



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

**Item No.
14**

Meeting Date: **SEPTEMBER 1, 2011**

Subject:

Grant a Concession Lease to Host International, Inc. for Development and Operation of Food Service Package #2R

Recommendation:

Adopt Resolution No. 2011-0110, awarding a concession lease to Host International, Inc. for development and operation of Food Service Package #2R (as included in the CDP Supplemental RFP as Package #1A) for a maximum term of twelve (12) years and two (2) months which includes a period not to exceed twenty-six (26) months to allow for package construction completion, with a first year Minimum Annual Guarantee (MAG) of \$964,000; 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. The CDP will expand from today's approximately 60,000 square feet to approximately 86,000 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 87 upon CDP completion.

As previously briefed to the Board, the CDP RFP included the following 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

To ensure a diversity of concepts and encourage competition, the RFP 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

On May 25, 2011, a combined total of 48 responsive proposals for food service and retail packages were received from 20 business entities. However, four of the food service packages included in the CDP RFP (Original RFP) either did not receive any proposals or received only one proposal. Interviews were conducted with several proposers who submitted responsive food service proposals to determine aspects of those four packages that may have caused the low number of proposals. Based on their input, staff changed certain elements of the four packages. The RFP allows the President/CEO to reject any and all proposals or to withdraw the RFP at any time if it's in the best interest of the Authority [RFP, Part 14.G]. A new RFP covering the revised four packages (Supplemental RFP) was released on July 12, 2011. Only responsive entities that submitted proposals during the initial CDP RFP process were eligible to submit proposals to the Supplemental RFP.

In addition, the proposal due date was limited to two weeks since proposers were requested to provide only:

- Cover Letter and covenant to execute lease
- Financial Offer
- Financial Projections
- Concept Development

Food Service Package #2R Details

Food Service Package #2R is a revised version of Food Service Package #2 from the Original RFP and encompasses 12% of the total food service square footage. It includes the following eight locations and concept types:

Location	Square Footage	Concept
T2W-Core	700	Food Court Italian
T2W-Core	465	Bar with Food
T2W-North	373	Coffee w/ Baked Goods
T2W North Rotunda	1,363	Bar/Wine Bar with Food
T2E Pre-Security	518	Coffee w/ Baked Goods
T1 Pre-Security	870	Food Court Asian
T1 Pre-Security	515	Food Court Snack Food OR Open Concept
CT Post-Security	1,609	Bar with Food
Total	6,413	

A map depicting the Food Service Package #2R locations within the terminals is provided in Attachment 1.

The term of the concession lease includes up to 26 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, Authority rent shall be the Minimum Annual Guarantee or Percentage Rent, whichever is greater.

Food Service Package #2R included the following minimum requirements:

Minimum Investment in Fixed Improvements per Square Foot	\$350	
Percentage Rent (Fixed)	Food/ Non-Alcohol	13.0%
	Alcohol	16.0%
Minimum Annual Guarantee		
1st Annual Period	To Be Proposed	
2nd Annual Period following Package Completion Date	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.	
3rd through 10th Annual Periods	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.	

Food Service Package #2R Proposals

On July 26, 2011, three proposals were received for Food Service Package #2R from the following entities:

- Diego Concession Group, LLC (DCG) - Proposed business entity is Diego Concession Group as prime concessionaire with Hojeij Brand Foods, Inc. and Foodmaker, Inc. as sublessees.
- Host International, Inc. (Host) - Proposed business entity is 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).
- SSP America, Inc. (SSP) - Proposed business entity is SSP America, Inc. as prime concessionaire, with a sublease to a joint venture called SSP America SAN LLC, comprised of SSP America, Inc. (75% ownership) and Sarah's Pastries and Candies, Inc. (25% ownership).

A comparison of the proposed concepts associated with the eight locations in Food Service Package #2R is provided below:

Location	T2W-2050	T2W-2056	T2W-2038	T2W-2028	T2E-2000	T1W-1018	T1W-1020	CTO-1015
Square Feet	700	465	373	1,363	518	870	515	1,609
Proposer	Concepts							
DCG	Villa Pizza	Bodegas	Coffee Bean & Tea Leaf	Diego's Gastro-pub	Abica Coffee	Pacific Port-ways	Freshens Yogurt	Diego's Gastro-pub
Host	Tommy V's Pizzeria	Bubbles	Star-bucks	Beau-devin	Star-bucks	Emerald Express	Ciao Gourmet Market	Garden By Tender Greens
SSP	Blue Ribbon Artisan Pizzeria	Vino Volo	Peet's Coffee & Tea	Le Grand Comptoir	Ryan Bros. Coffee	Sansai Japanese Grill	Camden Food Co.	Pacifica Breeze Cafe

Financial Offer

Proposer	Fixed Percentage Rent	Year One MAG
DCG	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$1,425,000
Host	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$964,000
SSP	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$807,300

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.

Because the Supplemental RFP was available only to those entities that responded to the Authority's Original RFP, the panel already received the responsive following information:

- Minimum Experience;
- ACDBE Good Faith Effort;
- Administrative (All Applicable Forms);
- Management, Staffing Plan and Training;
- Operations and Maintenance Plan;
- Marketing Plan

As a result, the panel used the following criteria to rank the proposals:

Criteria	Weighting %
Financial Background and Rent Offer	40%
Concept Development and Menus	60%

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 proposals using the above criteria and ranked the proposals as either "1" (best suited) or "3" (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
DCG	3	2	3	3	2	3	16
Host	1	3	2	1	1	1	9
SSP	2	1	1	2	3	2	11

The evaluation panel recommended that a concession lease be awarded to Host International for development and operation of Food Service Package #2R (as included in the Supplemental Request for Proposals for Food Service and Retail Concessions) for a maximum term of twelve (12) years and two (2) months with a first year MAG of \$964,000.

Depictions of Host's 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 \$964,000 for Food Service Package #2R. 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.

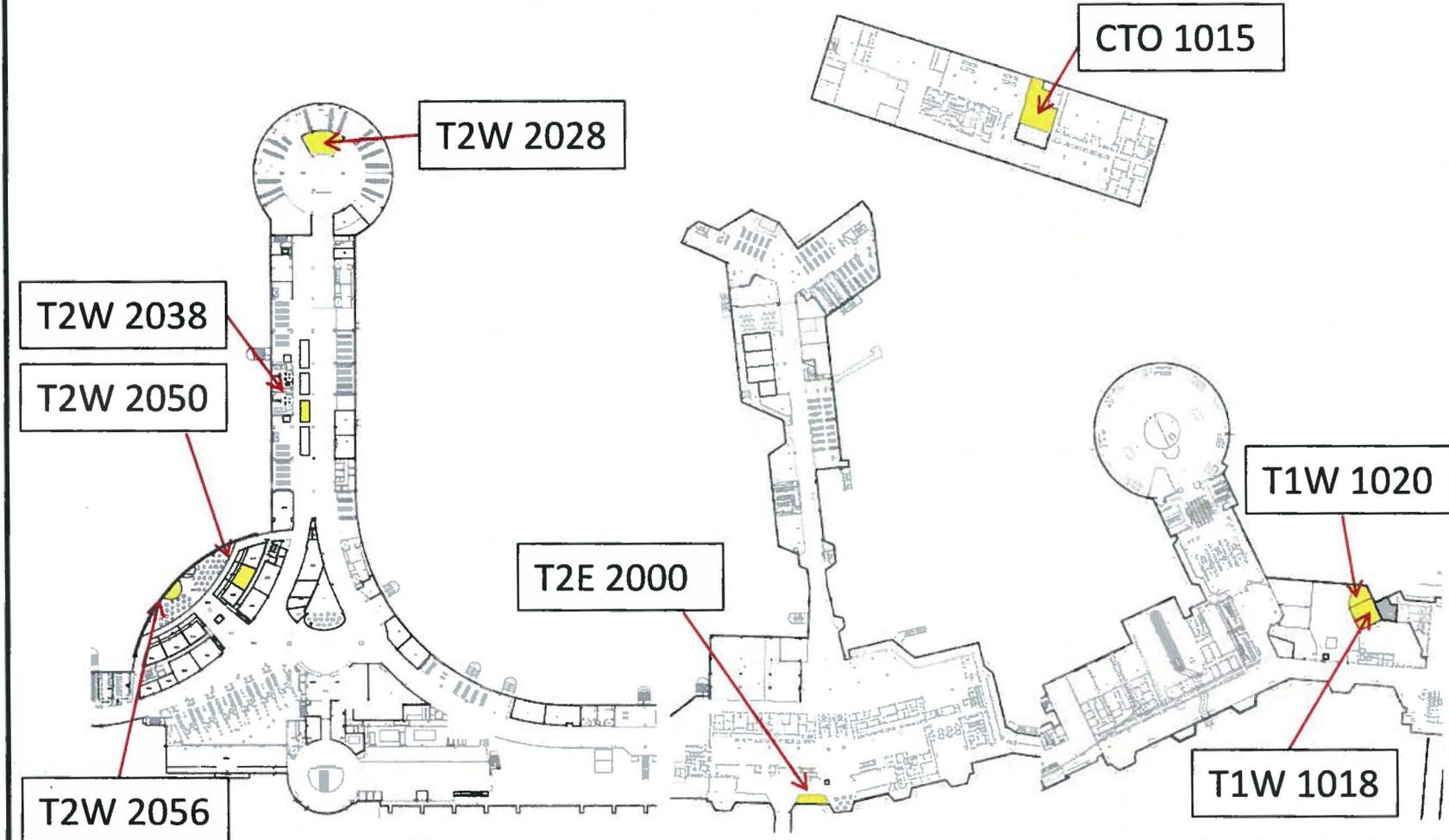
The Authority has an Airport Concession Disadvantaged Business Enterprise ("ACDBE") Plan as required by the Department of Transportation, 49 CFR Part 23. The ACDBE Plan calls for the Authority to submit a triennial overall goal for ACDBE participation on all concession projects.

This solicitation is an airport concession opportunity; therefore, it will be applied toward the Authority's overall ACDBE goal. Host International, Inc. is proposing 35% ACDBE participation on this project.

Prepared by:

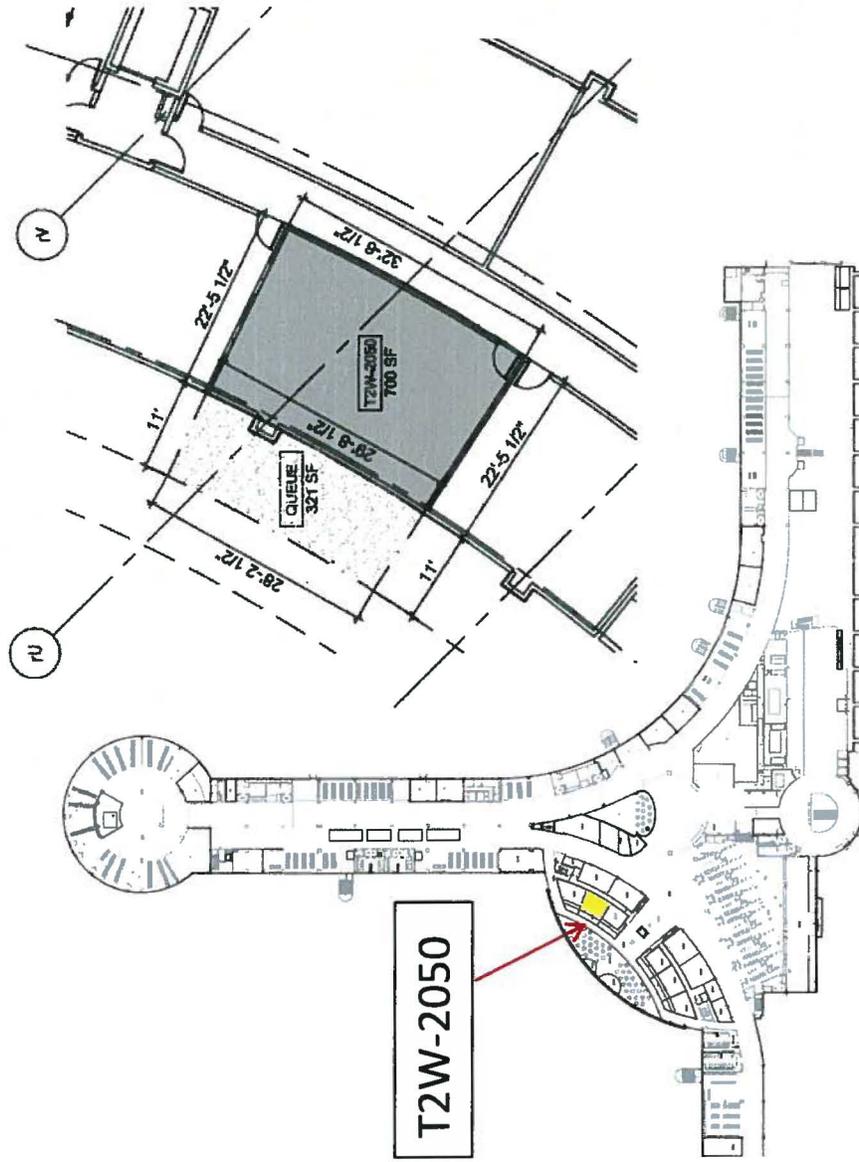
VERNON D. EVANS
VICE PRESIDENT, FINANCE/TREASURER

