-1048	T1E-1002
Square Feet	268	703	6267	779	348	1,889
Proposer	Concepts					
DCG	Freshens Yogurt	Jack in the Box	Mission: Green Foods	Villa Pizza	Abica Coffee	Diegos Gastropub
Host	Ciao	Stack Shack	12 <sup>th</sup> Fairway Bar and Grill	California Pizza Kitchen	Great American Bagel	Craft Brews on 30th St.



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 1 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
DCG	15.5% Food/Non-Alcoholic Beverage 18.5% Alcohol	\$988,100
Host	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$988,100



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 1 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	1	1	1	1	1	1	6
DCG	2	2	2	2	2	2	12

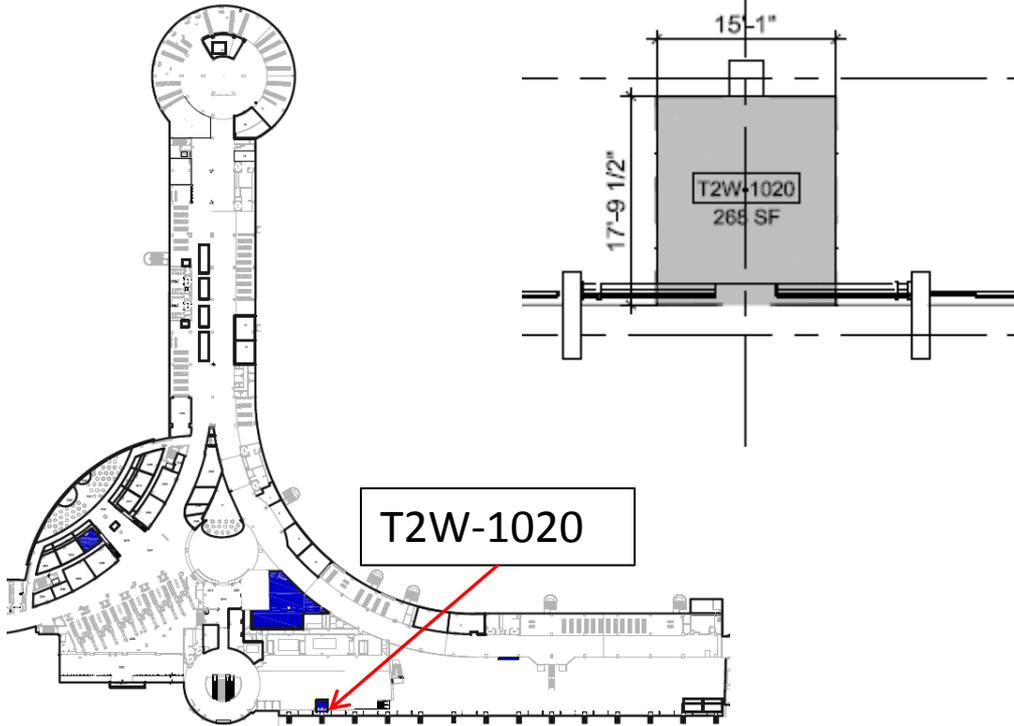
PM = Panel Member

“1” is (best suited) ; “2” (next best suited)