FOOD SERVICE PACKAGE 2R



000125

FOOD SERVICE PACKAGE 2R - T2W-2050, 700 SF



T2W-2050

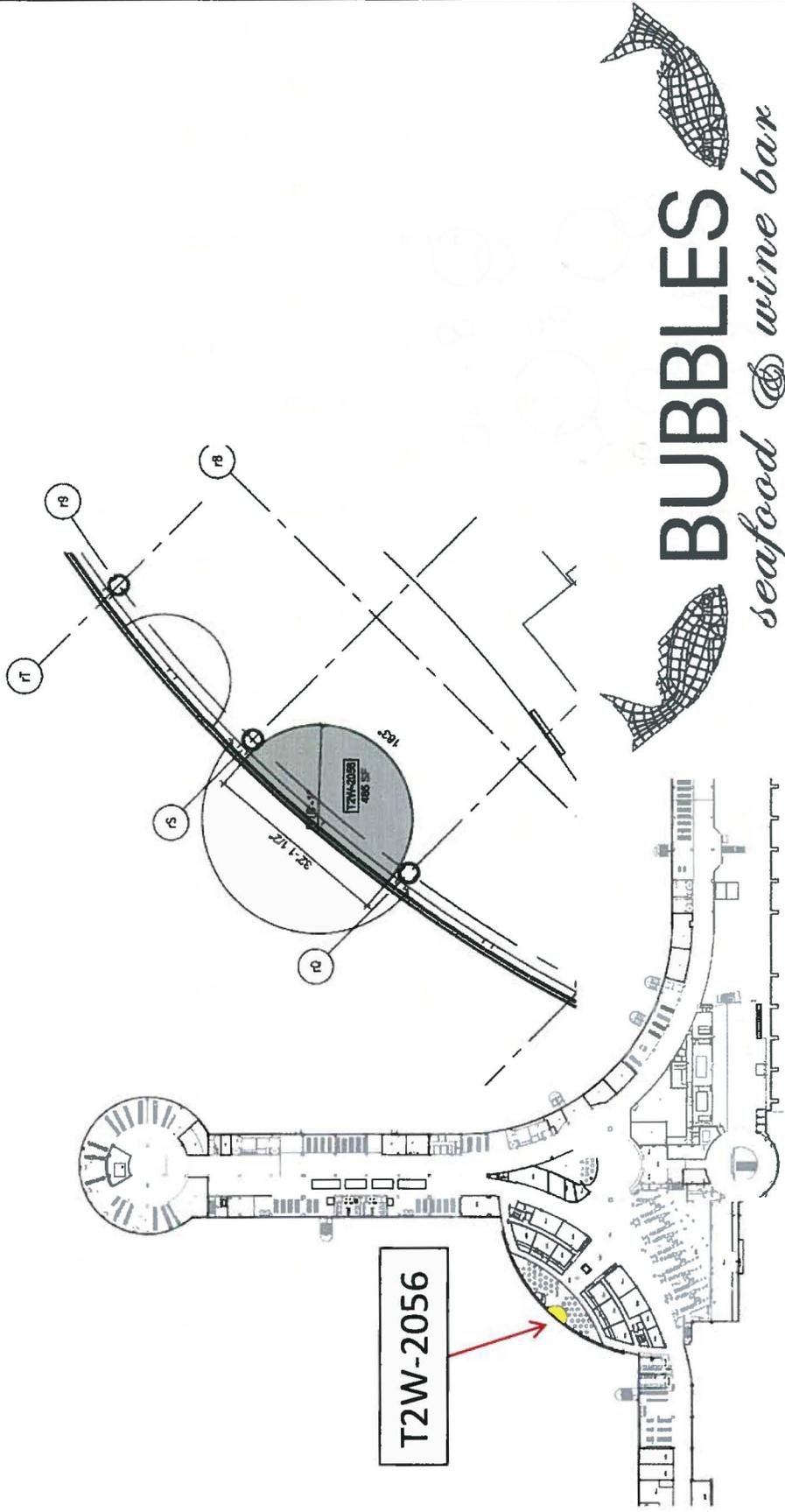


CONCESSION
Development Program

Food Pkg 2R: HMS Host



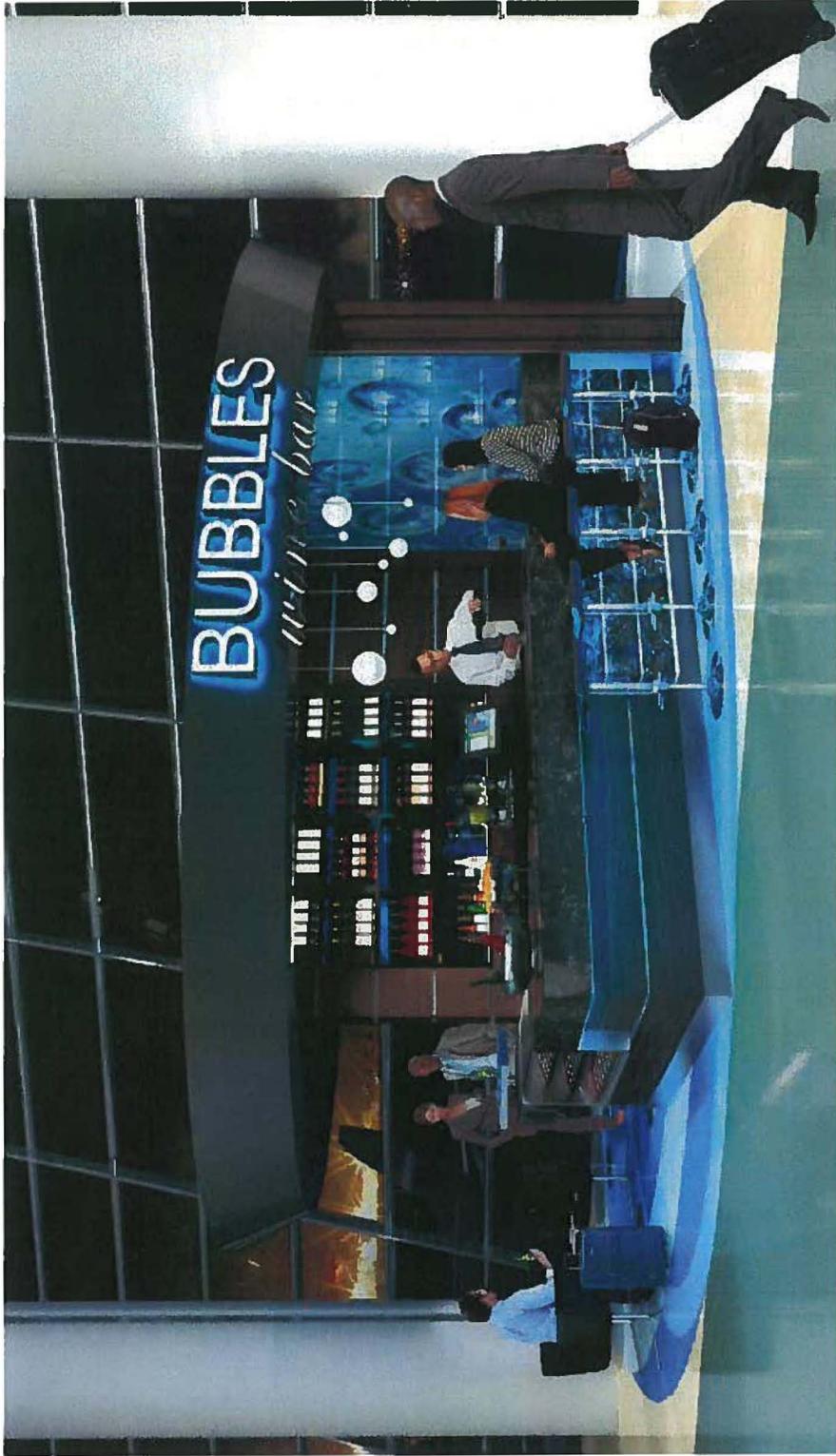
FOOD SERVICE PACKAGE 2R - T2W-2056, 465 SF



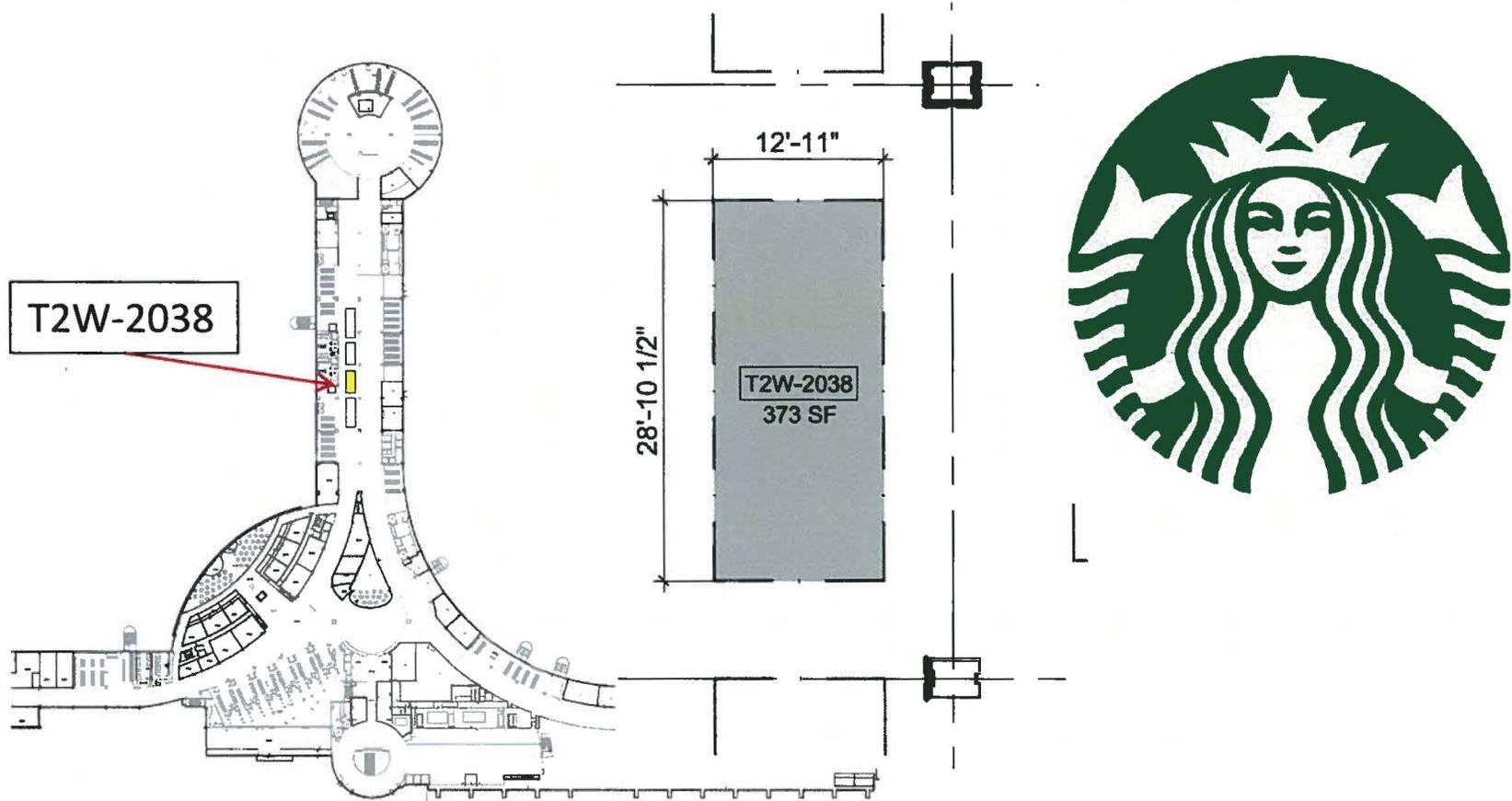
BUBBLES
seafood & wine bar



Food Pkg 2R: HMS Host



FOOD SERVICE PACKAGE 2R - T2W-2038, 373 SF

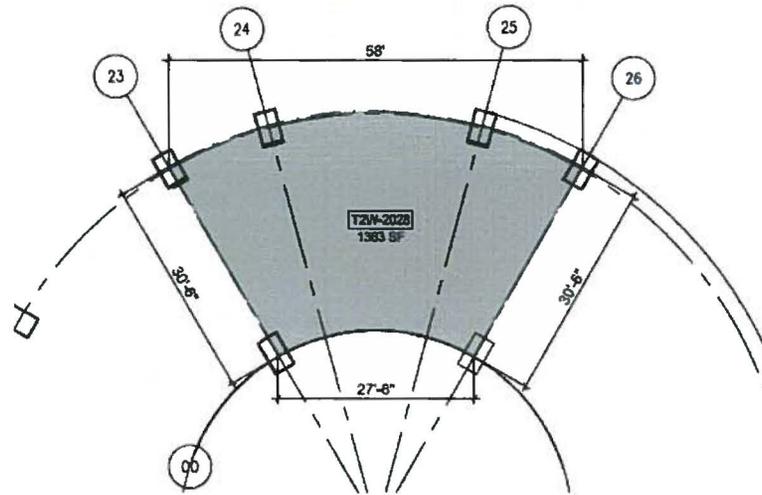
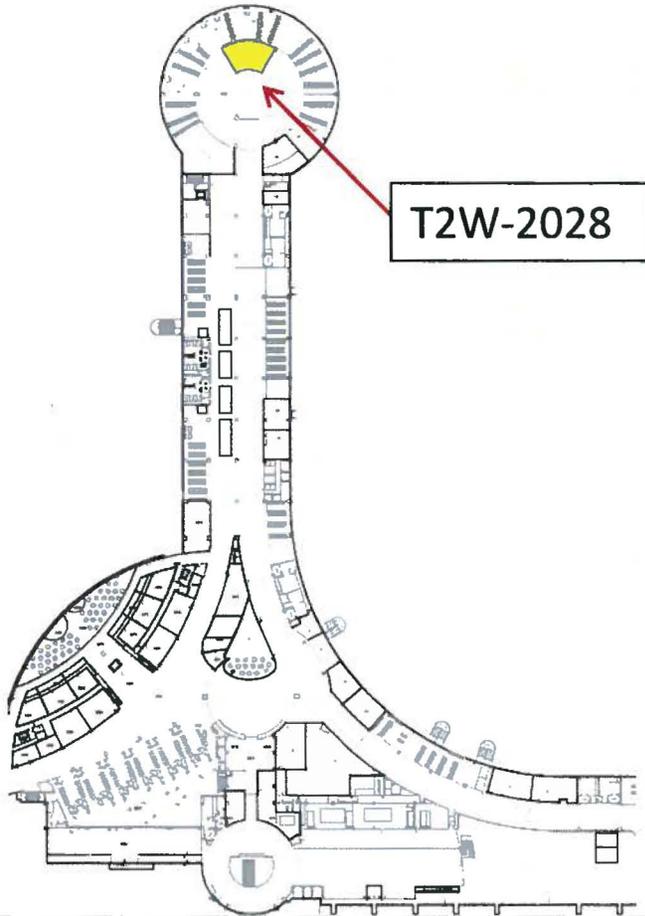


Food Pkg 2R: HMS Host

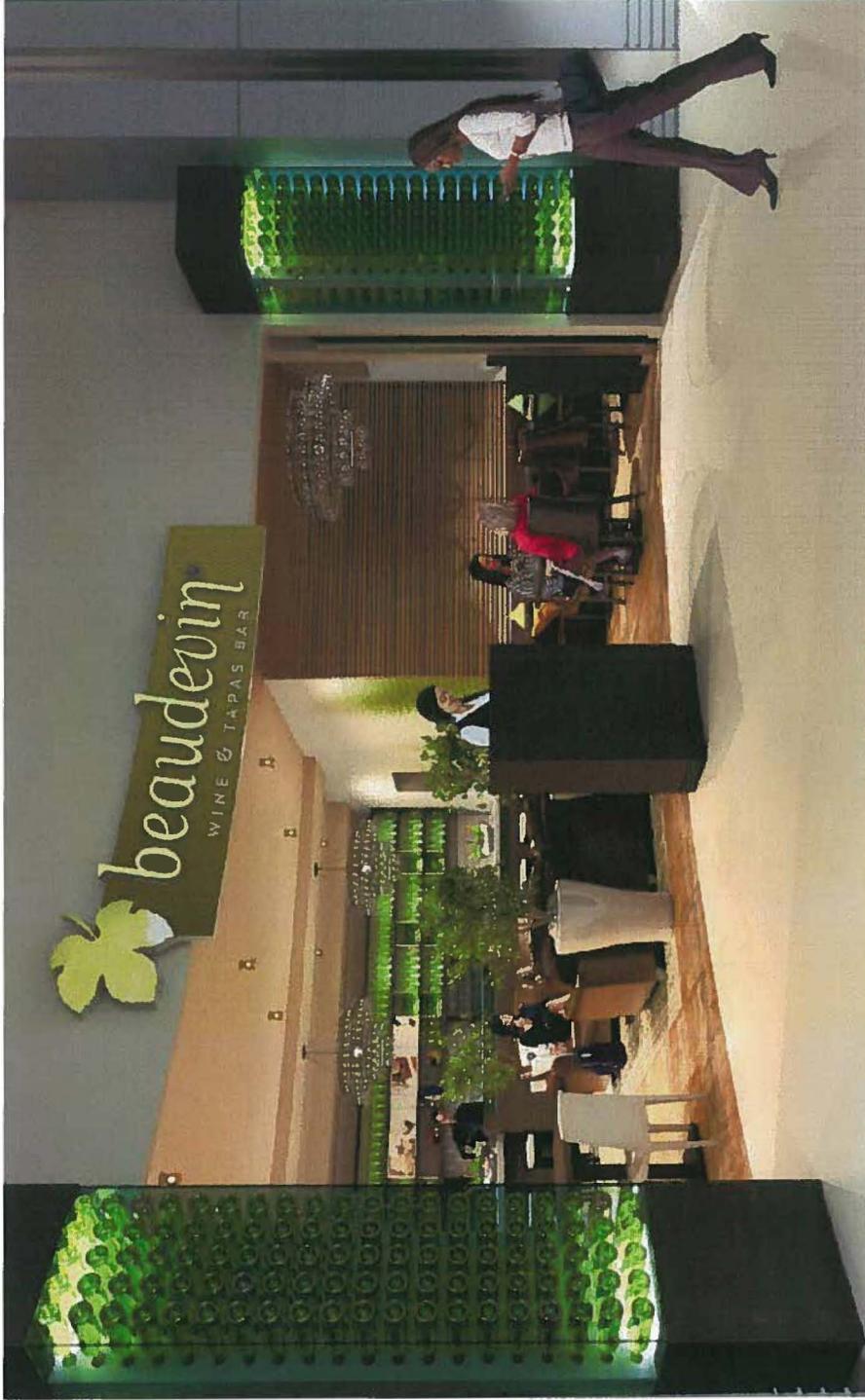


FOOD SERVICE PACKAGE 2R - T2W-2028, 1363 SF

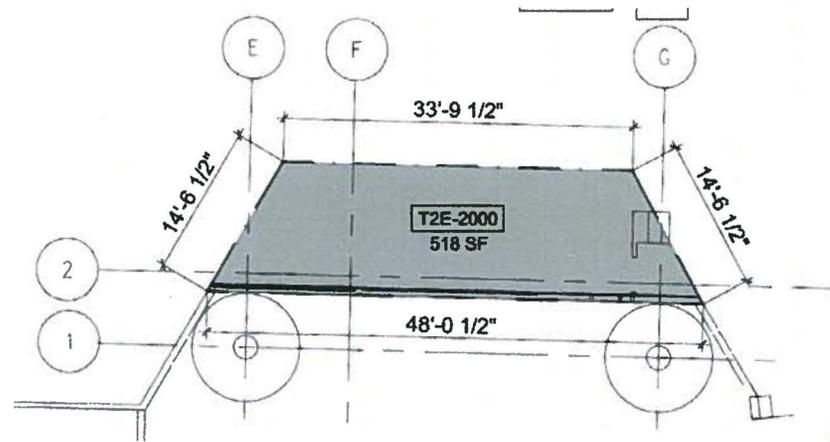
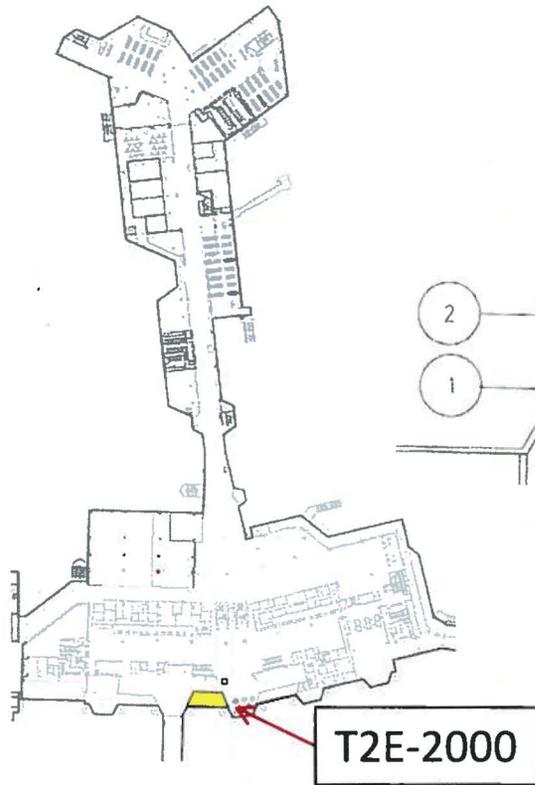
beaudevin[®]
ALL THE BEAUTY OF WINE