Lowest Total = Best Suited

# FOOD SERVICE PACKAGE 1 - T2W-1020 – 268 SF

Terminal 2 West



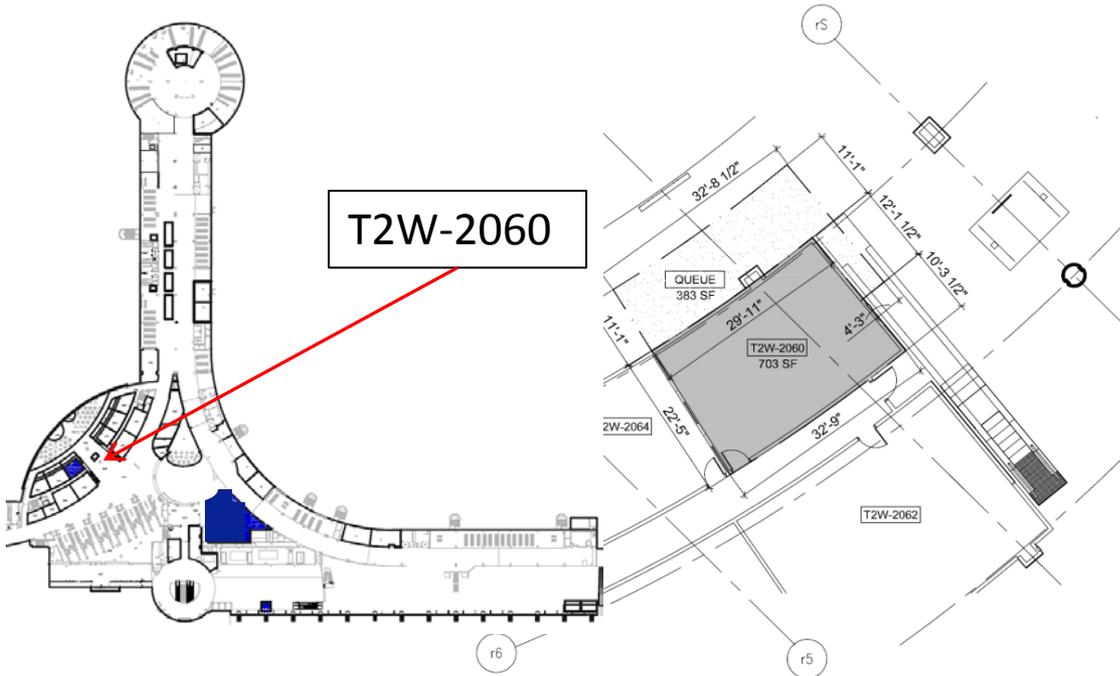
# Food Pkg 1: HMS Host



**CONCESSION**  
Development Program

# FOOD SERVICE PACKAGE 1 - T2W-2060 – 703 SF

Terminal 2 West



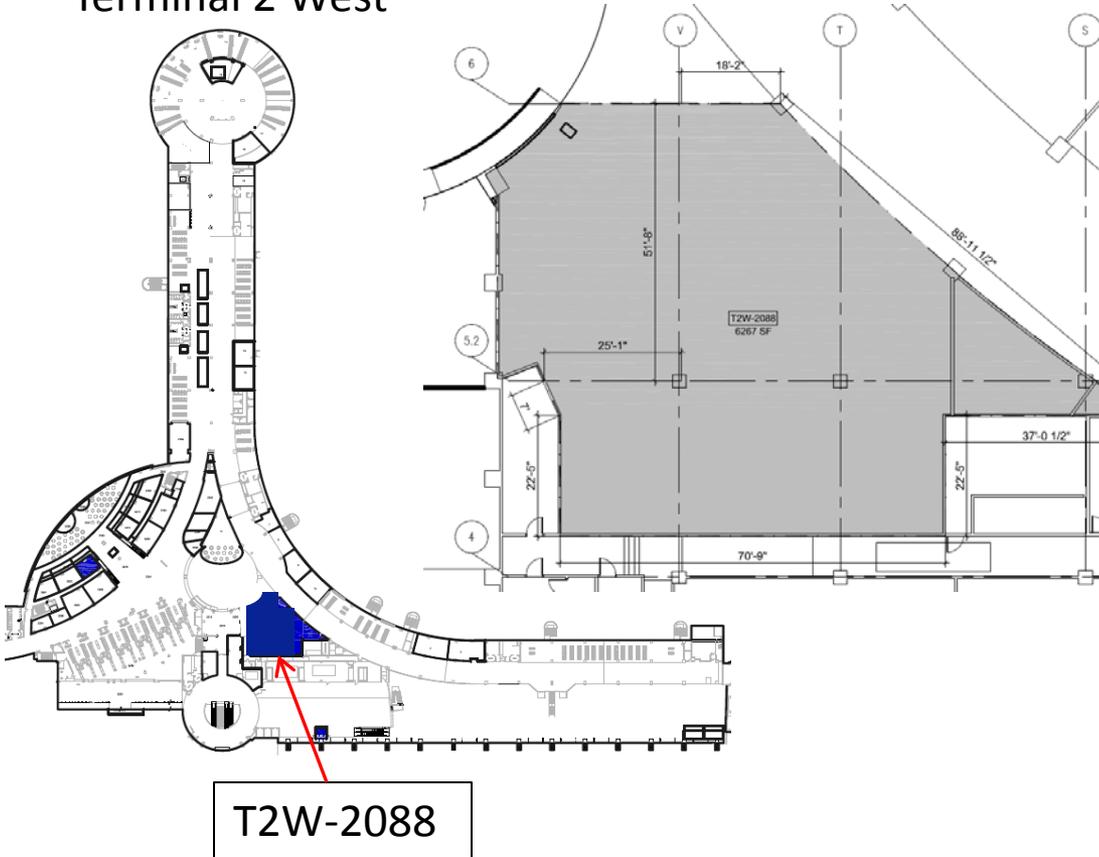
# Food Pkg 1: HMS Host



**CONCESSION**  
Development Program

# FOOD SERVICE PACKAGE 1 - T2W-2088 – 6267 SF

Terminal 2 West



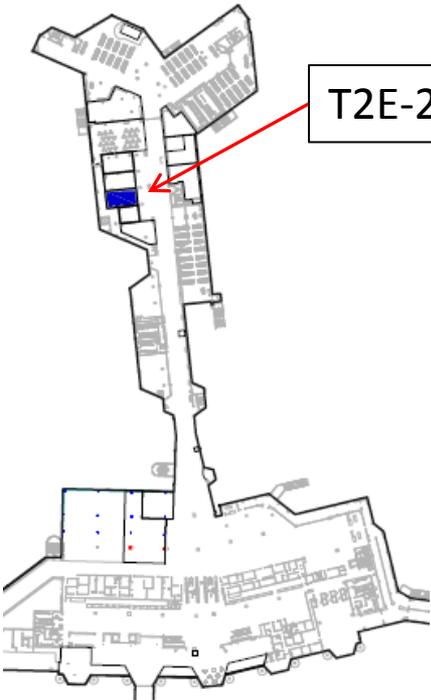
# Food Pkg 1: HMS Host



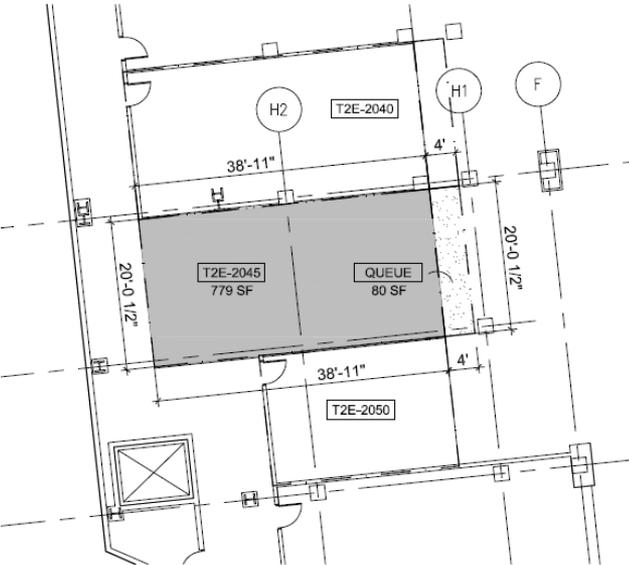
**CONCESSION**  
Development Program

# FOOD SERVICE PACKAGE 1 - T2E-2045 – 779 SF

Terminal 2 East



T2E-2045



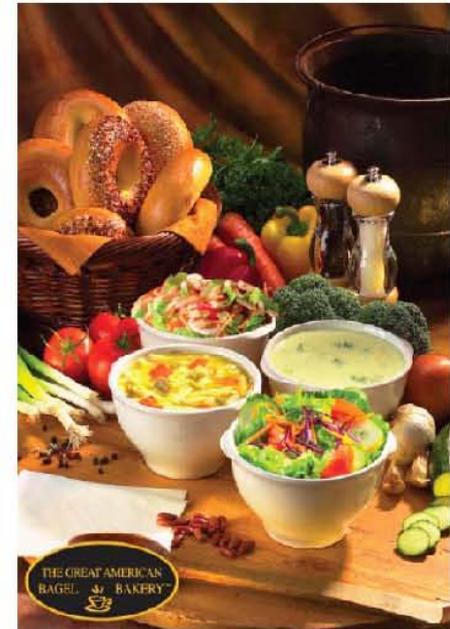
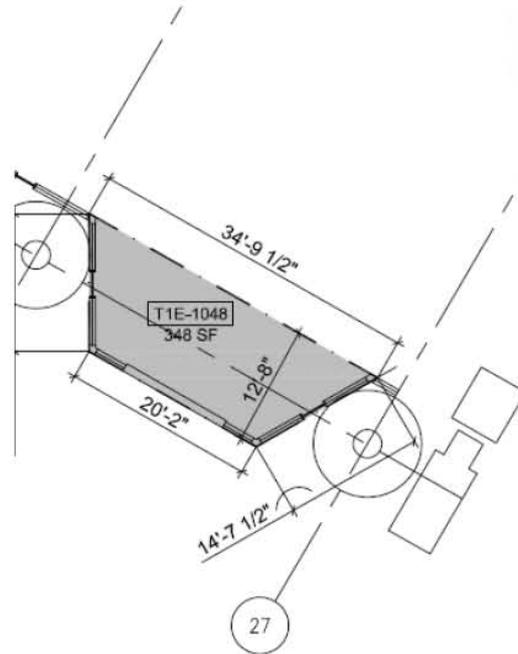
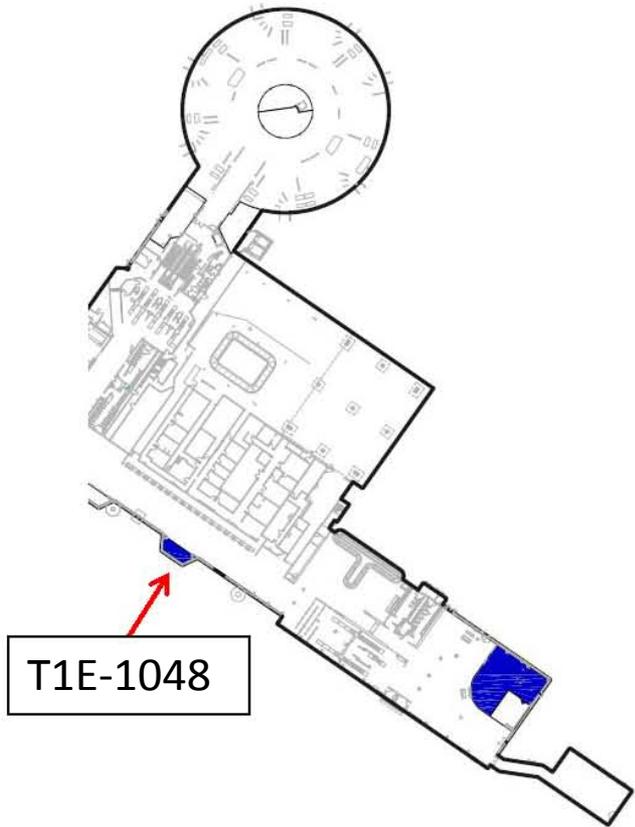
**CONCESSION**  
Development Program

# Food Pkg 1: HMS Host



# FOOD SERVICE PACKAGE 1 - T1E-1048 – 348 SF

Terminal 1 East side



# Food Pkg 1: HMS Host

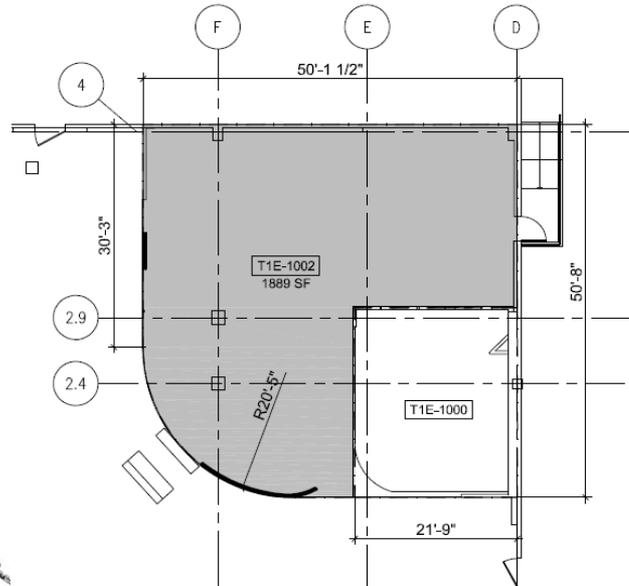
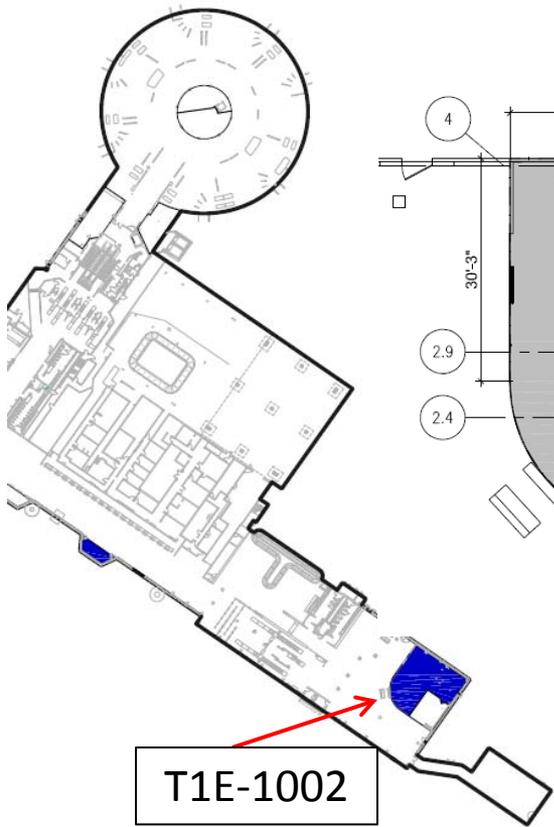


**CONCESSION**  
Development Program

# FOOD SERVICE PACKAGE 1 - T1E-1002 – 1889 SF

Terminal 1 East side

**CRAFT BREWS**  
30TH STREET



# Food Pkg 1: HMS Host





SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Food Service Package #1 Summary

Recommendation for Award of Lease:

- Host International, Inc. (Host)

ACDBE% - 35%

Worker Retention:

Host will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

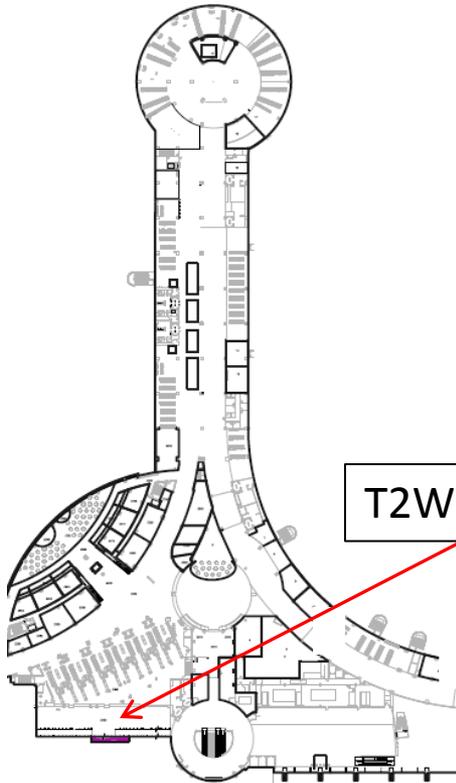
# Food Service Package 4

Package	Unit Count	Unit Number	Location	Square Footage	Concept
4	1	T2W-1095	T2W Pre-Security (M/G Hall)	372	Gourmet Coffee w/ Prepared Foods and Baked Goods
4	1	T1E-2000	T1 Post-Security	734	Gourmet Coffee w/ Prepared Foods and Baked Goods
<b>TOTAL</b>	<b>2</b>			<b>1,106</b>	

# FOOD SERVICE PACKAGE 4

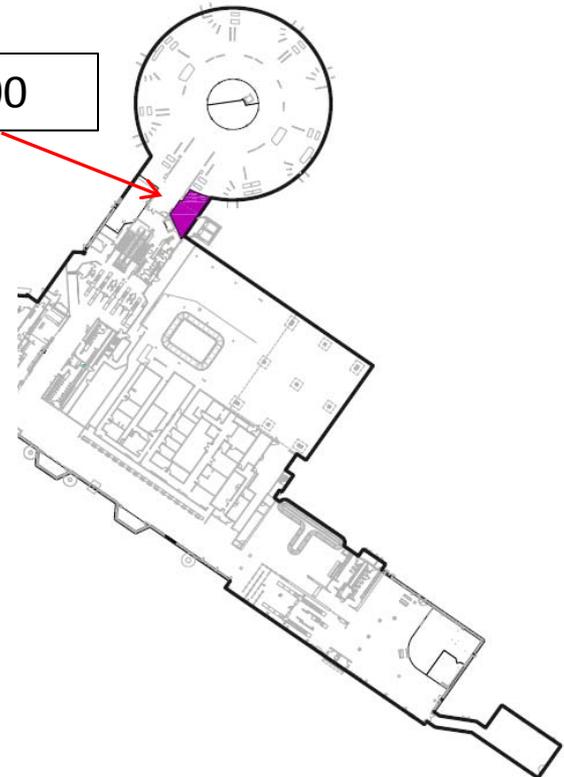
Terminal 2 West

Terminal 1 East



T2W-1095

T1E-2000



**CONCESSION**  
Development Program



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 4: Minimum Requirements

<b>Minimum Investment in Fixed Improvements per Square Foot</b>	<b>\$350</b>	
<b>Percent Rent (Biddable within Provided Range)</b>	<b>Food/ Non-Alcohol</b>	<b>14.5% to 17.5%</b>
<b>Minimum Annual Guarantee (MAG) (Fixed)</b>	<b>\$288,200</b>	



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 4 Proposers

Green Beans Coffee Co., Inc. (Green Beans Coffee)	Proposed business entity is a Corporation, stock is held by Jason Araghi (55% ownership), and Jon Araghi (45% ownership)
Guava & Java SFO Inc. (Guava & Java)	Proposed business is a California S Corporation
High Flying Foods San Diego Partnership (High Flying Foods)	Proposed business entity is comprised of a joint venture between High Flying Foods San Diego, LLC (95% ownership) and Procurement concepts, Inc. (5% ownership).
Host International, Inc. (Host)	Proposed business entity is comprised of Host International, Inc. as prime Concessionaire with a sublease to a Joint Venture comprised of Host International, Inc. (65% ownership) and Concession Management Services, Inc. (35% ownership)
Mission Yogurt, Inc. (Mission Yogurt)	Proposed business entity is wholly owned subsidiary of Smokin' Bear LLC, Roderick Tafoya (50% ownership), Reyes Tafoya (50% ownership)
Nine Dragons Inc. (Nine Dragons)	Proposed business is a California S Corporation
RMS Enterprises, LLC (RMS Enterprises)	Proposed business entity is 100% owned by Rinku Marwaha Sodhi
SAN Airport Partners, Inc. (SAN Airport Partners)	Proposed business entity is comprised of a joint venture between First Class Concessions (40% ownership), Aero Service Group (40% ownership), Sayed Ali (20% ownership)
SSP America, Inc. (SSP)	Proposed business is 100% owned by its principal shareholder of voting stock: SSP America (USA), LLC, a Delaware limited liability company



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 4

## Proposed Concepts by Proposer

Proposer	T2W-1095	T1E-2000
<b>Square Feet</b>	<b>372</b>	<b>734</b>
<b>Proposer</b>	<b>Concepts</b>	
Green Beans Coffee	Green Beans Coffee	Green Beans Coffee
Guava & Java	Guava & Java	Guava & Java
High Flying Foods	Pannikan	Pannikan
Host	St. Tropez Bakery	Starbucks
Mission Yogurt	Einstein Bros. Bagels	Einstein Bros. Bagels
Nine Dragons	The Living Room	The Living Room
RMS Enterprises	Subway	Subway
SAN Airport Partners	Caribou Coffee	People's Organic Coffee
SSP	Ryan Brothers	Coffee Bean & Tea Leaf



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Food Service Package 4 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Green Bean Coffee	\$0-\$1.0M 14.5%	\$ 288,200
	\$1.0M-\$1.5M 15%	
	\$1.5M-\$2.0M 15.5%	
	\$2.0M-\$2.5M 16%	
	\$2.5M-\$3.0M 16.5%	
	\$3.0M-\$3.5M 17.0%	
	Over \$3.5M 17.5%	
Guava & Java	17.5%	\$ 288,200
High Flying Foods	\$0-\$2.0M 15%	\$ 288,200
	Over \$2.0M 17.5%	
Host	14.5%	\$ 288,200
Mission Yogurt	15.0%	\$ 288,200
Nine Dragons	17.5%	\$ 288,200
RMS Enterprise	16.0%	\$ 288,200
SAN Airport Partners	17.5%	\$ 288,200
SSP	17.5%	\$ 288,200



## SAN DIEGO INTERNATIONAL AIRPORT Concession Development Program

# Food Service Package 4 Evaluation Panel Rankings For Short List

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Green Beans Coffee	6	8	5	2	5	8	34
Guava & Java	3	3	2	1	8	2	19
High Flying Foods	5	5	4	6	3	7	30
Host	4	6	3	7	4	6	30
Mission Yogurt	1	4	9	3	2	4	23
Nine Dragons	2	1	6	5	7	5	26
RMS Enterprise	9	9	8	6	9	9	50
SAN Airport Partners	7	7	1	8	1	1	25
SSP	8	2	7	4	6	3	30

PM = Panel Member

“1” is (best suited) ; “9” (least suited)

Lowest Total = Best Suited



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 4 Evaluation Panel Final Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Guava & Java	2	3	2	2	2	4	15
Mission Yogurt	1	2	3	1	1	1	9
Nine Dragons	3	1	4	3	3	2	16
SAN Airport Partners	4	4	1	4	4	3	20

PM = Panel Member

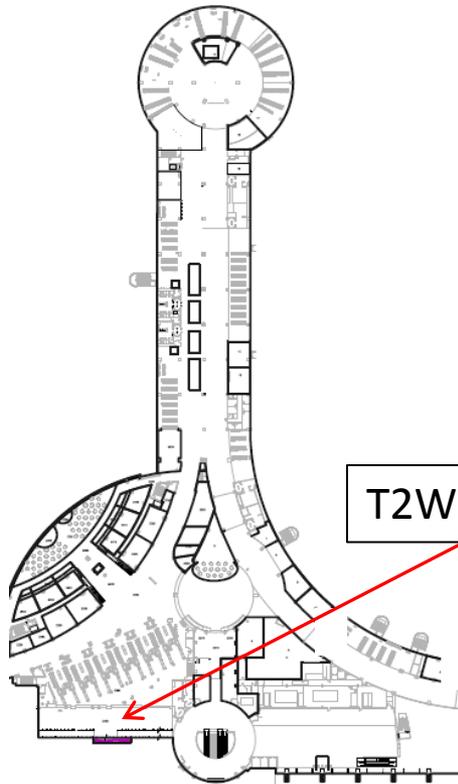
“1” is (best suited) ;“4” (least suited)