Food Pkg 2R: HMS Host

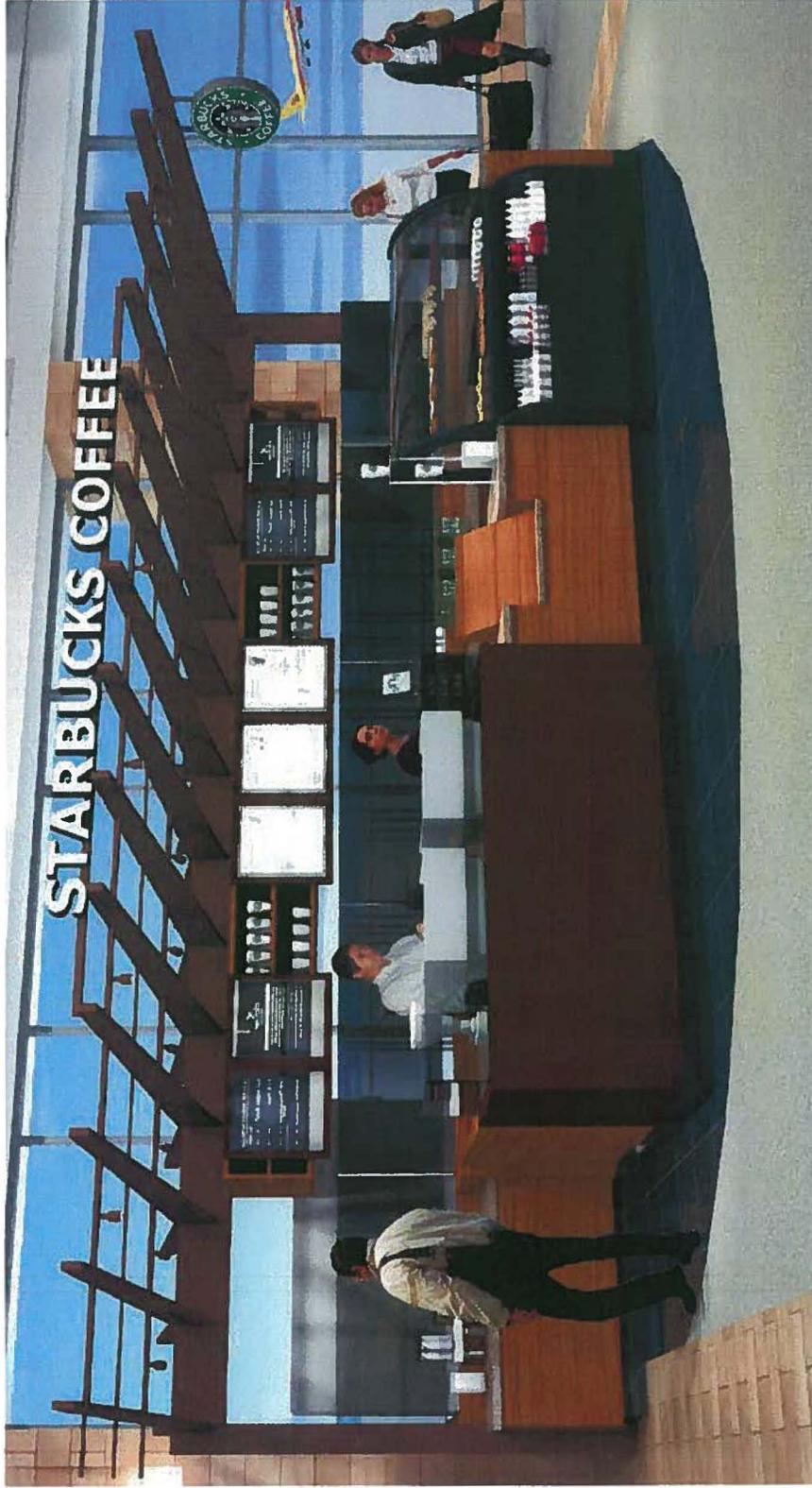


FOOD SERVICE PACKAGE 2R - T2E-2000, 518 SF

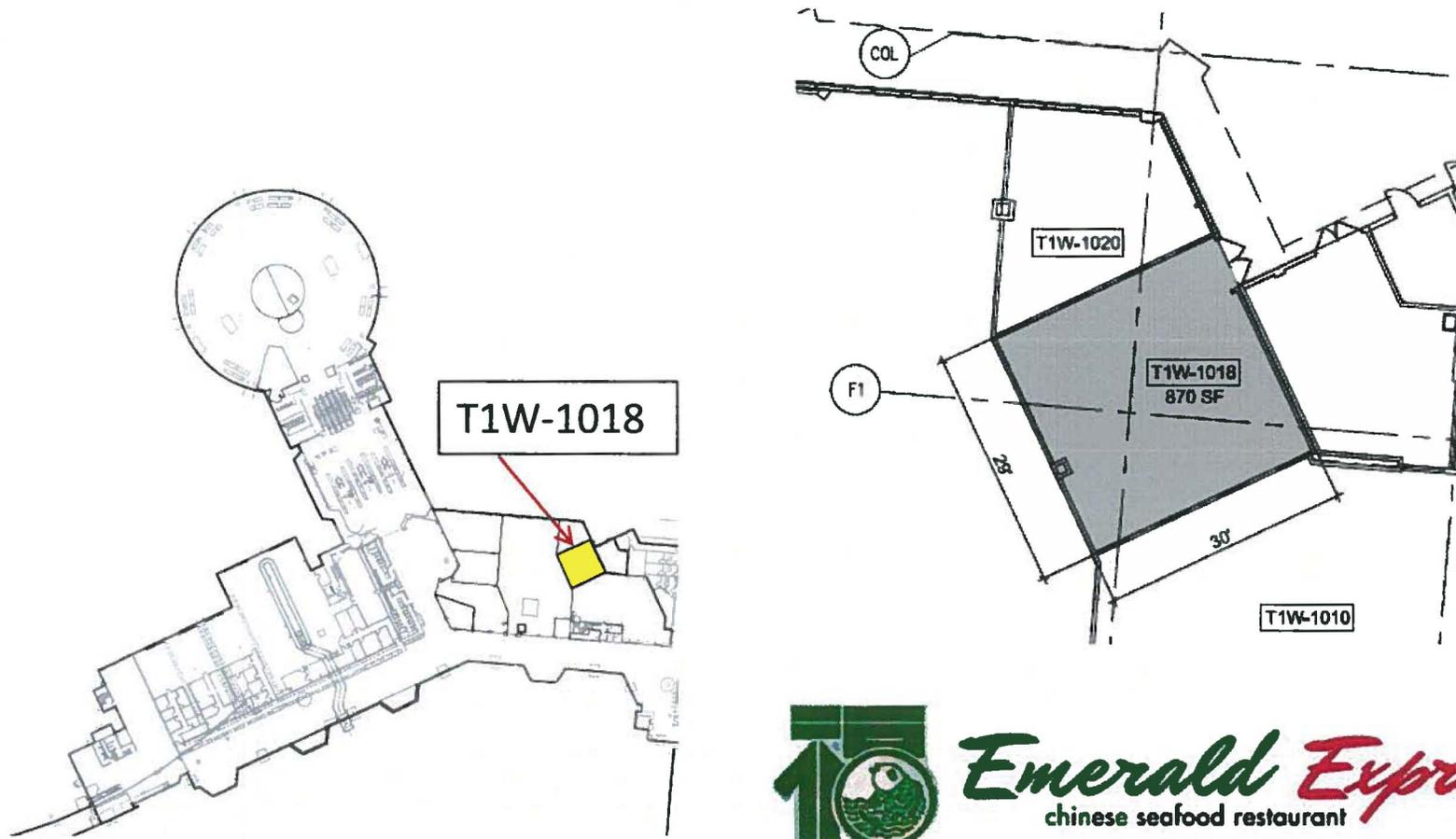


000134

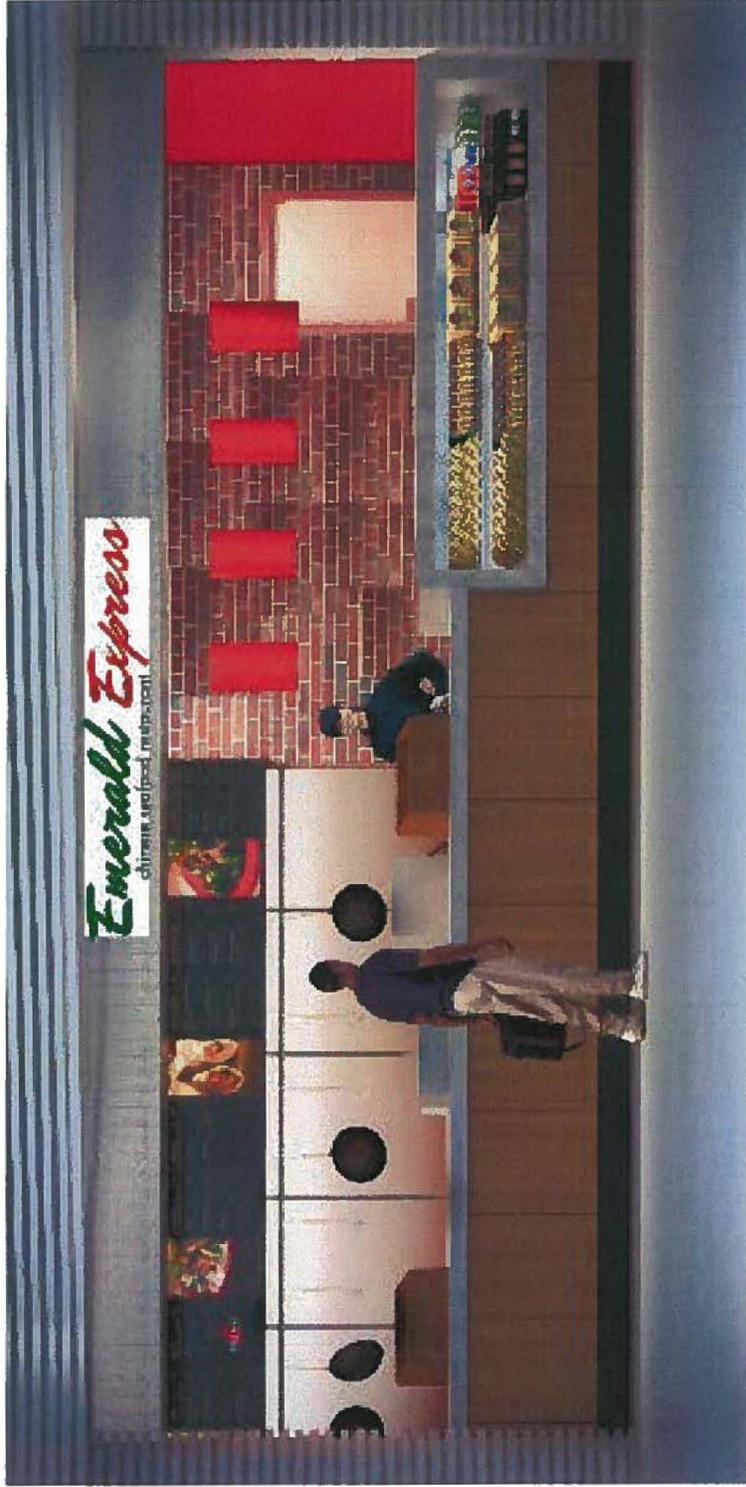
Food Pkg 2R: HMS Host



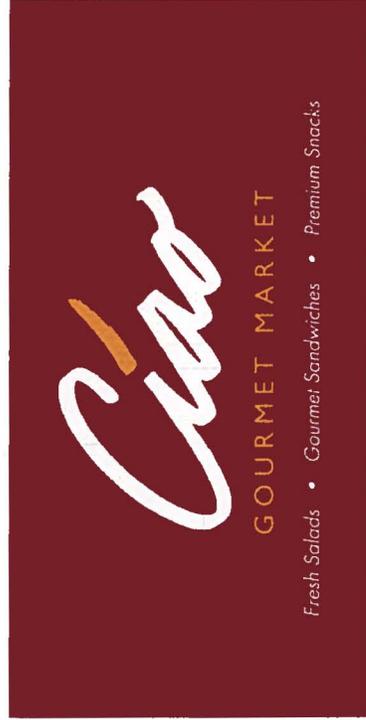
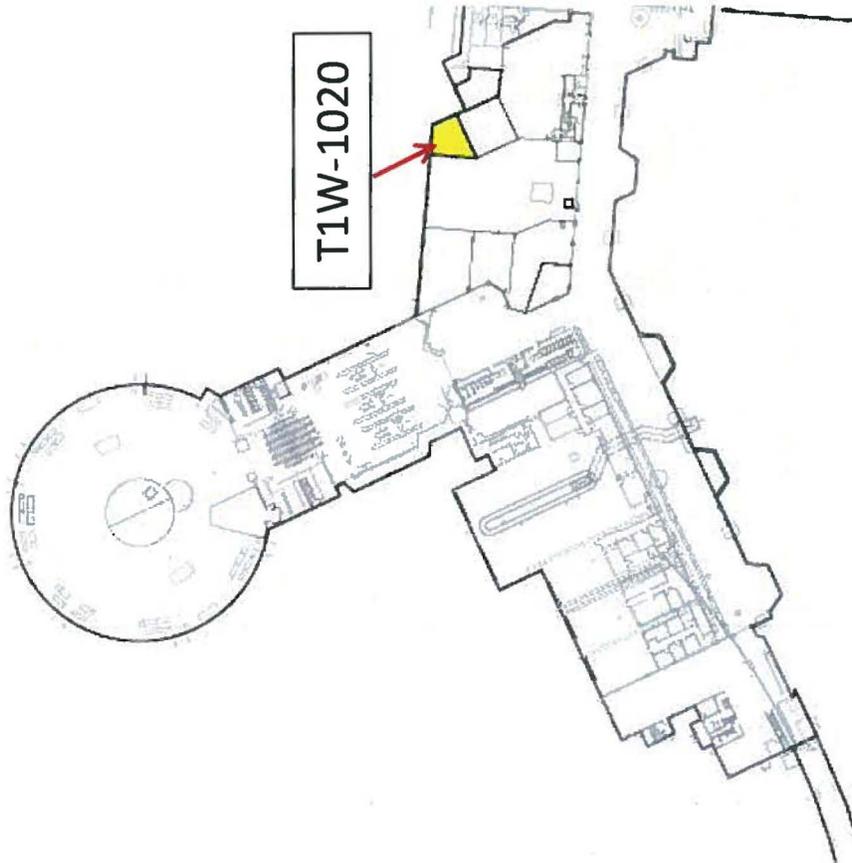
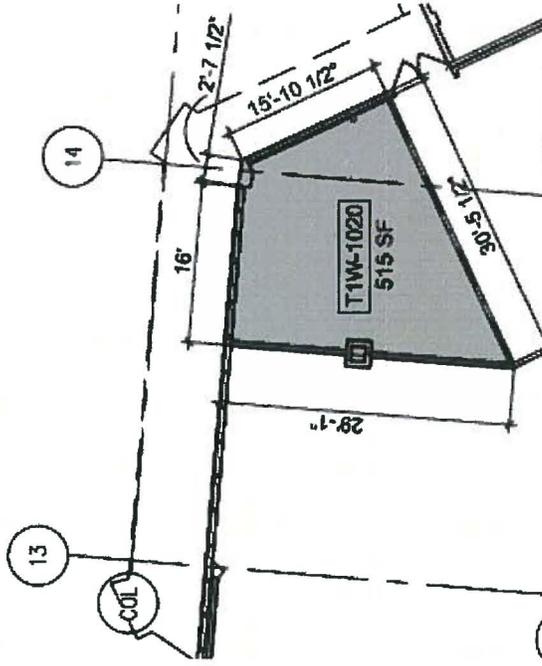
FOOD SERVICE PACKAGE 2R - T1W-1018, 870 SF



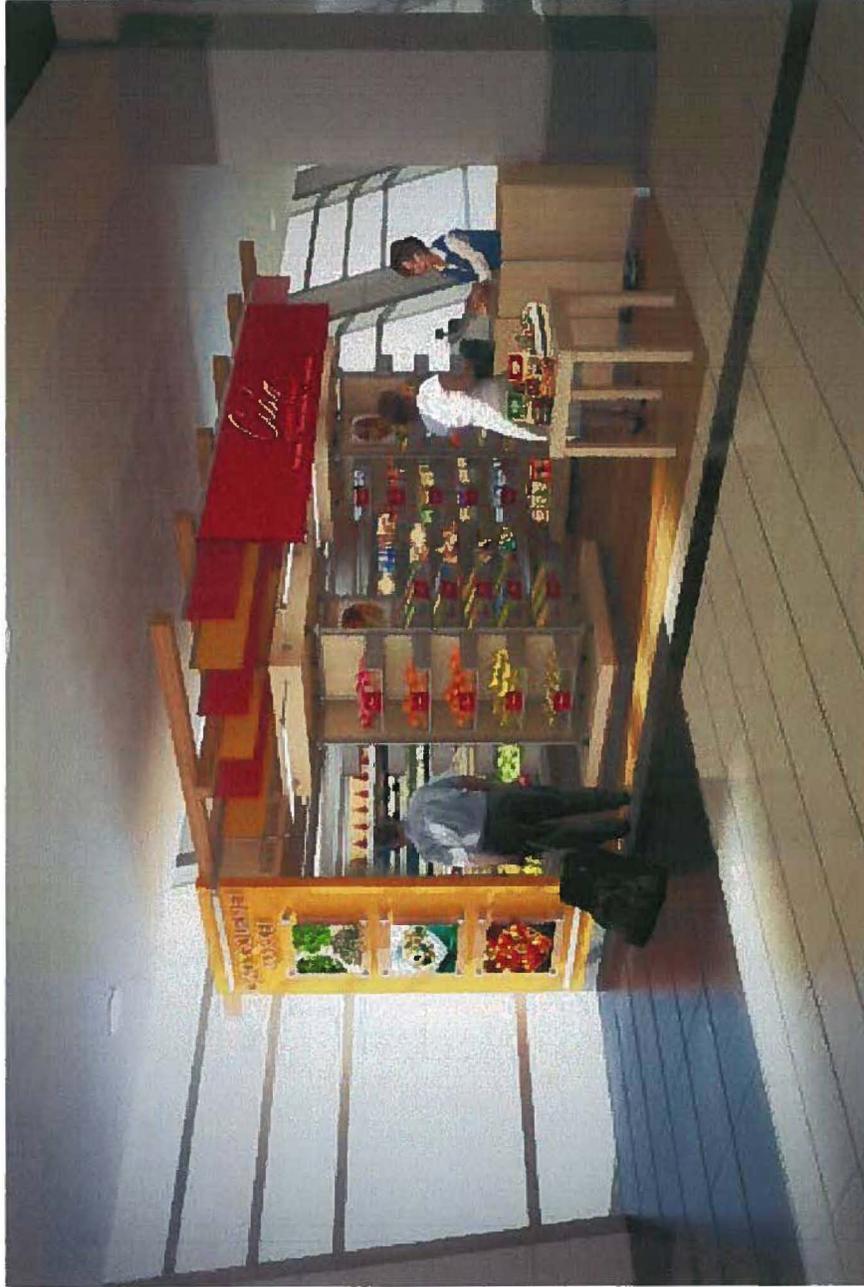
Food Pkg 2R: HMS Host



FOOD SERVICE PACKAGE 2R - T1W-1020, 515 SF



Food Pkg 2R: HMS Host



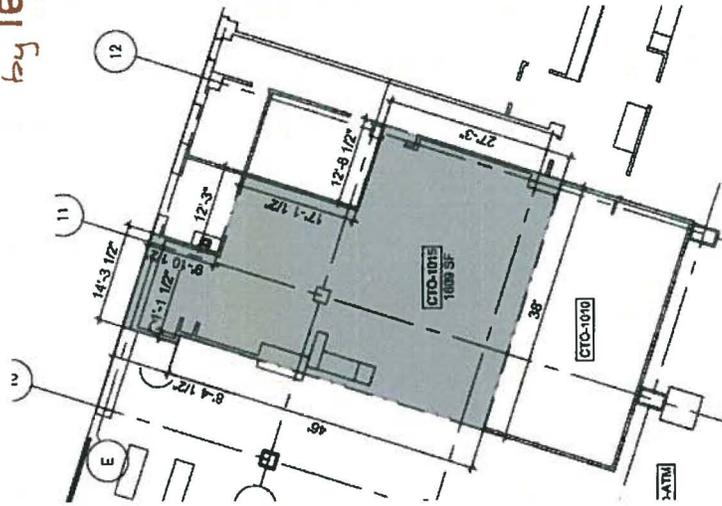
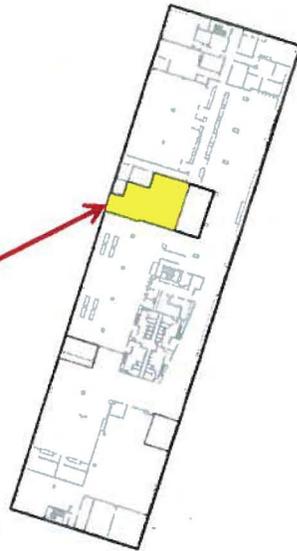
FOOD SERVICE PACKAGE 2R – CTO-1015, 1609 SF

GARDEN

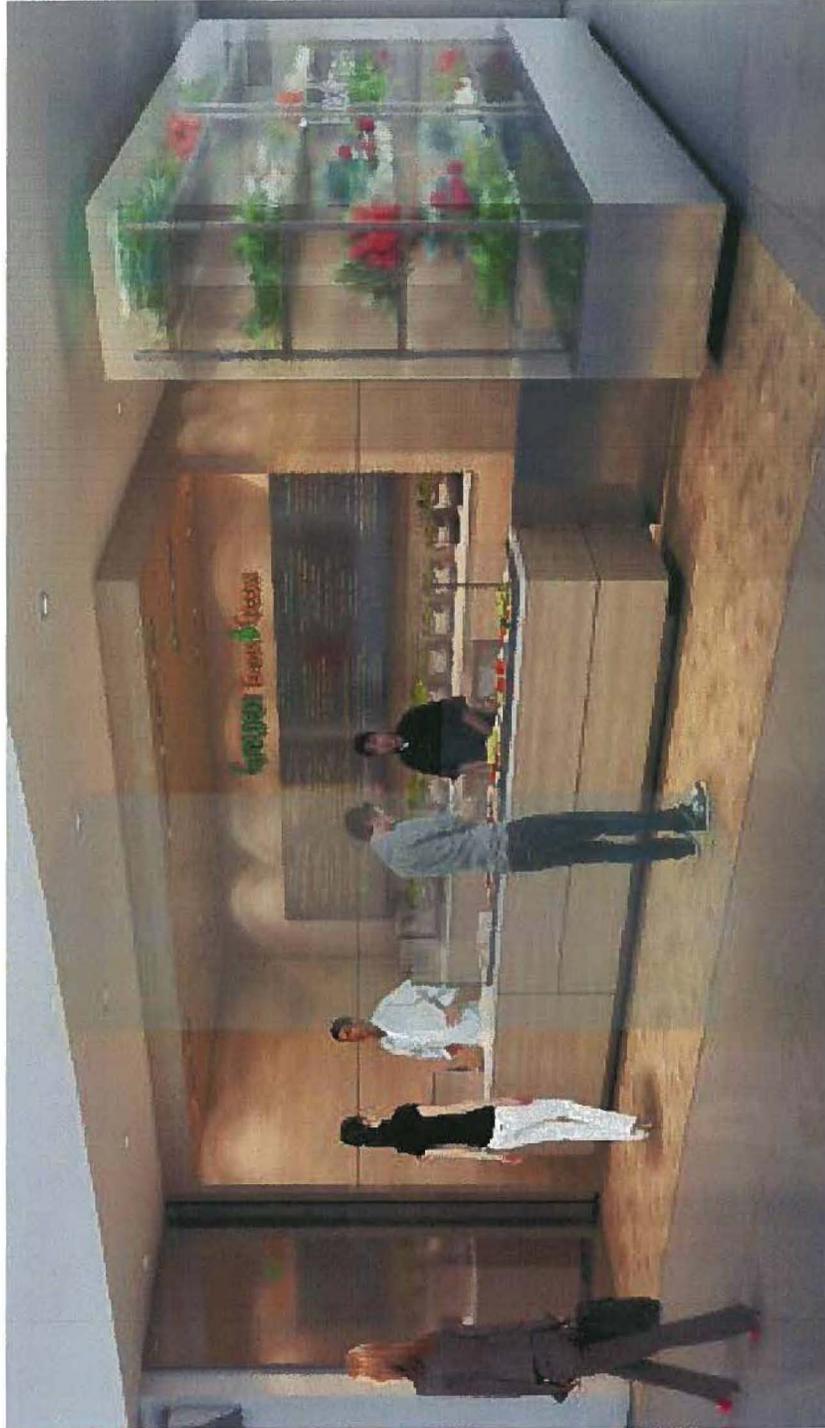
by TENDER GREENS

Commuter Terminal

CTO-1015



Food Pkg 2R: HMS Host



RESOLUTION NO. 2011-0110

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARING A CONCESSION LEASE TO HOST INTERNATIONAL, INC. FOR DEVELOPMENT AND OPERATION OF FOOD SERVICE PACKAGE #2R (AS INCLUDED IN THE CDP SUPPLEMENTAL RFP AS PACKAGE #1A) FOR A MAXIMUM TERM OF TWELVE (12) YEARS AND TWO (2) MONTHS WHICH INCLUDES A PERIOD NOT TO EXCEED TWENTY-SIX (26) MONTHS TO ALLOW FOR PACKAGE CONSTRUCTION COMPLETION, WITH A FIRST YEAR MINIMUM ANNUAL GUARANTEE (MAG) OF \$964,000; 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, 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

000142

WHEREAS, on May 25, 2011, a combined total of 48 responsive proposals for food service and retail packages were received from 20 business entities; and

WHEREAS, four of the food service packages included in the CDP RFP either did not receive any proposals or received only one proposal; and

WHEREAS, interviews were conducted with several proposers who submitted responsive food service proposals to determine aspects of those four packages that may have caused the low number of proposals; and

WHEREAS, a new RFP covering the revised four packages (Supplemental RFP) was released on July 12, 2011; and

WHEREAS, the proposal due date was limited to two weeks since proposers were requested to provide only:

- Cover Letter and covenant to execute lease
- Financial Offer
- Financial Projections
- Concept Development; and

WHEREAS, Food Service Package #2R includes eight locations encompassing approximately 6,413 square feet; and

WHEREAS, on July 26, 2011, three proposals were received for Food Service Package #2R; and

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

- financial background and rent offer;
- concept development and menus; 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 Host International, Inc. for development and operation of Food Service Package #2R (as included in the CDP Supplemental RFP as Package #1A) for a maximum term of twelve (12) years and two (2) months which includes a period not to exceed twenty-six (26) months to allow for package construction completion, with a first year Minimum Annual Guarantee (MAG) of \$964,000; and

WHEREAS, the Board finds that awarding a concession lease to Host International, Inc. is in the best interest of the Authority.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby AWARDS a concession lease to Host International, Inc. for development and operation of Food Service Package #2R (as included in the CDP Supplemental RFP as Package #1A) for a maximum term of twelve (12) years and two (2) months which includes a period not to exceed twenty-six (26) months to allow for package construction completion, with a first year Minimum Annual Guarantee (MAG) of \$964,000; 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 1st day of September, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000144

COMMUNICATION RECEIVED FROM THE PUBLIC

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP

655 West Broadway, Suite 900, San Diego, CA 92101-8484

Tel: 619.321.6200 Fax: 619.321.6201

*Albany • Baltimore • Boston • Chicago • Dallas • Denver • Garden City • Houston • Las Vegas • London • Los Angeles • Louisville • McLean
Miami • New Jersey • New York • Orlando • Philadelphia • San Diego • San Francisco • Stamford • Washington, DC • West Palm Beach • White Plains
Affiliates: Berlin • Cologne • Frankfurt • Mexico City • Munich • Paris*

www.wilsonelsel.com

August 16, 2011

RECEIVED
'AUG 17 2011
General Counsel

BY HAND DELIVERY

Thella F. Bowens
President / CEO
San Diego County Regional Airport Authority
Authority Procurement Department (Protest)
3225 North Harbor Drive
San Diego, CA 92101

Re: Protest on Behalf of Diego Concessions Group, L.P.
Our File No. 11737.00004

Dear Ms. Bowens:

Please consider this as a formal protest of the San Diego Regional Airport Authority's award of concession packages 1, 2, 6, 1A, 2A, 3A and 4A to other responsive bidders, made on behalf of my client, Diego Concessions Group, L.P. ("DCG"), pursuant to part 14, paragraph G of the original and revised Requests for Proposals ("RFP") for food service concessions.

Please note, pursuant to subparagraph (3) of the aforementioned RFP section, that I am the individual representing DCG in relation to this Protest. DCG's Protest is based upon the facts and authorities discussed below, as well as provisions of California Public Contract Code, including but not limited to sections 10180 et seq; 10344 et seq; 1100 et seq; and the cases Pozar v. Dept. of Transportation (1983) 145 Cal.App.3d 269 and Domar Electric, Inc. v. City of Los Angeles (1994) 9 Cal.4th 161.

By way of general background, DCG is a small, local minority and woman owned enterprise established for the sole purpose of obtaining and operating airport concessions, particularly those at the San Diego Regional Airport. DCG was founded by Michelle Rojas Siry, who has owned and operated a local hotel and restaurant, the Porto Vista Hotel and the Glass Door Restaurant in the Little Italy section of San Diego. The latter has been an award winning restaurant, open for the last several years. Not only has Ms. Rojas Siry successfully operated these enterprises, she is also a mother of five (four daughters and a son) and a recent grandmother, as well.

Ms. Rojas was attracted to the Airport RFP by statements that the Authority was looking to bring local, small businesses into the fold after years of having Host, a large multinational corporation, run these operations. Moreover, the statements made in relation to this particular

Thella F. Bowens
San Diego County Regional Airport Authority
Authority Procurement Department (Protest)
Re: Protest on Behalf of Diego Concessions Group, L.P.
August 16, 2011
Page 2

RFP were consistent with the Authority's stated policies, which are "to ensure that all businesses, including disadvantaged business enterprises . . . shall have the *maximum opportunity* to participate in the performance of all Authority . . . contracts and leasing opportunities" (Article 5, part 5.1, section 5.11) and that, "the Authority will create a *level playing field* on which DBE's can compete fairly for Authority . . . contracts." (Id. at subparagraph 4.) Likewise, the Authority had also let it be known that it was seeking to promote local businesses, as "it is the policy of the Authority to encourage the purchase of products, services and equipment from businesses located within the boundaries of San Diego. The Authority is committed to maximizing opportunities for local businesses to the *highest extent possible*. . ." (Article 5, part 5.1, section 5.13.)

In reliance on the Authority's stated policy objectives, Ms. Rojas Siry enthusiastically embraced this new business opportunity. Despite others doubts, Ms. Rojas Siry persevered, putting together elaborate RFP responses for packages 1, 2 and 6. This was done through an organized effort involving a number of local concession experts, including architects, award winning chefs, construction consultants, and others. The resulting submissions were the only ones in all of the RFP response packages to not just employ local culinary concepts but also have as the primary concessionaire a truly local and minority owned business enterprise.

Even though DCG provided the only locally grown and operated submissions (with more favorable financial terms than others), the Authority's Evaluation Panel rejected these submissions and instead recommended the selection of national and multinational respondents, such as Host, High Flying Foods and Mission Yogurt, based in Maryland, San Francisco, and Colorado, respectively. These contractors have no local connections – and the substantial revenue that they receive will only support their facilities operating in remote areas of the Country. Moreover, it is our belief that much of the "local flavor" identified in their proposals results from the purchase of local menus rather than from actual participation by local companies. This is merely local window dressing on highly foreign participation.

These decisions by the Panel don't just contradict the Authority's stated policies and objectives in evaluating RFP submissions. More important for present purposes, the Panel in making its decisions violated mandatory procedures and scoring criteria contained in the RFP, as described in greater detail below.

1. ***The Evaluation Panel Violated Part 1, Section I of the RFP.*** The Authority acknowledges that there is a fair way of handling changes to the RFP. In terms of timing, the RFP states that, "the Authority reserves the right to modify, amend, or withdraw RFP documents at any time *prior to the date and time specified for receipt of proposals*. The Authority will provide Respondents with written notice of any cancellation or modification." In direct contravention of this subsection, the Authority "withdr[e]w RFP documents [after] the date and time specified for receipt of proposals." Under the original RFP, issued by the Authority on February 2, 2011, the Authority set a response date of May 2, 2011 (subsequently amended by the Authority to May 25, 2011). In accordance with these requirements, DCG provided its

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP

Thella F. Bowens
San Diego County Regional Airport Authority
Authority Procurement Department (Protest)
Re: Protest on Behalf of Diego Concessions Group, L.P.
August 16, 2011
Page 3

submissions for packages 1, 2 and 6 on May 25, 2011. It was only after these packages were submitted that the Authority reconfigured the packages. The Authority required a resubmission on the basis that there was an insufficient response to the packages. Thus, on July 12, 2011, the Authority issued a new RFP with a response date of July 26, 2011, a mere two weeks later. After taking concession package No. 1 out of the mix, the Authority then divided the remaining packages into four new packages. While the Airport claims that it "elected to reject all proposals on four of the packages contained in the RFP," this is not accurate for the reasons set forth in Section 2 below.

2. *The Authority Improperly Decided to Make Changes to the RFP Packages After Qualifying Submissions Were Made by DCG.* On July 12, 2011, Karie Webber, the Senior Procurement Analyst emailed DCG, stating that, "Diego Concessions Group has met the minimum qualifications and will have the opportunity to resubmit under the new RFP." However, while it is true that DCG "met the minimum qualifications," it also was the only one, we believe, to submit proposals for packages 2 and 6. DCG thus not only met the minimum requirements, it was the sole qualified responding bidder on these packages. As such, DCG should have been selected for these packages, and it was clearly improper for the Authority to withdraw or reconstitute these packages after they had been submitted. Compounding its errors, the Authority has publicly acknowledged (through Mr. Marmion's comments at the latest Board meeting) that the Panel reached out to potential concessionaires who did not originally respond to the RFP in an effort to belatedly and improperly generate a higher level of interest in certain concession packages. As noted above, the Authority had no right to do this after submissions were received.

3. *The Authority Treated DCG in a Discriminatory Manner, Particularly in Light of Its Response to the Retail Concession Packages.* As noted above, DCG was the sole responding qualified bidder on several packages. Instead of either accepting those bids or entering into negotiations with DCG for those packages, the Authority decided that it would belatedly withdraw the packages, reconstitute them, and open bidding to entities that had not provided bids on the packages. Was this consistent with the Authority's treatment of other similarly situated respondents? The answer is no. As an example, on the retail side, the Authority received only one response to one of the packages, Retail Package No. 6. In that circumstance, the Authority went forward with awarding the contract to the sole responding party. In doing so, the Authority set an example that it failed to follow in its disparate treatment of DCG.

4. *The Authority has Failed to Follow its own Policies, Particularly Article II, Section 2.01(1).* Through Resolution No. 2002-02 and 2008-0029, the Authority enacted policies for "the ethical conduct of members of the board of directors, officers and employees of the San Diego County Regional Airport Authority" to "ensure public confidence in the integrity of the Authority and its effective and fair operation." As part of this enactment, at subparagraph 1, the Authority held itself to a high standard, stating that, "public officials, both elected and

Thella F. Bowens
San Diego County Regional Airport Authority
Authority Procurement Department (Protest)
Re: Protest on Behalf of Diego Concessions Group, L.P.
August 16, 2011
Page 4

appointed, shall comply with both the letter and spirit of the laws affecting the operations of government,” and that “public deliberations and processing shall be *conducted openly*, unless legally confidential, in an atmosphere of respect and civility.” (Article II, Part 2, Section 2.01(1)(a) and (d).) The problem is that the Authority’s Selection Panel failed to follow these requirements, disregarding – without notice, and after the submissions had been made – all of their evaluation and scoring criteria in favor of a murky and undisclosed ranking system. In its original RFP, Authority states that, “proposals received will be evaluated in detail in accordance with the evaluation criteria listed below.” See original RFP at part 5. Among the criteria to be evaluated by the Authority are “the company’s background, experience and financial capability, concept/brand development and merchandise/menus; designs, materials, and capital investment; management, staffing plan and training; operations and maintenance plan; and marketing and promotions plan.” The Authority further stated that it “shall establish additional consideration during the evaluation process, in the form of bonus points, for Board Adopted Preferences: for any proposals that meet or exceed the requirement standards” in relation to small business standards and worker retention. Indeed, the Authority’s staff report for meeting dated August 4, 2011 (Item No. 19) uses such a weighting system, giving 35% to “company background, experience, financial capability and financial offer”; 20% to “concept/brand development and merchandise/menus”; 15% to “designs, materials, and capital investment”; another 15% to “management, staffing plans and training”; and the remaining 15% to “operations and maintenance plan [and] marketing and promotions plan.” Clearly, the intent was that the packages actually be scored and that the scoring be weighted. This is consistent with the Airport’s goal of public transparency – that “public deliberations and processing shall be conducted openly”

By way of contrast, DCG’s proposals were *never even scored*. This point was acknowledged by Karie Webb in an email dated July 12, 2011, which states, “packages 2 and 6 were not scored; therefore a public document is not available.” One finds it hard to believe that there was never any attempt at scoring the packages submitted by DCG; rather, it appears that after meeting and reviewing the information, the Authority’s Selection Panel simply threw out the score sheets and decided on a new set of packages and no scoring system at all. Instead, participants were simply ranked by the Panel Members as to which submission they preferred. This provides no information whatsoever to the public as to how the Panel made its decisions, and raised the specter of preferential treatment to those with strong lobbying efforts or name recognition. Because the scoring system is opaque, it raises more questions than it answers.

5. *The Authority Decided in Favor of Packages That Were Less Financially Rewarding.* The Authority may have the right to make decisions on criteria other than those that are solely financial. However, as noted above, the Airport handled the food concessions differently than the retail concessions; withdrew/issued a new RFP after submissions were already received; threw out scoring sheets or failed to provide them to respondents; and implemented new scoring criteria in the midst of the RFP process. These alone raise red flags, but on top of that the Airport selected concessionaries who did not even provide them with the

Thella F. Bowens
San Diego County Regional Airport Authority
Authority Procurement Department (Protest)
Re: Protest on Behalf of Diego Concessions Group, L.P.
August 16, 2011
Page 5

best financial deal. In relation to food concession package No. 1, the results are known, and DCG clearly provided a better financial offer to the Airport than Host. Nevertheless, perhaps because of longstanding ties to the Airport, Host was selected for concession package No. 1.

Ms. Rojas Siry and DCG had been anticipating a long and mutually beneficial relationship with the Airport. Perhaps this can still occur. Certainly, it is my client's desire to work with the Airport; otherwise, it would not have undertaken the financial commitment to provide multiple RFP submissions in relation to the Airport's Food Concessions, nor would DCG be filing the present Protest. However, DCG believes that not only its own interests but those of the public are better served by the Board's reconsideration of the Panel's current recommendations. Ultimately DCG will seek to enforce all of its legal rights and remedies in relation to the Authority's Food Concession RFP packages, but it suggests an alternative – that current Panel recommendations be voided through immediate action by the Authority. DCG respectfully requests that the Authority stay any further proceedings in relation to the Food Concession RFP, withdraw and reissue the RFP, and then undertake a vigorous and transparent scoring process. This process should give proper weight to the Authority's stated goals of supporting small locally grown minority businesses and providing an open and transparent evaluation process so that the public can determine whether or not the Airport is following its own policy objectives.

We look forward to your consideration of our request.

Very truly yours,

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP



Gregory D Hagen

GDH:sas

✓ cc: San Diego Regional Airport Authority
Office of General Counsel - SDCRAA
P. O. Box 82776
San Diego, CA 92138

cc: Hms Host Corp.
Host International, Inc.
6905 Rockledge Drive, #1
Bethesda, MD 20817-7826

cc: High Flying Foods
133 Stillman Street
San Francisco, CA 94107

cc: Mission Yogurt
8500 Pena Boulevard, # C34
Denver, CO 80249-6205

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP

1632275.1



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

August 19, 2011

Via E-Mail and US Mail
gregory.hagen@wilsonelser.com

Gregory D. Hagen
Wilson, Elser, Moskowitz, Edelman & Dicker LLP
655 West Broadway, Suite 900
San Diego, CA 92101

For: Diego Concessions Group

Re: Protest Letter, Food Service and Retail Concessions RFP and Food Service Concessions Supplemental RFP

Dear Mr. Hagen:

On August 16, 2011, the San Diego County Regional Airport Authority ("Authority") received a letter from Diego Concessions Group ("DCG") formally protesting: (a) the Authority's recommendation of award of a concession lease to other responsive bidders for the Food Service and Retail Concessions RFP issued February 2, 2011 ("RFP"), Food Service Package 1; (b) the Authority's rejection of proposals received in response to RFP Food Service Packages 2 and 6; and (c) the award of concession leases for Food Service Concessions Supplemental RFP issued July 12, 2011 ("Supplemental RFP"), Food Service Packages 1A, 2A, 3A and 4A; however, DCG submitted only to packages 1A & 4A. Each assertion made by DCG in its protest letter is set forth below and followed by the Authority's response.

First Assertion: "The Evaluation Panel Violated Part 1, Section I of the RFP" because the RFP states that the Authority reserves the right to modify, amend or withdraw RFP documents at any time prior to the date and time specified for receipt of proposals.

Procurement Administrator's Finding: DCG's assertion is flawed because it fails to recognize the following provisions included in the RFP (issued on February 2, 2011) clearly stating that the Authority may reject proposals at any time and is not required to respond to any proposal submitted:

- "The Authority reserves the right to cancel or modify the terms of this RFP at any time. The Authority will provide Respondents with written notice of any cancellation or modification. The Authority additionally reserves the right to accept or reject any or all proposals." [RFP, Part 2.N.].
- "The Authority reserves the right to postpone the Proposal submittal due date or to withdraw this RFP, or portions of this RFP, at any time." [RFP, Part 6.D.].



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

- "The President/CEO reserves the right to reject any and all proposals . . . to withdraw this RFP . . . The Authority shall not be obligated to respond to any proposal submitted nor shall it be legally bound in any manner whatsoever by the receipt of a proposal.: [RFP, Part 14.A.]