Lowest Total = Best Suited

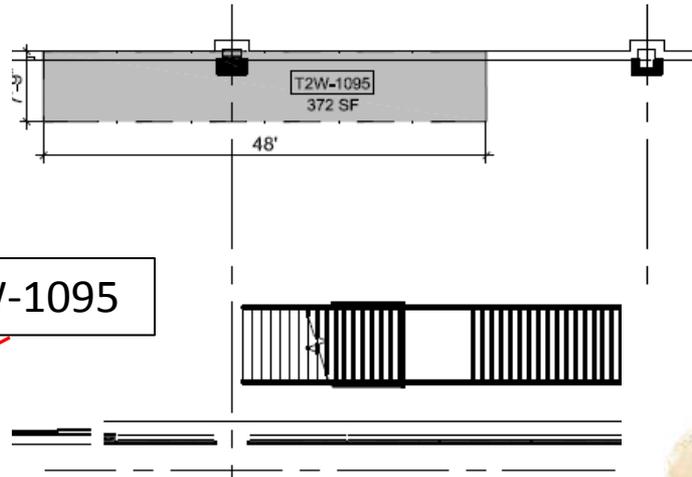
# FOOD SERVICE PACKAGE 4

## T2W-1095 – 372 SF

Terminal 2 West



T2W-1095



# Food Pkg 4: Mission Yogurt

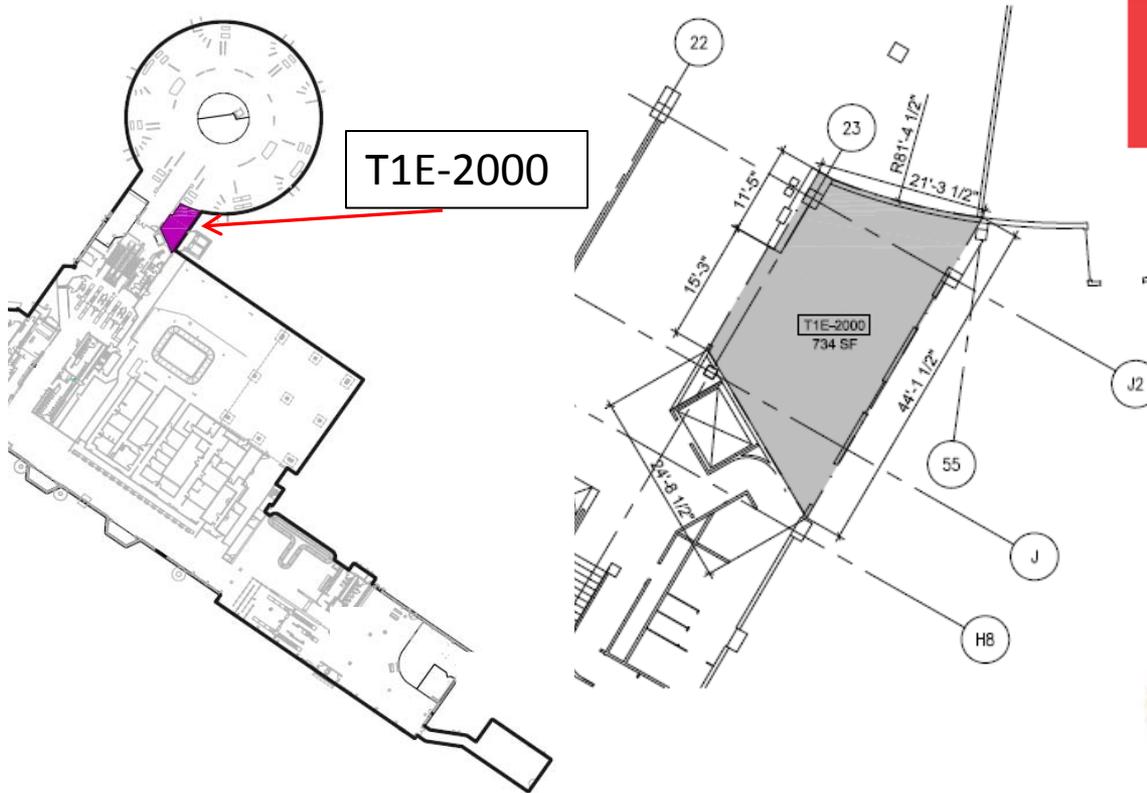


**CONCESSION**  
Development Program

# FOOD SERVICE PACKAGE 4

## T1E-2000 – 734 SF

Terminal 1



# Food Pkg 4: Mission Yogurt





SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Food Service Package #4 Summary

Recommendation for Award of Lease:

- Mission Yogurt, Inc.(Mission Yogurt)

ACDBE% - 100%

Worker Retention:

Mission Yogurt will meet minimum retention standards established in “Worker Retention Program Resolution 10-0142R”.



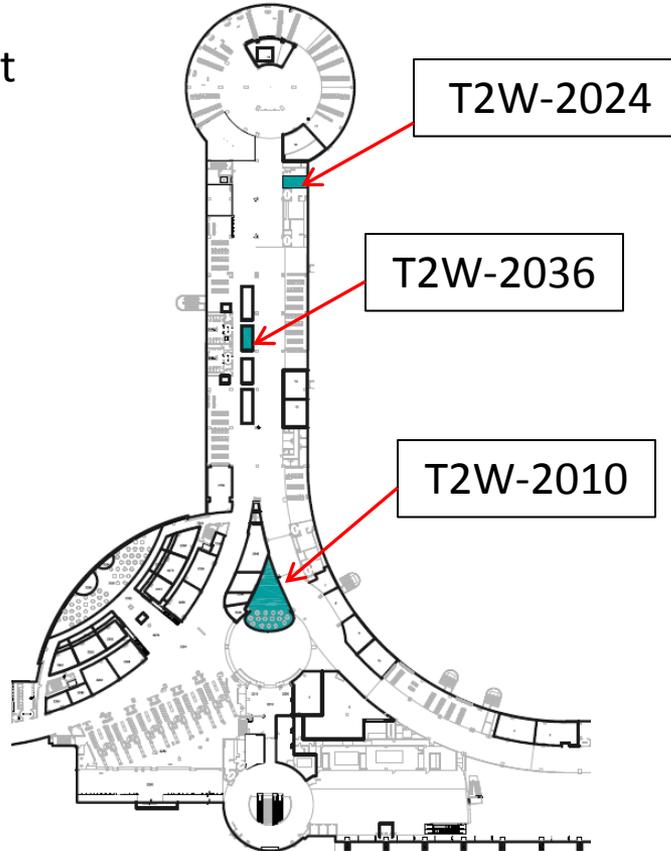
**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 7

Package	Unit Count	Unit Number	Location	Square Footage	Concept
7	1	T2W-2010	T2W-Core	2,898	Casual Dining Restaurant
7	1	T2W-2024	T2W North Rotunda	410	Gourmet Coffee w/ Baked Goods
7	1	T2W-2036	T2W North	373	Snack Food
<b>TOTAL</b>	<b>3</b>			<b>3,681</b>	

# FOOD SERVICE PACKAGE 7

Terminal 2 West





**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 7: Minimum Requirements

**Minimum Investment in Fixed Improvements  
 per Square Foot**

**\$350**

**Percent Rent  
 (Biddable within Provided Range)**

<b>Food/ Non-Alcohol</b>	<b>13.5% to 16.5%</b>
<b>Alcohol</b>	<b>16.0% to 19.0%</b>

**Minimum Annual Guarantee (MAG)  
 (Fixed)**

**\$322,200**



**SAN DIEGO INTERNATIONAL AIRPORT**  
**Concession Development Program**

# Food Service Package 7 Proposers

Host International, Inc. (Host).	Proposed business entity is comprised of Host International, Inc. as prime Concessionaire with a sublease to a Joint Venture comprised of Host International, Inc. (65% ownership) and Concession Management Services, Inc. (35% ownership)
High Flying Foods San Diego Partnership (High Flying Foods)	Proposed business entity is comprised of a joint venture between High Flying Foods San Diego, LLC (95% ownership) and Procurement concepts, Inc. (5% ownership).
Mission Yogurt, Inc. (Mission Yogurt)	Proposed business entity is wholly owned subsidiary of Smokin' Bear LLC, Roderick Tafoya (50% ownership), Reyes Tafoya (50% ownership)
SSP America, Inc. (SSP)	Proposed business is 100% owned by its principal shareholder of voting stock: SSP America (USA), LLC, a Delaware limited liability company
SAN Airport Partners, Inc. (SAN Airport Partners)	Proposed business entity is comprised of a joint venture between First Class Concessions (40% ownership), Aero Service Group (40% ownership), Sayed Ali (20% ownership)



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Food Service Package 7 Proposed Concepts by Proposer

Proposer	T2W-2010	T2W-2024	T2W-2036
Square Feet	2898	410	373
<b>Proposer</b>	<b>Concepts</b>		
High Flying Foods	Stone Brewing Co.	Pannikin	Artisan Market
Host	Tony Gwynn SoCal Grill	Starbucks	Pinkberry
Mission Yogurt	30th and SAN	Einstein Bros. Bagels	Jamba Juice
SSP	Mexicoa Cucina/Cantina	Peet's Coffee & Tea	Red Mango
SAN Airport Partners	Rock Bottom Brewery	Coffee Bean & Tea Leaf	Tasti D-lite



**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 7 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
Host	<u>Food</u> \$0-\$5.0M 13.5% \$5.0M-\$10M 14.5% Over \$10M 16% <u>Alcohol</u> \$0-\$1.5M 16% \$1.5M-\$2.5M 17% Over \$2.5M 19%	\$ 322,200
High Flying Foods	<u>Food</u> \$0-\$2.75M 13.5% Over \$2.75M 16% <u>Alcohol</u> \$0-\$2.75M 16% Over \$2.75M 19%	\$ 322,200
Mission Yogurt	15.0%	\$ 322,200
SSP	<u>Food</u> 16.5% <u>Alcohol</u> 19%	\$ 322,200
SAN Airport Partners	<u>Food</u> \$0-\$3.25M 15% Over \$3.25M 16.5% <u>Alcohol</u> \$0-\$1.2M 17.5% Over \$1.2M 19%	\$ 322,200