After receiving proposals for Food Service Packages 2 and 6 in response to the RFP, the Authority rejected all proposals received for Food Packages 2 and 6 pursuant to the provisions set forth above. The Authority's action of rejecting the RFP after the proposals were received is consistent with the provisions of the RFP. Public Utilities Code §170040 states that the Authority may contract with any department or agency of the United States, with any state or local governmental agency, or with any person **upon those terms and conditions that the Authority finds are in its best interests.**

(Emphasis added). Authority Policy 6.01 states that the Authority shall grant leases "on a competitive basis to the prospective tenant that in the opinion of the Authority (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the lease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the lease." Consistent with the Public Utilities Code and Authority Policy, the RFP allows the Authority to reject all proposals, to withdraw or cancel the RFP at any time, to not award a lease and to take any actions that are in the best interest of the Authority. The right of the Authority to reject all proposals is consistent with the law in California. [Public Utilities Code §170040; *Swanson v. Hildebrand* (1949) 94 Cal. App. 2d 161; *Michaelis, Montanari & Johnson v. Superior Court* (2006) 38 Cal.4th 1065, 136 P.3d 194].

DCG cites to Public Contract Code §§10180 and 10344 in support of its protest. These sections apply to the award of public works projects by state agencies —the Authority is not a state agency and the RFP does not concern a public works project. It was determined to be in the best interest of the Authority and consistent with the terms of the RFP to reject all proposals and issue a Supplemental RFP.

In addition, DCG's protest to the Authority's action of rejecting the proposals received for Food Packages 2 and 6 is untimely. On July 12, 2011, the Authority notified DCG of its rejection of all proposals and intent to issue a Supplemental RFP. The Protest Procedures set forth in the RFP [Part 14.G.] required DCG to submit its protest no later than July 19, 2011. The RFP states that failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further pursue the protest. [RFP, Part 14.G.]. DCG's protest was not received until August 16, 2011. Thus, DCG's protest as to the Authority's rejection of proposals for Food Packages 2 and 6 is untimely.

Accordingly, the Protest is denied as to DCG's First Assertion for two separate reasons, each of which standing alone would be and is sufficient to reject the Protest.



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Second Assertion: "The Authority Improperly Decided to Make Changes to the RFP Packages After Qualifying Submissions Were Made by DCG". DCG asserts that because it was the only qualified respondent on Packages 2 and 6, the Authority was required to award a concession lease to DCG and that it was "improper for the Authority to withdraw or reconstitute these packages after they had been submitted."

Procurement Administrator's Finding: DCG's assertion is flawed because it fails to recognize the following provisions included in the RFP clearly stating that the Authority may cancel the RFP at any time, may reject proposals at any time, and is not required to respond to any proposal submitted:

- "The Authority reserves the right to cancel or modify the terms of this RFP at any time. The Authority will provide Respondents with written notice of any cancellation or modification. The Authority additionally reserves the right to accept or reject any or all proposals." [RFP, Part 2.N].
- "The Authority reserves the right to postpone the Proposal submittal due date or to withdraw this RFP, or portions of this RFP, at any time." [RFP, Part 6.D].
- "The President/CEO reserves the right to reject any and all proposals . . . to withdraw this RFP . . . The Authority shall not be obligated to respond to any proposal submitted nor shall it be legally bound in any manner whatsoever by the receipt of a proposal." [RFP, Part 14.A.]

After receiving proposals for Food Service Packages 2 and 6 in response to the RFP, the Authority rejected all proposals pursuant to the provisions set forth above. The Authority's rejection of proposals after receipt is consistent with the provisions of the RFP. Public Utilities Code §170040 states that the Authority may contract with any department or agency of the United States, with any state or local governmental agency, or with any person **upon those terms and conditions that the Authority finds are in its best interests**. (Emphasis added). Authority Policy 6.01 states that the Authority shall grant leases "on a competitive basis to the prospective tenant that in the opinion of the Authority (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the lease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the lease." Consistent with the Public Utilities Code and Authority Policy, the RFP allows the Authority to reject all proposals, to withdraw or cancel the RFP at any time, to not award a lease and to take any actions that are in the best interest of the Authority. The right of the Authority to reject all proposals is consistent with the law in California. [Public Utilities Code §170040; *Swanson v. Hildebrand* (1949) 94 Cal. App. 2d 161; *Michaelis, Montanari & Johnson v. Superior Court* (2006) 38 Cal.4th 1065, 136 P.3d 194].



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

DCG cites to Public Contract Code §§10180 and 10344 in support of its protest. These sections apply to the award of public works projects by state agencies —the Authority is not a state agency and the RFP does not concern a public works project. It was determined to be in the best interest of the Authority and consistent with the terms of the RFP to reject all proposals and issue a supplemental RFP which constitutes a separate and independent competitive process.

In addition, DCG's protest to the Authority's rejection of all proposals for Food Packages 2 and 6 is untimely. On July 12, 2011, the Authority notified DCG of its rejection of all proposals and intent to issue a Supplemental RFP. The Protest Procedures set forth in the RFP [Part 14.G.] required DCG to submit its protest no later than July 19, 2011. The RFP states that failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further pursue the protest. [RFP, Part 14.G.]. DCG's protest was not received until August 16, 2011. Thus, DCG's protest as to the Authority's rejection of proposals for Food Packages 2 and 6 is untimely.

Accordingly, the Protest is denied as to DCG's Second Assertion.

Third Assertion: "The Authority Treated DCG in a Discriminatory Manner, Particularly in Light of Its Response to the Retail Concession Packages". The Authority "belatedly withdrew" the packages, reconstituted the packages and opened bidding to entities that had not provided bids on the packages.

Procurement Administrator's Finding: DCG's assertion is flawed because it fails to recognize the Authority's right to reject all proposals at any time, to cancel the RFP at any time and to not enter into an agreement in response to proposals received. In addition, DCG fails to recognize that the Supplemental RFP issued July 12, 2011 ("Supplemental RFP") is a separate and distinct solicitation process. Specifically, the RFP contains the following provisions:

- "The Authority reserves the right to cancel or modify the terms of this RFP at any time. The Authority will provide Respondents with written notice of any cancellation or modification. The Authority additionally reserves the right to accept or reject any or all proposals." [RFP, Part 2.N.].
- "The Authority reserves the right to postpone the Proposal submittal due date or to withdraw this RFP, or portions of this RFP, at any time." [RFP, Part 6.D.].
- "The President/CEO reserves the right to reject any and all proposals . . . to withdraw this RFP . . . The Authority shall not be obligated to respond to any proposal submitted nor shall it be legally bound in any manner whatsoever by the receipt of a proposal." [RFP, Part 14.A.]

After receiving proposals for Food Service Packages 2 and 6 in response to the RFP, the Authority rejected all proposals pursuant to the provisions set forth above. The



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Authority determined that it was in its best interest to re-package the locations to promote increased competition and for other economic and administrative reasons. The Authority was not required to proceed with the evaluation process once this determination was made and the Authority was not required to award concession leases to DCG because it was the only proposer. The Authority's action of rejecting proposals after receipt but before evaluation is consistent with the provisions of the RFP. The Authority's decision to not award a concession lease as a result of the RFP process is consistent with the provisions of the RFP. Public Utilities Code §170040 states that the Authority may contract with any department or agency of the United States, with any state or local governmental agency, or with any person **upon those terms and conditions that the Authority finds are in its best interests.** (Emphasis added). Authority Policy 6.01 states that the Authority shall grant leases "on a competitive basis to the prospective tenant that in the opinion of the Authority (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the lease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the lease." Consistent with the Public Utilities Code, the RFP allows the Authority to reject all proposals, to withdraw or cancel the RFP at any time, to not award a lease and to take any actions that are in the best interest of the Authority. The right of the Authority to reject all proposals is consistent with the law in California. [Public Utilities Code §170040; *Swanson v. Hildebrand* (1949) 94 Cal. App. 2d 161; *Michaelis, Montanari & Johnson v. Superior Court* (2006) 38 Cal.4th 1065, 136 P.3d 194].

DCG cites to Public Contract Code §§10180 and 10344 in support of its protest. These sections apply to the award of public works projects by state agencies —the Authority is not a state agency and the RFP does not concern a public works project.

The Authority did not discriminate against Diego Concession Group. The Authority determined that changes to Food Packages 2 and 6 would result in a greater response which has been proven to be the case by the number of responses received to the Supplemental RFP. The reason for a different treatment in Retail Package 6 is that a reissue of the package would not have resulted in an increase in responses.

Accordingly, the Protest is denied as to Diego Concessions Group's Third Assertion.

Fourth Assertion: "The Authority has failed to follow its own policies, particularly Article II, Section 2.01(1)". This assertion is based upon allegations that: (1) the intent of the RFP was that the packages be scored and that DCG's proposal should have been scored; and (2) the Authority's Selection Panel failed to follow the evaluation criteria, disregarding – without notice, and after the submissions have been made - all of their evaluation criteria and scoring criteria in favor of a murky and undisclosed ranking system.



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Procurement Administrator's Finding: DCG's assertion that the Authority was required to score the proposals submitted in response to the RFP is flawed because it fails to recognize the Authority's right to reject all proposals at any time, to cancel the RFP at any time and to not enter into an agreement in response to proposals received. Specifically, the RFP contains the following provisions:

- "The Authority reserves the right to cancel or modify the terms of this RFP at any time. The Authority will provide Respondents with written notice of any cancellation or modification. The Authority additionally reserves the right to accept or reject any or all proposals." [RFP, Part 2.N.]
- "The Authority reserves the right to postpone the Proposal submittal due date or to withdraw this RFP, or portions of this RFP, at any time." [RFP, Part 6.D.]
- "The President/CEO reserves the right to reject any and all proposals . . . to withdraw this RFP . . . The Authority shall not be obligated to respond to any proposal submitted nor shall it be legally bound in any manner whatsoever by the receipt of a proposal." [RFP, Part 14.A.]

After receiving proposals for Food Service Packages 2 and 6 in response to the RFP, the Authority rejected all proposals pursuant to the provisions set forth above. The Authority determined that it was in its best interest to repackage the locations to promote increased competition and for other economic and administrative reasons. The Authority was not required to proceed with the evaluation process once this determination was made and the Authority was not required to award concession leases to DCG because it was the only proposer. In addition, the Authority was not required to award concession leases to DCG because it was the only respondent who submitted proposals for Food Packages 2 and 6. The Authority's action of rejecting proposals for Food Packages 2 and 6 after receipt but before evaluation is consistent with the provisions of the RFP. The Authority's decision to not award a concession lease for Food Packages 2 and 6 as a result of the RFP process is consistent with the provisions of the RFP.

Public Utilities Code §170040 states that the Authority may contract with any department or agency of the United States, with any state or local governmental agency, or with any person **upon those terms and conditions that the Authority finds are in its best interests**. (Emphasis added). Authority Policy 6.01 states that the Authority shall grant leases "on a competitive basis to the prospective tenant that in the opinion of the Authority (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the lease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the lease." Consistent with the Public Utilities Code and Authority Policy, the RFP allows the Authority to reject all proposals, to withdraw or cancel the RFP at any time, to not award a lease and to take any actions that are in the best interest of the



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Authority. The right of the Authority to reject all proposals is consistent with the law in California. [Public Utilities Code §170040; *Swanson v. Hildebrand* (1949) 94 Cal. App. 2d 161; *Michaelis, Montanari & Johnson v. Superior Court* (2006) 38 Cal.4th 1065, 136 P.3d 194].

DCG cites to Public Contract Code §§10180 and 10344 in support of its protest. These sections apply to the award of public works projects by state agencies—the Authority is not a state agency and the RFP does not concern a public works project.

In addition, DCG's protest to the Authority's action of rejecting all proposals for Food Packages 2 and 6 is untimely. On July 12, 2011, the Authority notified DCG of its rejection of all proposals and intent to issue a Supplemental RFP. The Protest Procedures set forth in the RFP [Part 14.G.] required DCG to submit its protest no later than July 19, 2011. The RFP states that failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further pursue the protest. [RFP, Part 14.G.]. DCG's protest was not received until August 16, 2011. Thus, DCG's protest as to the Authority's rejection of proposals for Food Packages 2 and 6 is untimely.

DCG's assertion that the Authority did not follow the evaluation process set forth in the RFP for the evaluation of Food Package 1 is without merit. Nothing was done arbitrarily. DCG's proposal to Food Package 1 was properly evaluated. The RFP states that "[a]n evaluation panel ("Panel") established by the Authority will evaluate the Proposals in accordance with Part 5." [RFP, Part 4.A., page 23]. Part 5 provides that the Proposals received will be evaluated in detail in accordance with the following criteria: (1) company background, experience and financial capacity; (2) concept/brand development and merchandise/menus; (3) designs, materials and capital investment; (4) management, staffing plan, and training; (5) operations and maintenance plan; (5) marketing and promotions plan. [RFP, Part 5, page 25]. The RFP goes on to state that the "listed evaluation criteria are not of equal value or decision weight". [RFP, Part 5, page 25]. Panel members were instructed to rank each proposer based upon the criteria set forth in the RFP using their expertise and independent judgment. The scoring by each panel member is subjective and based upon each individual's analysis of the proposals using the evaluation criteria set forth in the RFP. DCG offers no evidence that the evaluation process outlined in the RFP was not followed by the evaluation panel and it would be inappropriate for the Procurement Administrator to independently evaluate the proposals and substitute her judgment for that of the evaluation panel. Furthermore, it has been determined that the evaluation panel followed the evaluation process outlined in the RFP

In addition, DCG's protest to the Authority's award of Food Package 1 is untimely. On July 15, 2011, the Authority notified DCG of its recommendation to award to another firm. The Protest Procedures set forth in the RFP [Part 14.G.] required DCG to submit its protest no later than July 22, 2011. The RFP states that failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

pursue the protest. [RFP, Part 14.G.]. DCG's protest was not received until August 16, 2011. Thus, DCG's protest as to the Authority's award of a concession lease for Food Package 1 is untimely. Accordingly, the Protest is denied as to DCG's Fourth Assertion.

Fifth Assertion: "The Authority decided in favor of packages that were less financially rewarding".

Authority's Response: DCG's assertion that the Authority did not follow the evaluation process set forth in the RFP for the evaluation of Food Package 1 is without merit. Multiple criteria was considered and used to evaluate all responses. Recommendations were not made solely on financial information provided. The response was evaluated based on all criteria. DCG's proposal to Food Package 1 was properly evaluated. The RFP states that "[a]n evaluation panel ("Panel") established by the Authority will evaluate the Proposals in accordance with Part 5." [RFP, Part 4.A., page 23]. Part 5 provides that the Proposals received will be evaluated in detail in accordance with the following criteria: (1) company background, experience and financial capacity; (2) concept/brand development and merchandise/menus; (3) designs, materials and capital investment; (4) management, staffing plan, and training; (5) operations and maintenance plan; and (5) marketing and promotions plan. [RFP, Part 5, page 25]. The RFP goes on to state that the "listed evaluation criteria are not of equal value or decision weight". [RFP, Part 5, page 25]. Panel members were instructed to rank each proposer based upon the criteria set forth in the RFP using their expertise and independent judgment. The scoring by each panel member is subjective and based upon each individual's analysis of the proposals using the evaluation criteria set forth in the RFP. DCG offers no evidence to support its assertion that the evaluation process outlined in the RFP was not followed by the evaluation panel and it would be inappropriate for the Procurement Administrator to independently evaluate the proposals and substitute her judgment for that of the evaluation panel.

In addition, DCG's protest to the Authority's award of Food Package 1 is untimely. On July 15, 2011, the Authority notified DCG of its recommendation to award to another firm. The Protest Procedures set forth in the Supplemental RFP [Part 14.G.] required DCG to submit its protest no later than July 22, 2011. The RFP states that failure by a party originating a protest to comply with these procedures shall constitute a waiver of any right to further pursue the protest. [RFP, Part 14.G.]. DCG's protest was not received until August 16, 2011. Thus, DCG's protest as to the Authority's award of a concession lease for Food Package 1 is untimely.

It is unclear whether the assertions set forth in number 5 of the Protest are directed at the evaluation process for the Supplemental RFP. The Supplemental RFP requires any protest document to "refer to the specific portion of the document that forms the basis for the protest." [Supplemental RFP, Part 10.G.]. Because DCG failed to follow this provision, the Authority cannot determine whether DCG's assertion is directed at the Supplemental RFP. Assuming DCG asserts that the evaluation process was not followed in the Supplemental RFP, the Authority provides the following response.



SAN DIEGO
INTERNATIONAL
AIRPORT



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

DCG's assertion that the Authority did not follow the evaluation process set forth in the Supplemental RFP for the evaluation of Food Packages 1A and 4A is without merit. The RFP states that "[a]n evaluation panel ("Panel") established by the Authority will evaluate the Proposals in accordance with Part 5." [Supplemental RFP, Part 4.A.]. Part 5 provides that the evaluation of the Proposals "will focus primarily on Financial Offer, Financial Projections and Proposed Concepts/Brands. **Proposals will be evaluated and ranked by the evaluation panel.**" [Supplemental RFP, Part 5]. Panel members were instructed to rank each proposal based upon guidelines provided to them. DCG offers no evidence that the evaluation process outlined in the Supplemental RFP was not followed by the evaluation panel and it would be inappropriate for the Procurement Administrator to independently evaluate the proposals and substitute her judgment for that of the evaluation panel. Furthermore, it has been determined that the evaluation panel followed the evaluation process outlined in the RFP

DCG asserts that it should be given a preference because it is a local business. Federal law prohibits preferences to local businesses in the award of airport concessions. [49 FAR Part 23.79]. Accordingly, the Protest is denied as to DCG's Fifth Assertion.

Based upon the information received, this protest is denied on the grounds set forth herein.

Please be advised that pursuant to Part 14, section G entitled "Protest Procedures" of Supplemental RFP, DCG may appeal this decision. The pertinent section states: If the protest is rejected, the party filing the protest has five (5) working days to file an appeal to the Director of Procurement. The Director will issue a ruling within fifteen (15) working days following receipt of the written appeal. If the Director determines that the protest is frivolous, the party originating the protest may be determined to be irresponsible and that party may be determined to be ineligible for future contract awards."

Sincerely,

A handwritten signature in black ink that reads "Karie Webber".

Karie Webber
Senior Procurement Analyst
San Diego County Regional Airport Authority
P.O. Box 82776 San Diego, CA 92138-2776
619.400.2547



SAN DIEGO
INTERNATIONAL
AIRPORT

ITEMS 14-17

SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

**CONCESSION DEVELOPMENT PROGRAM (CDP)
REQUEST FOR PROPOSALS (RFP)
RECOMMENDATIONS FOR AWARD OF FOUR (4)
CONCESSION LEASES**

Vernon D. Evans
Vice President, Finance

September 1, 2011





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Presenters

Jana Vargas
Director, Procurement

Nyle Marmion
Manager, Concession Development
Real Estate Management

Bob Silvas
Director, Small Business Development



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

Supplemental RFP Requirements

- Same as Original RFP

EXCEPT:

- Fixed Percentage of Gross Sales by Category of Merchandise
- Biddable First Year Minimum Annual Guarantee



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Supplemental RFP – Evaluation Criteria

Criteria	Weighting %
Financial Background and Rent Offer	40%
Concept/Brand Development and Merchandise/Menus	60%
	100%



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Supplemental RFP – Evaluation Criteria

- Financial Background and Rent Offer – 40% Weighting
 - Financial ratios to assess respondent’s financial status
 - Reasonableness of projections and ability to fund the operation
 - Minimum Annual Guarantee (MAG) rent offer



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Supplemental RFP – Evaluation Criteria

- Concept Development and Menus – 60% Weighting
 - Overall appeal of proposed concept to passengers
 - Conformance with concept sought in the Supplemental RFP
 - Menus for each concept
 - Unique attributes of proposed concepts



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

Supplemental RFP Submittals

- Proposals Due – July 26, 2011
- 11 Responsive Proposals from four pre-qualified food service proposers:

Diego Concession Group, LLC

High Flying Foods San Diego Partnership

Host International, Inc

SSP America, Inc.



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Recommendations of Award for Four Concession Leases

1. Food Service Package 2R
2. Food Service Package 3R
3. Food Service Package 5R
4. Food Service Package 6R

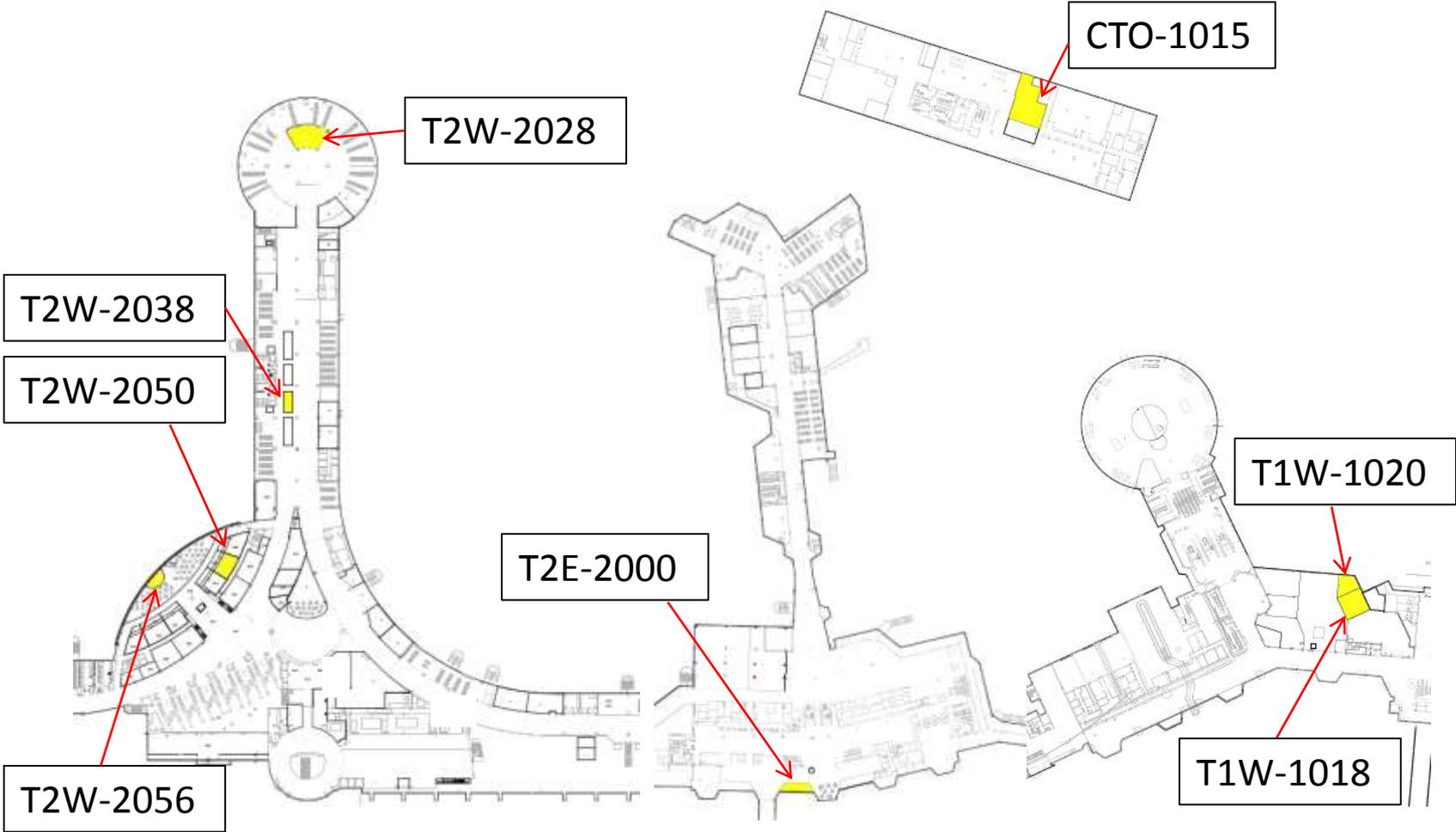


SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 2R

Unit Count	Unit Number	Location	Square Footage	Concept
1	T2W-2050	T2W-Core	700	Food Court Italian
1	T2W-2056	T2W-Core	465	Bar with Food
1	T2W-2038	T2W-North	373	Coffee w/ Baked Goods
1	T2W-2028	T2W North Rotunda	1,363	Bar/Wine Bar with Food
1	T2E-2000	T2E Pre-Security	518	Coffee w/ Baked Goods
1	T1W-1018	T1 Pre-Security	870	Food Court Asian
1	T1W-1020	T1 Pre-Security	515	Food Court Snack Food OR Open Concept
1	CTO-1015	CT Post-Security	1,609	Bar with Food
8		Total	6,413	

FOOD SERVICE PACKAGE 2R





SAN DIEGO INTERNATIONAL AIRPORT
 Concession Development Program

Food Service Package 2R: Minimum Requirements

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

\$350

**Percentage Rent
 (Fixed)**

Food/ Non-Alcohol	13%
Alcohol	16.0%

Minimum Annual Guarantee (MAG)

TO BE PROPOSED



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 2R Proposers

<p>Diego Concession Group, LLC (DCG)</p>	<p>Proposed business entity is 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 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>
<p>SSP America, Inc. (SSP)</p>	<p>Proposed business entity is SSP America, Inc. as prime concessionaire, with a sublease to a joint venture called SSP America SAN LLC, comprised of SSP America, Inc. (75% ownership) and Sarah's Pastries and Candies, Inc. (25% ownership).</p>



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 2R

Proposed Concepts by Proposer

Location	T2W-2050	T2W-2056	T2W-2038	T2W-2028	T2E-2000	T1W-1018	T1W-1020	CTO-1015
Square Feet	700	465	373	1,363	518	870	515	1,609
Proposer	Concepts							
DCG	Villa Pizza	Bodegas	Coffee Bean & Tea Leaf	Diego's Gastro-pub	Abica Coffee	Pacific Port-ways	Freshens Yogurt	Diego's Gastro-pub
Host	Tommy V's Pizzeria	Bubbles	Star-bucks	Beau-devin	Star-bucks	Emerald Express	Ciao Gourmet Market	Garden By Tender Greens
SSP	Blue Ribbon Artisan Pizzeria	Vino Volo	Peet's Coffee & Tea	Le Grand Comptoir	Ryan Bros. Coffee	Sansai Japanese Grill	Camden Food Co.	Pacifica Breeze Cafe



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 2R Financial Offer

Proposer	Fixed Percentage Rent	Proposed Year One MAG
DCG	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$1,425,000
Host	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$964,000
SSP	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$807,300



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 2R Evaluation Panel Rankings

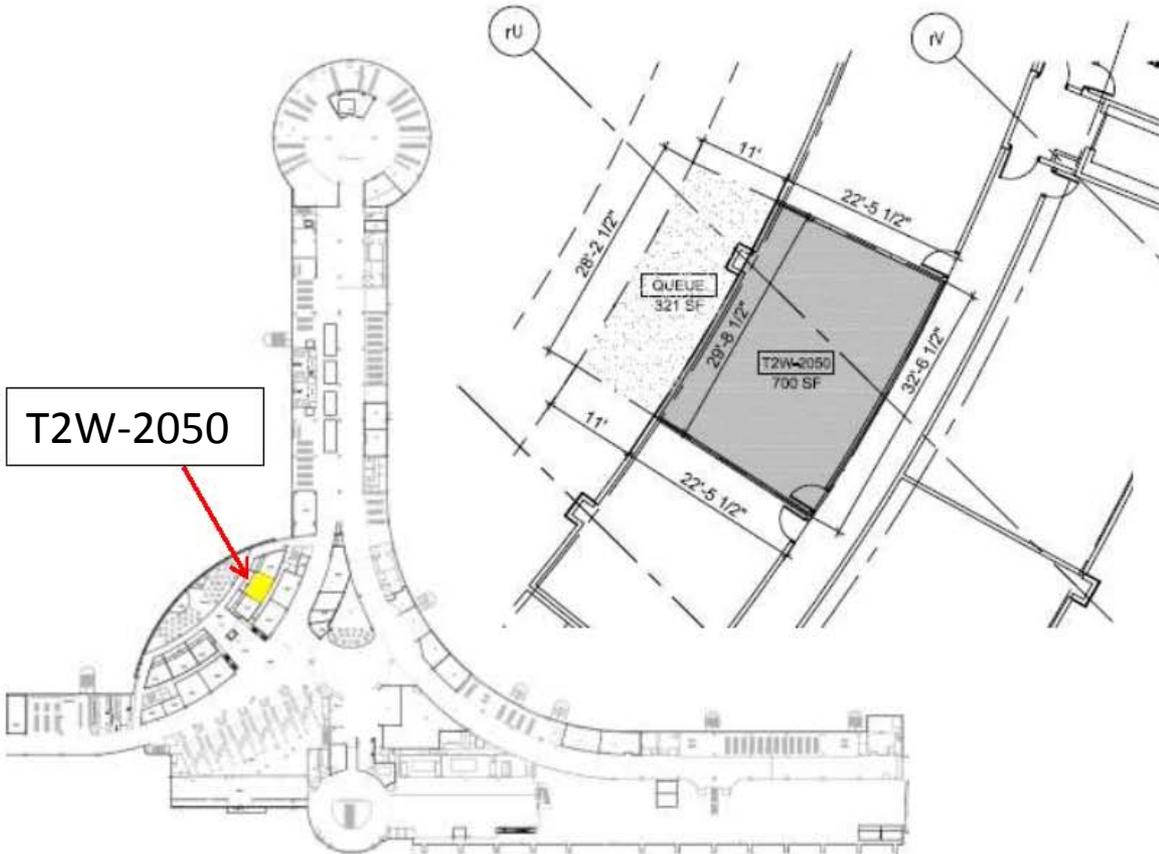
Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
DCG	3	2	3	3	2	3	16
Host	1	3	2	1	1	1	9
SSP	2	1	1	2	3	2	11