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Food Service Package 7 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
High Flying Foods	1	1	1	3	1	1	8
Host	2	3	3	2	4	5	19
Mission Yogurt	3	4	5	5	2	3	22
SSP	5	2	2	1	5	4	19
SAN Airport Partners	4	5	4	4	3	2	22

PM = Panel Member

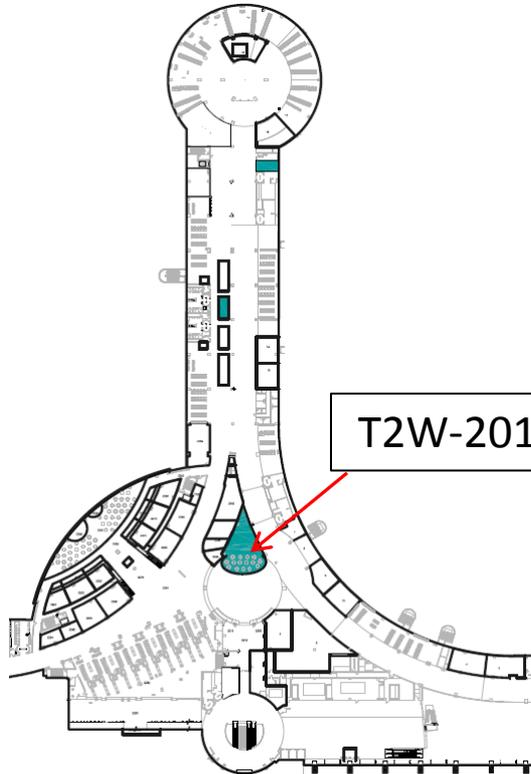
“1” is (best suited) ; “5” (least suited)

Lowest Total = Best Suited

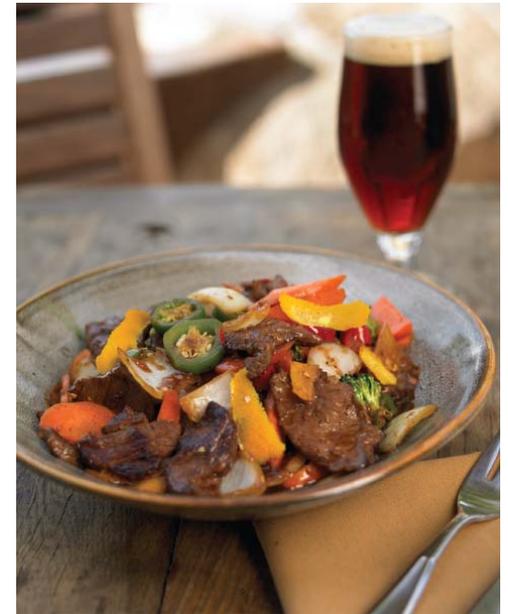
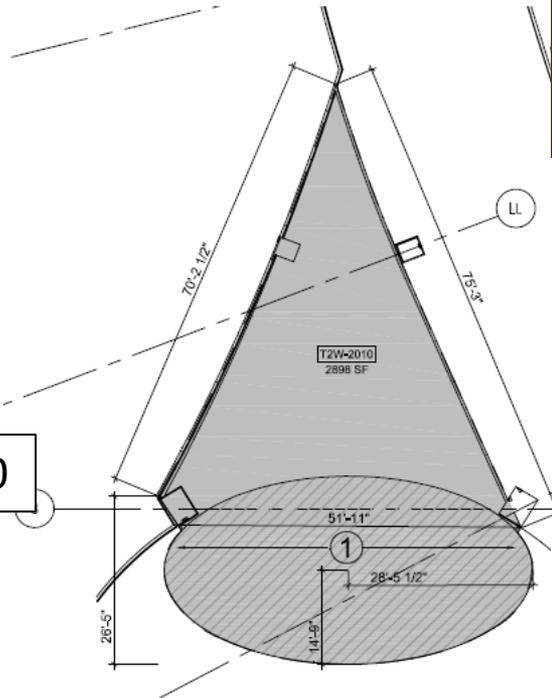
# FOOD SERVICE PACKAGE 7

## T2W-2010 SF 2898

Terminal 2 West



T2W-2010



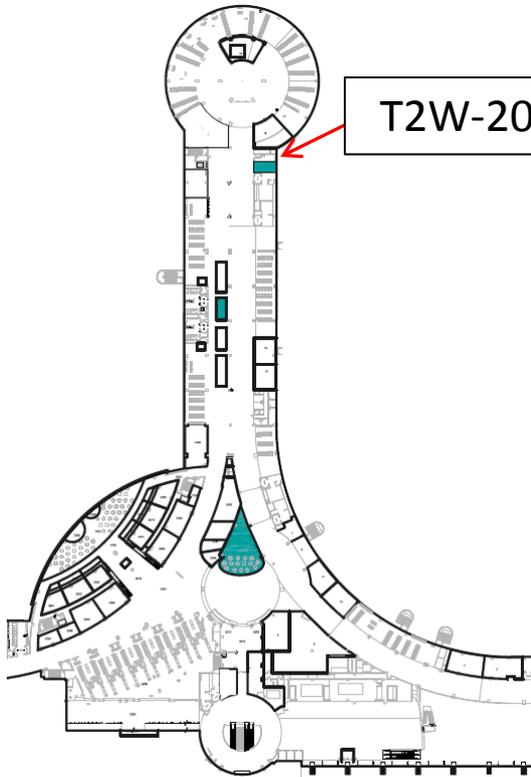
# Food Pkg 7: High Flying Foods



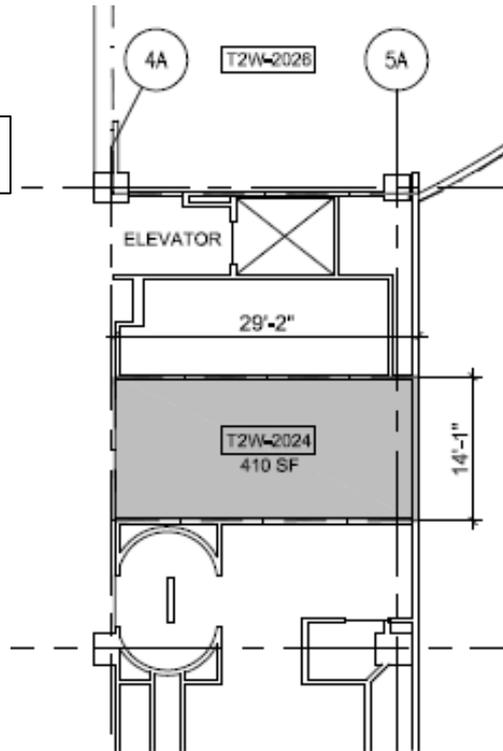
# FOOD SERVICE PACKAGE 7

## T2W-2024 -410 SF

Terminal 2 West



T2W-2024



**PANNIKIN**  
coffee & tea



**CONCESSION**  
Development Program

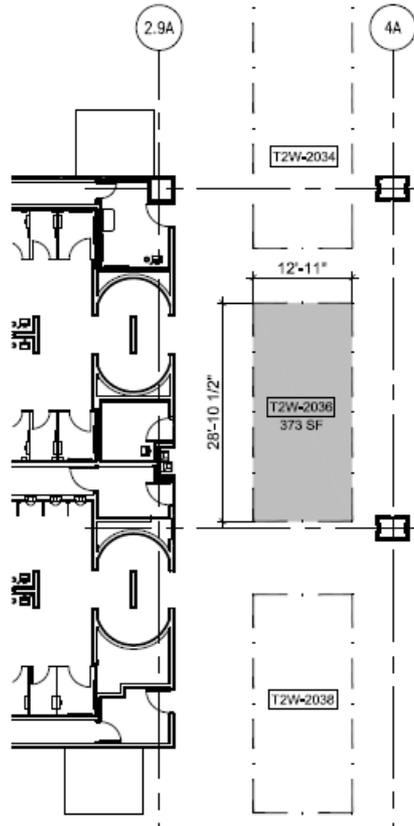
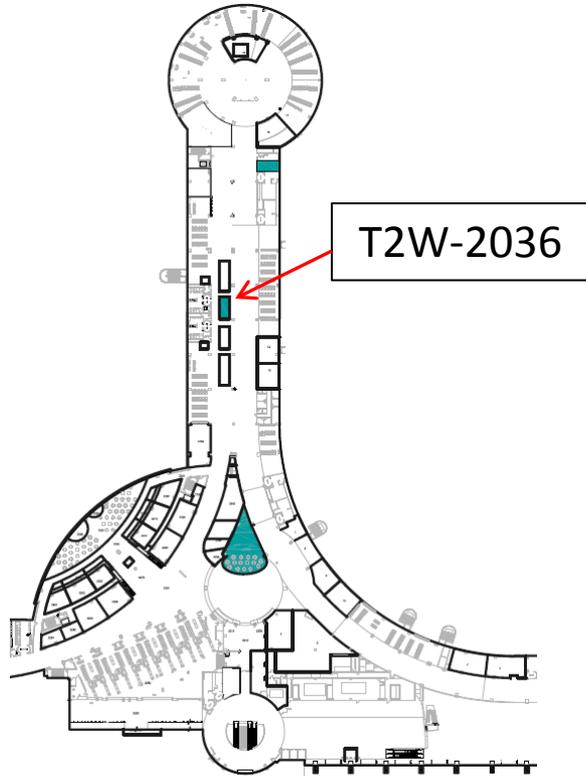
# Food Pkg 7: High Flying Foods



# FOOD SERVICE PACKAGE 7

## T2W-2036 373 SF

Terminal 2 West



# Food Pkg 7: High Flying Foods





SAN DIEGO INTERNATIONAL AIRPORT  
Concession Development Program

# Food Service Package #7 Summary

Recommendation for Award of Lease:

- High Flying Foods San Diego Partnership (High Flying Foods)

ACDBE% - 18%

Worker Retention:

High Flying Foods will meet minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



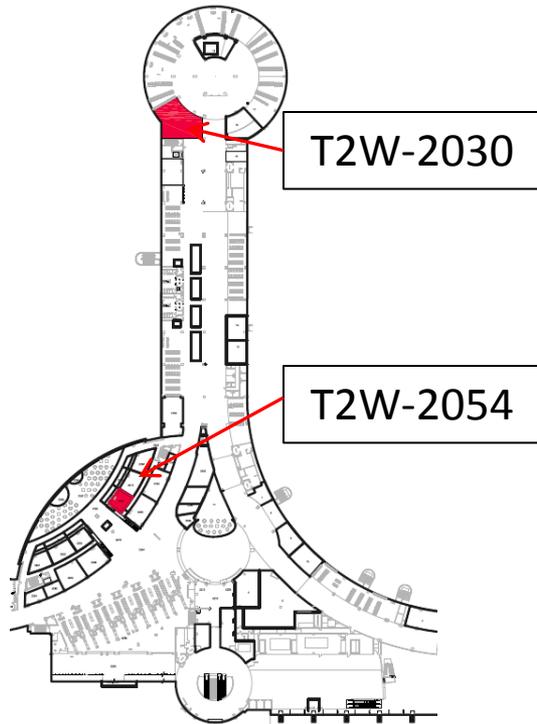
**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 8

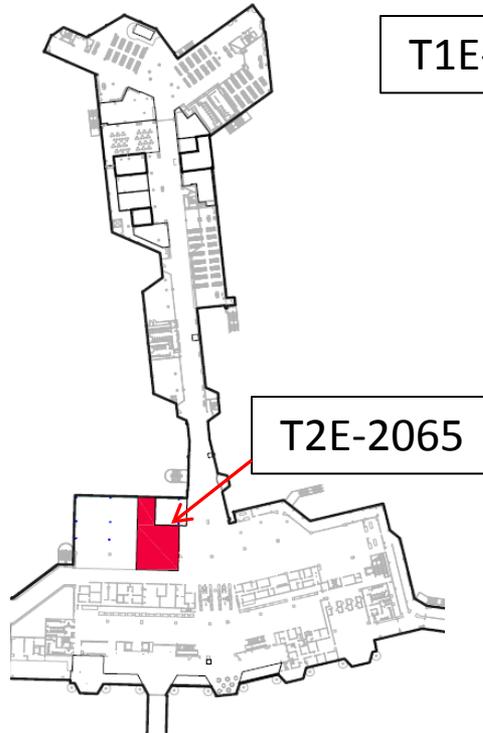
Package	Unit Count	Unit Number	Location	Square Footage	Concept
8	1	T2W-2054	T2W-Core	596	Food Court-Healthy OR Open
8	1	T2W-2030	T2W North Rotunda	2,786	Casual Dining Restaurant
8	1	T2E-2065	T2E Post-Security	3,318	Café with Market and Market
8	1	T1E-2004	T1 Post-Security	771	Quick Service-Hamburger
8	1	T1E-2002	T1 Post-Security	580	Bar w/ Snacks
<b>TOTAL</b>	<b>5</b>			<b>8,051</b>	

# FOOD SERVICE PACKAGE 8

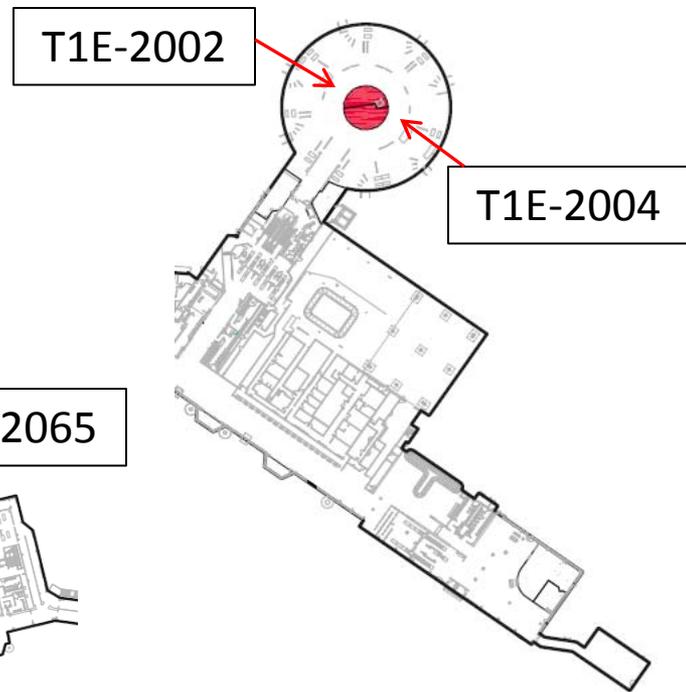
Terminal 2 West



Terminal 2 East



Terminal 1





**SAN DIEGO INTERNATIONAL AIRPORT**  
 Concession Development Program

# Food Service Package 8: Minimum Requirements

<b>Minimum Investment in Fixed Improvements per Square Foot</b>	<b>\$350</b>	
<b>Percent Rent (Biddable within Provided Range)</b>	<b>Food/ Non-Alcohol</b>	<b>13.0% to 16.0%</b>
	<b>Alcohol</b>	<b>16.0% to 20.0%</b>
<b>Minimum Annual Guarantee (MAG) (Fixed)</b>	<b>\$1,022,100</b>	



**SAN DIEGO INTERNATIONAL AIRPORT**  
Concession Development Program

# Food Service Package 8 Proposers

High Flying Foods San Diego Partnership (High Flying Foods)	Proposed business entity is comprised of a joint venture between High Flying Foods San Diego, LLC (95% ownership) and Procurement concepts, Inc. (5% ownership).
Host International, Inc. (Host)	Proposed business entity is comprised of Host International, Inc. as prime concessionaire with a sublease to a Joint Venture comprised of Host International, Inc. (65% ownership) and Concession Management Services, Inc. (35% ownership)
Mission Yogurt, Inc. (Mission Yogurt)	Proposed business entity is wholly owned subsidiary of Smokin' Bear LLC, Roderick Tafoya (50% ownership), Reyes Tafoya (50% ownership)
OTG Management West, LLG (OTG)	Proposed business is under the OTG Consolidated Holdings, Inc. S Corporation
SSP America, Inc. (SSP)	Proposed business is 100% owned by its principal shareholder of voting stock: SSP America (USA), LLC, a Delaware limited liability company



**SAN DIEGO INTERNATIONAL AIRPORT**  
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# Food Service Package 8

## Proposed Concepts by Proposer

Location	T2W-2054	T2W-2030	T2E-2065	T1E-2004	T1E-2002
<b>Square Feet</b>	596	2,786	3,318	771	580
<b>Proposer</b>	<b>Concepts</b>				
High Flying Foods	Saffron Thai	Phil's BBQ	Artisan Market	The Counter	Bankers Hill
Host	Garden, Tender Greens	Sammy's Woodfired Pizza	Seaside Market	Hodad's Burgers	Craft Brews on 30th
Mission Yogurt	Earl of Sandwich	30 <sup>th</sup> and SAN	Guy's Big Bar & Grill	Jack-In-The- Box	Charro!
OTG	Jamba Juice	Sunset Kitchen & SHIO	Cibo, Famous Famiglia, Barrio Star, Jamba Juice, World Bean Coffee	Cabrillo Burger	
SSP	Camden Food	Blue Ribbon Pizza	Pacific Breeze Café	Jet Dinette	Casito de Pico



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# Food Service Package 8 Financial Offer

Proposer	Proposed Percentage Rent	Year One MAG
High Flying Foods	<u>Food</u> \$0-\$10M 13% Over \$10M 16% <u>Alcohol</u> \$0-\$10M 16% Over \$10M 20%	\$ 1,022,100
Host	<u>Food</u> \$0-\$5M 13% \$5M-10M 14.5% Over \$10M 16% <u>Alcohol</u> \$0-\$3M 17% \$3M-\$4.5M 18.5% Over \$4.5M 20%	\$ 1,022,100
Mission Yogurt	T2W-2054 15% T2W-2030 15% T2E-2065 15% T1E-2004 15% T1E-2002 17%	\$ 1,022,100
OTG	Food 16% Alcohol 20%	\$ 1,022,100
SSP	Food 16% Alcohol 20%	\$ 1,022,100



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# Food Service Package 8 Evaluation Panel Rankings

Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
High Flying Foods	2	1	1	4	1	1	10
Host	1	3	4	1	4	3	16
Mission Yogurt	3	4	5	2	3	5	22
OTG	5	5	2	5	5	2	24
SSP	4	2	3	3	2	4	18

PM = Panel Member

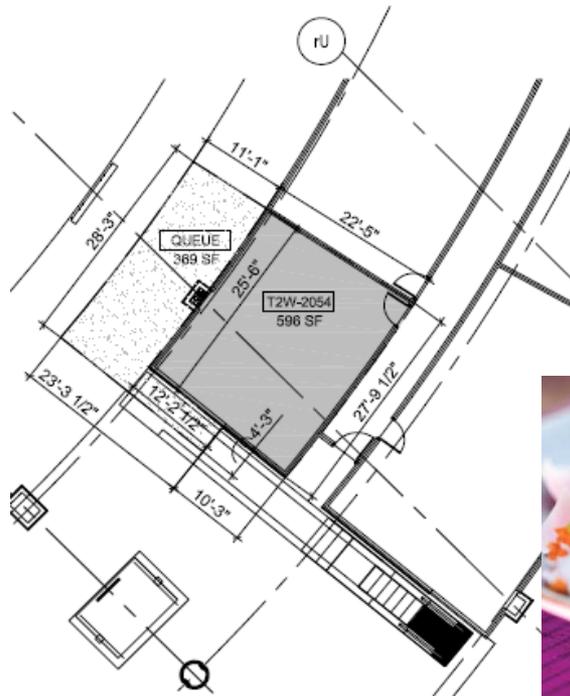
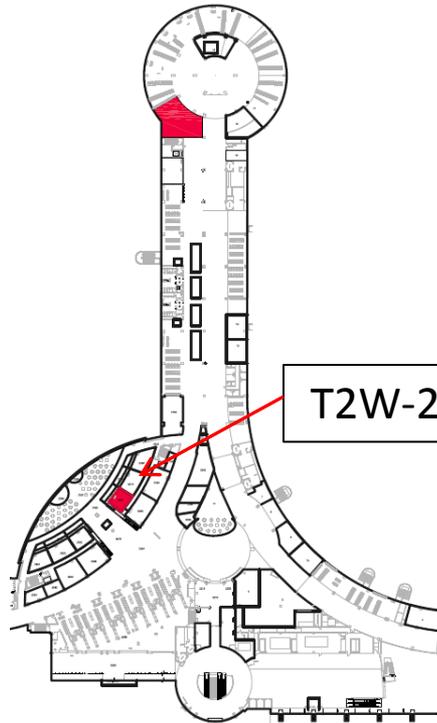
“1” is (best suited) ; “5” (least suited)

Lowest Total = Best Suited

# FOOD SERVICE PACKAGE 8

## T2W-2054 596 SF

Terminal 2 West



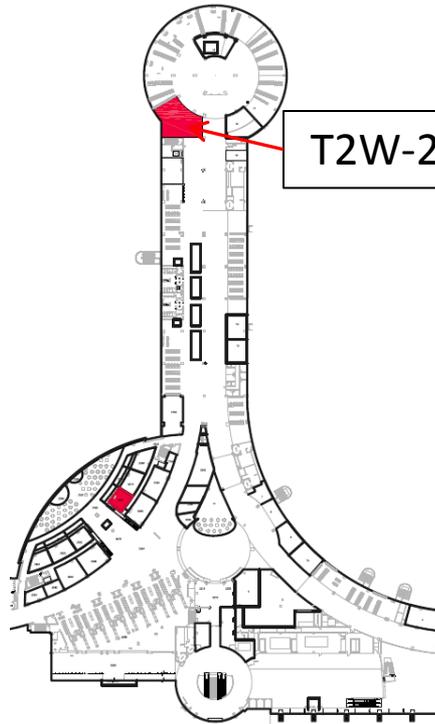
# Food Pkg 8: High Flying Foods



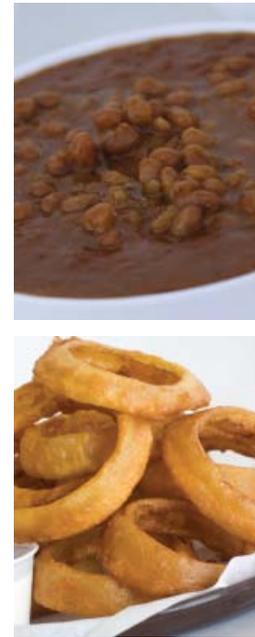
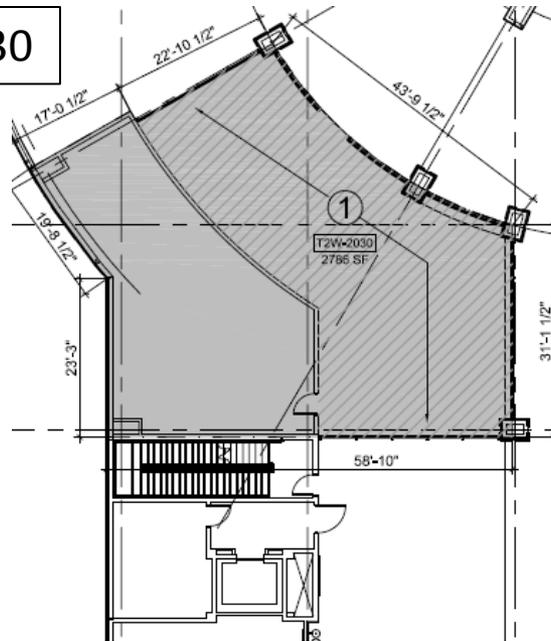
# FOOD SERVICE PACKAGE 8

## T2W-2030 2786 SF

Terminal 2 West



T2W-2030



# Food Pkg 8: High Flying Foods

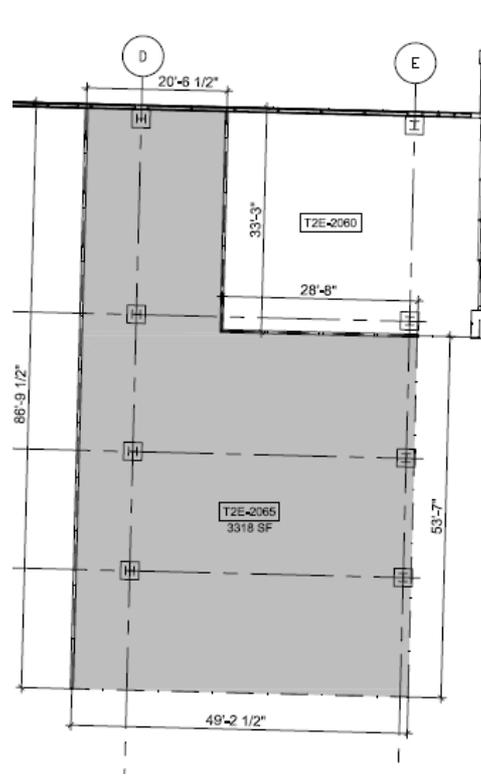
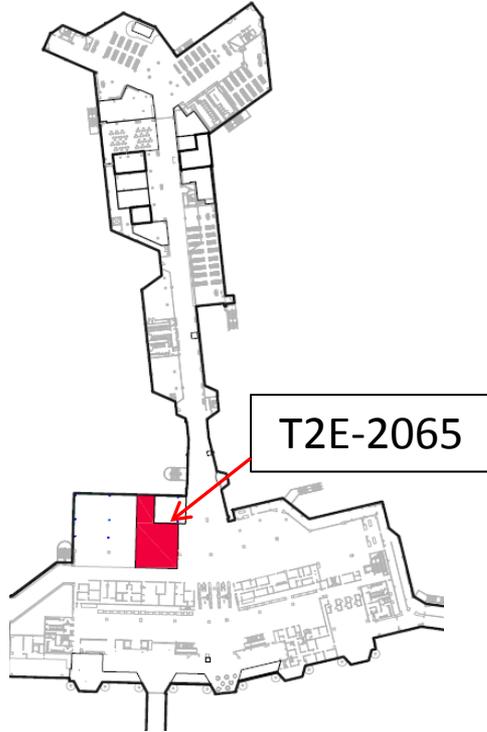


**CONCESSION**  
Development Program

# FOOD SERVICE PACKAGE 8

## T2E-2065 3318 SF

Terminal 2 East



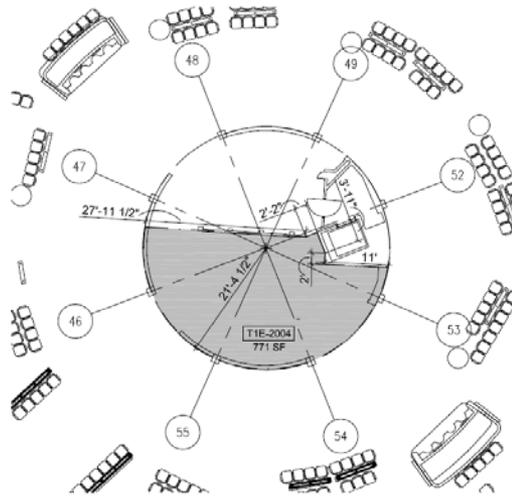
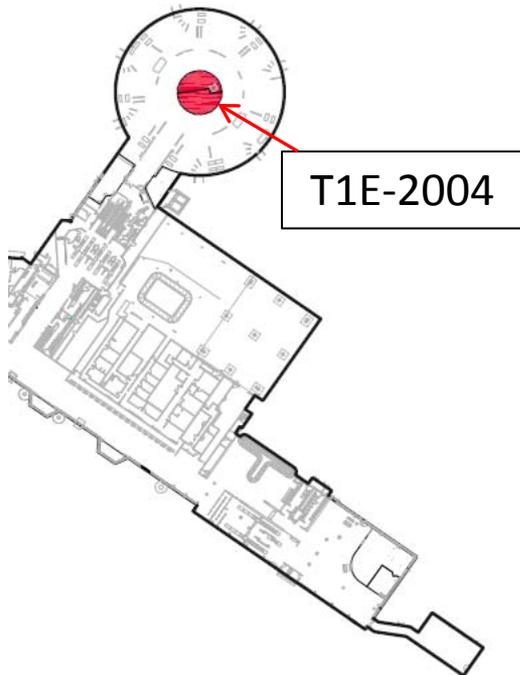
# Food Pkg 8: High Flying Foods



# FOOD SERVICE PACKAGE 8

## T1E-2004 SF 771

Terminal 1



THE COUNTER   
**MINI**  
custom built burgers



# Food Pkg 8: High Flying Foods



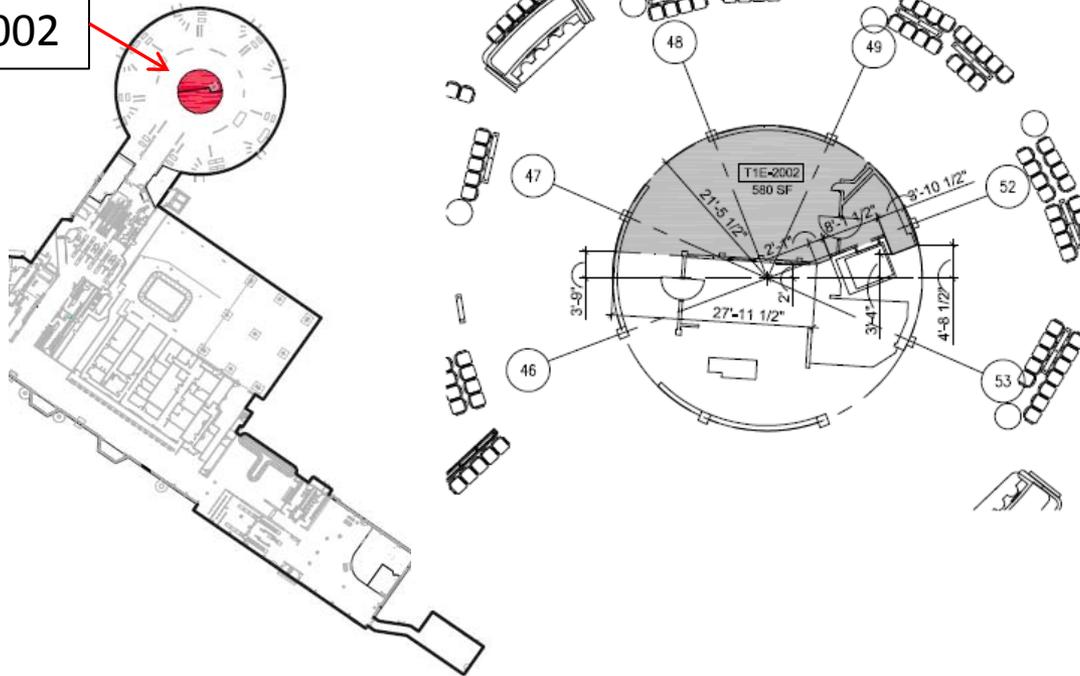
# FOOD SERVICE PACKAGE 8

## T1E-2002 SF 580

**BANKERS HILL**  
BAR • RESTAURANT

Terminal 1

T1E-2002



# Food Pkg 8: High Flying Foods





SAN DIEGO INTERNATIONAL AIRPORT  
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# Food Service Package #8 Summary

Recommendation for Award of Lease:

- High Flying Foods San Diego Partnership (High Flying Foods)

ACDBE% - 5%

Worker Retention:

High Flying Foods will meet and exceed minimum retention standards established in “Worker Retention Program Resolution 10-0142R”



**SAN DIEGO INTERNATIONAL AIRPORT**  
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# Next Steps

Milestones	Target Date
Lease Execution	September 2011
Design Review and Approval	September 2011 to June 2012
Begin Transition to New Program	December 1, 2012
CDP Implementation Complete (Estimated)	Second Quarter 2014



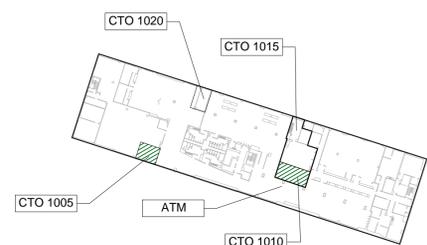
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# Questions and Answers

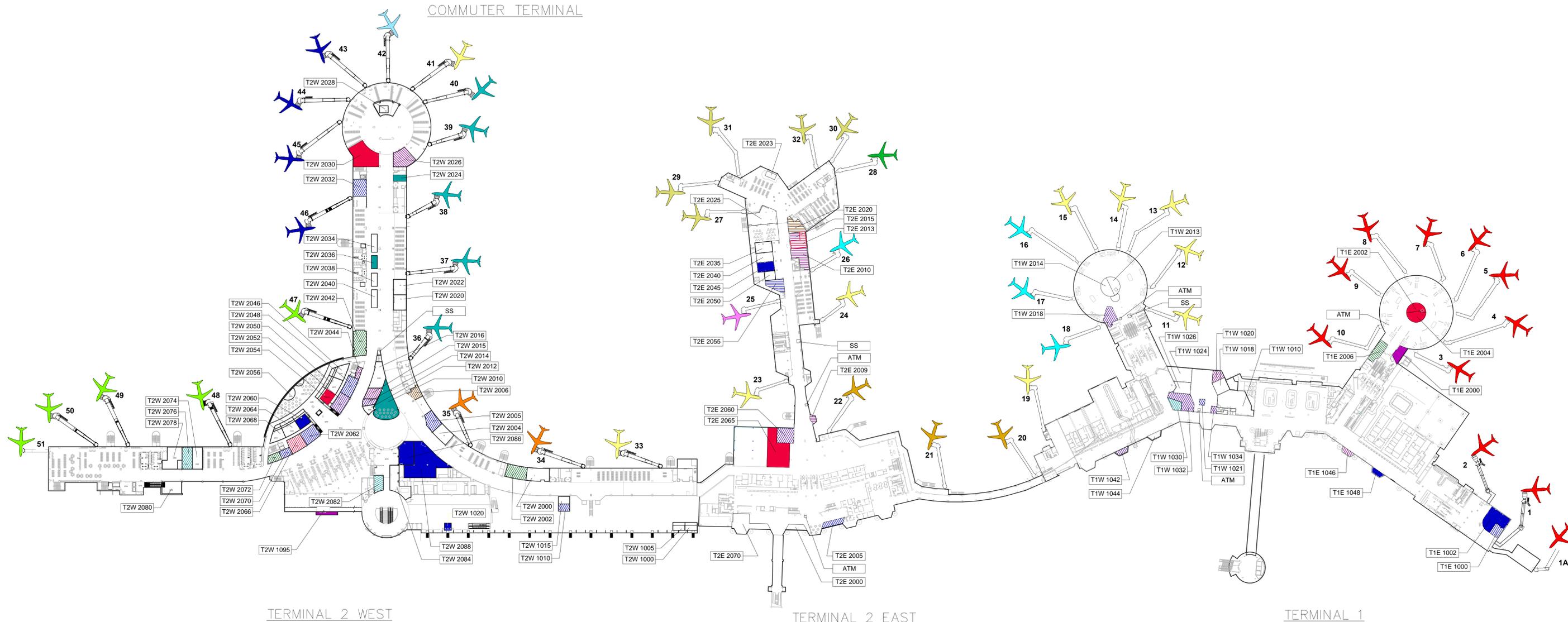
# CONCESSIONS DEVELOPMENT PROGRAM PACKAGE MAP

	FOOD SERVICE	RETAIL
PACKAGE 1		
PACKAGE 2		
PACKAGE 3		
PACKAGE 4		
PACKAGE 5		
① PACKAGE 6		
PACKAGE 7		
PACKAGE 8		
PHASE II SPACES		

① RETAIL PACKAGE 6 IS AUTOMATED RETAIL ONLY AND HAS NO DEFINED FOOTPRINT



COMMUTER TERMINAL



TERMINAL 2 WEST

TERMINAL 2 EAST

TERMINAL 1

**INFORMATION ONLY**

THIS DRAWING HAS BEEN PREPARED FOR INFORMATION ONLY. IF ANY DISCREPANCIES, INACCURACIES OR INCOMPLETIONS ARE DISCOVERED, IT SHOULD BE REPORTED TO THE AIRPORT FACILITIES DEPARTMENT IN WRITING. THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SHALL NOT BE RESPONSIBLE FOR ANY ERRORS OR OMISSIONS WHICH MAY BE INCORPORATED HEREIN AS A RESULT.

ISSUED BY: FACILITIES DEVELOPMENT DEPARTMENT

REVISIONS	DATE	APPROVED



**SAN DIEGO INTERNATIONAL AIRPORT**  
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

DRAWN:	J. LAURIA
CHECKED:	K. CASSELMAN
APPROVED:	N. MARMION

SAN DIEGO INTERNATIONAL AIRPORT
<b>CONCESSIONS DEVELOPMENT PROGRAM</b>
CONCESSION PLAN

DATE: AUGUST 1, 2011
SCALE: NTS
<b>EXHIBIT A</b>