PM = Panel Member

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

Lowest Total = Best Suited

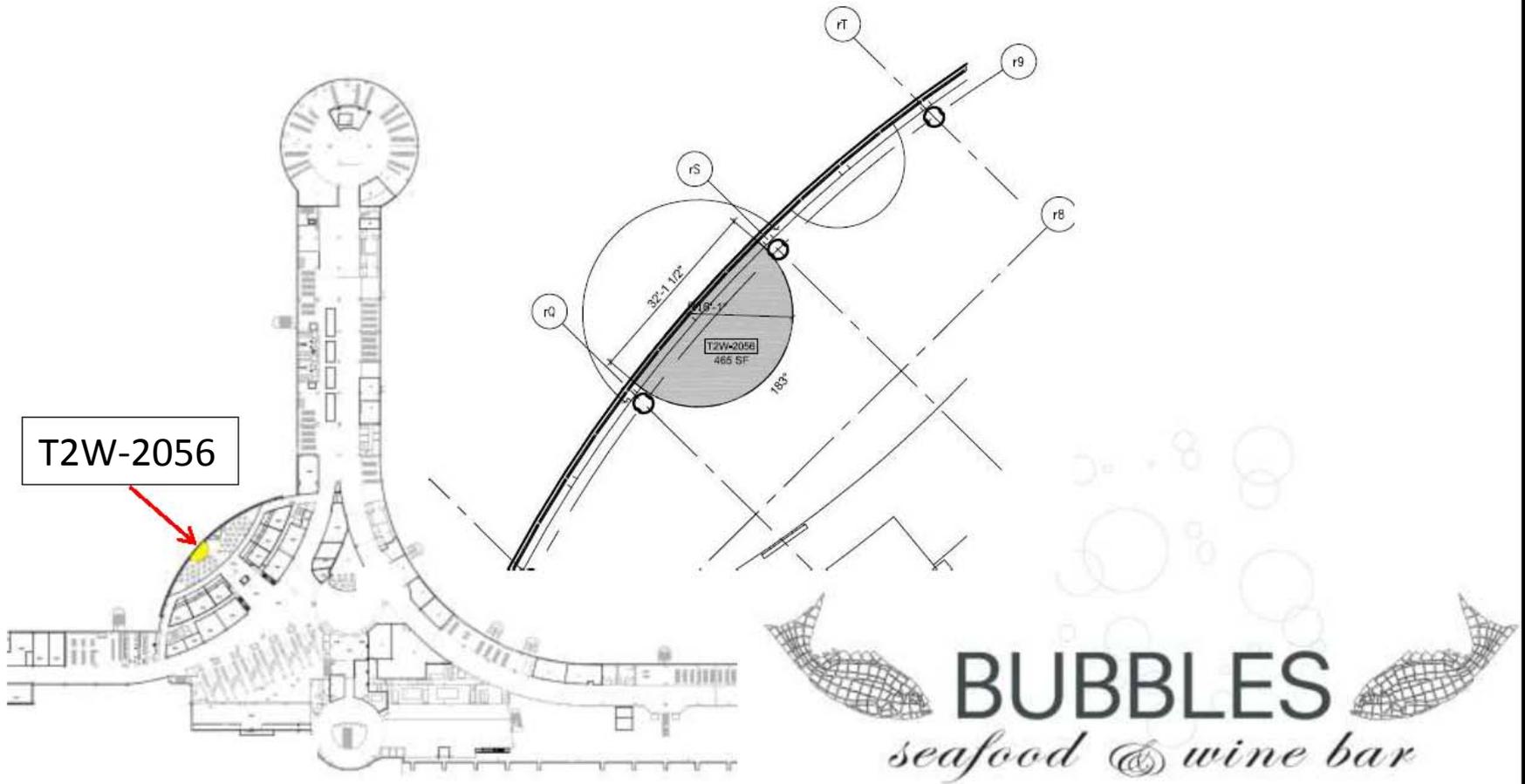
FOOD SERVICE PACKAGE 2R - T2W-2050, 700 SF



Food Pkg 2R: Host



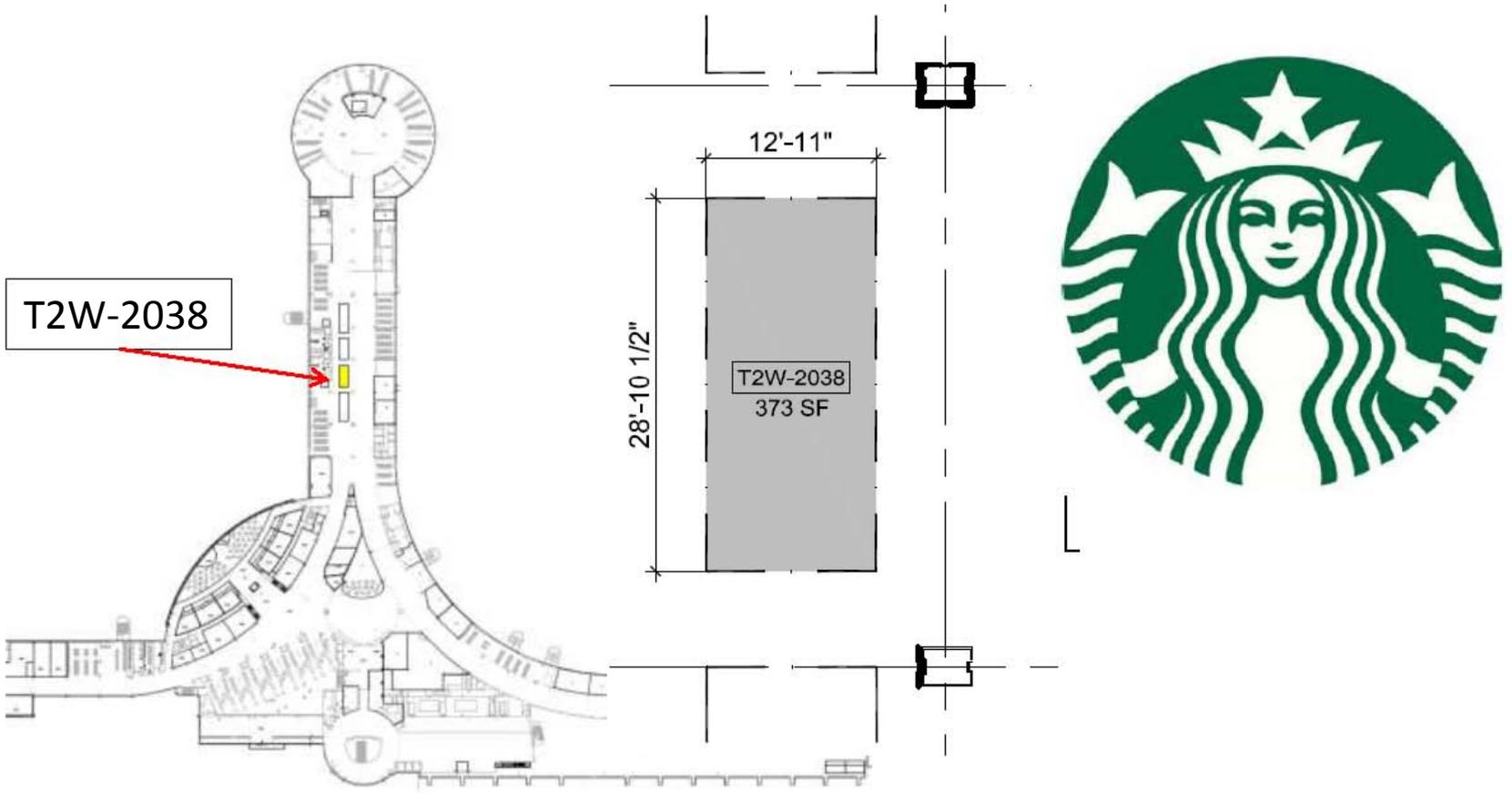
FOOD SERVICE PACKAGE 2R - T2W-2056, 465 SF



Food Pkg 2R: Host



FOOD SERVICE PACKAGE 2R - T2W-2038, 373 SF

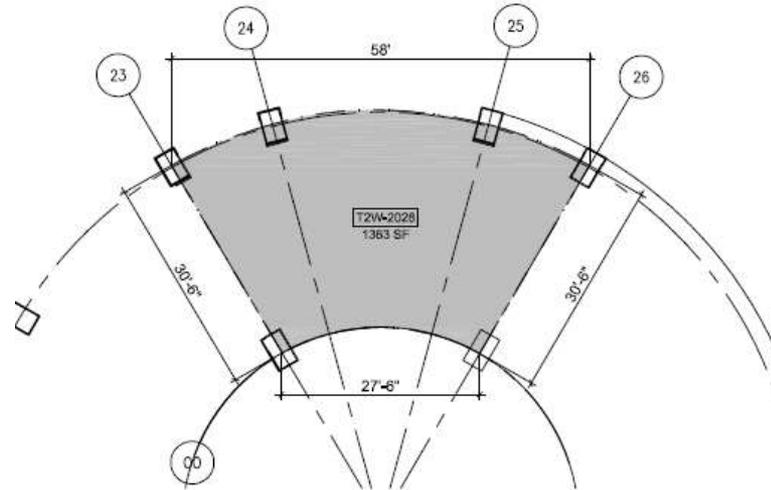
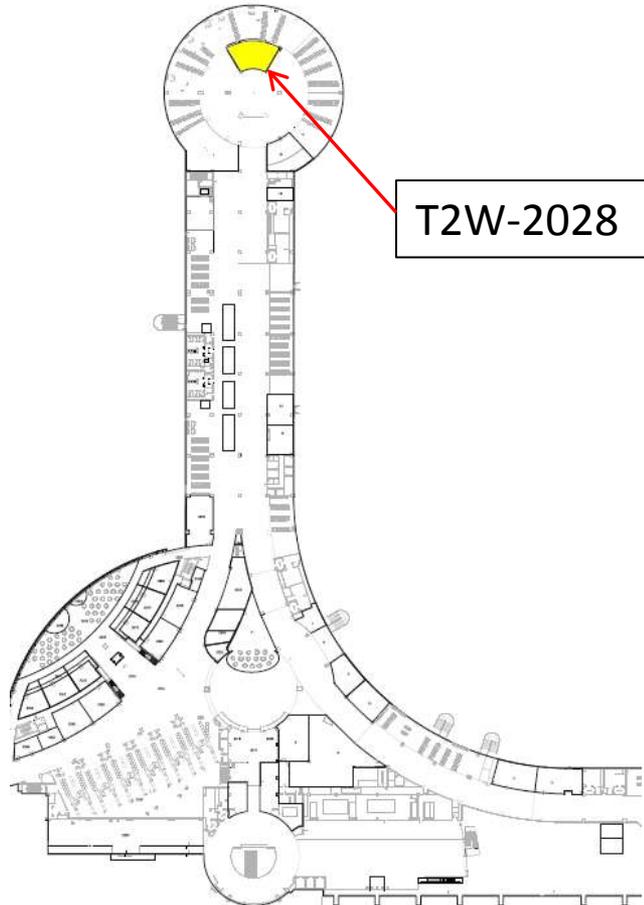


Food Pkg 2R: Host



FOOD SERVICE PACKAGE 2R - T2W-2028, 1363 SF

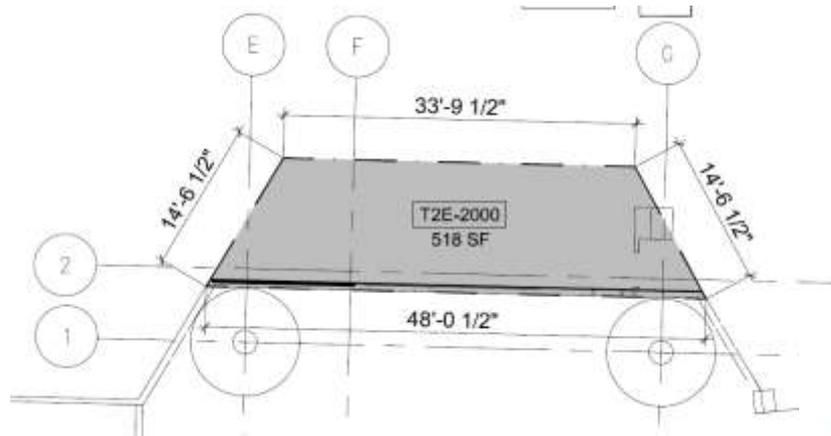
beaudevin[®]
ALL THE BEAUTY OF WINE



Food Pkg 2R: Host



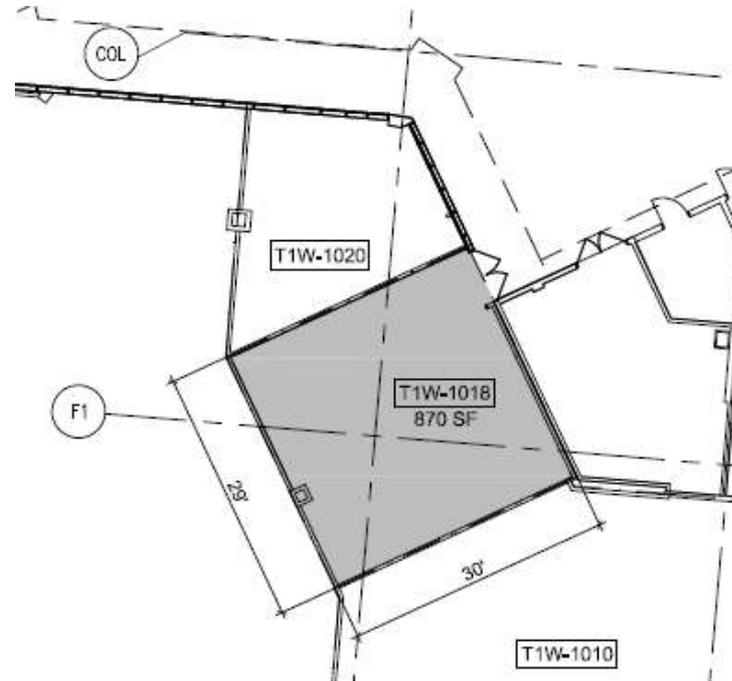
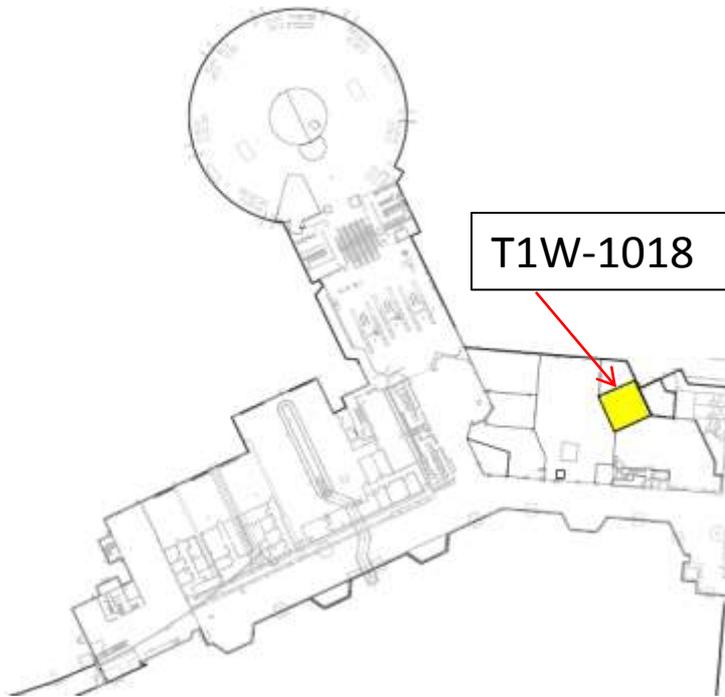
FOOD SERVICE PACKAGE 2R - T2E-2000, 518 SF



Food Pkg 2R: Host



FOOD SERVICE PACKAGE 2R - T1W-1018, 870 SF



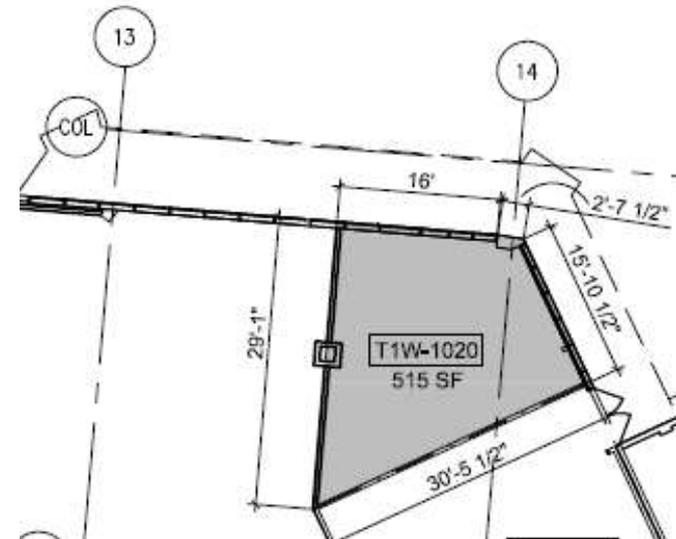
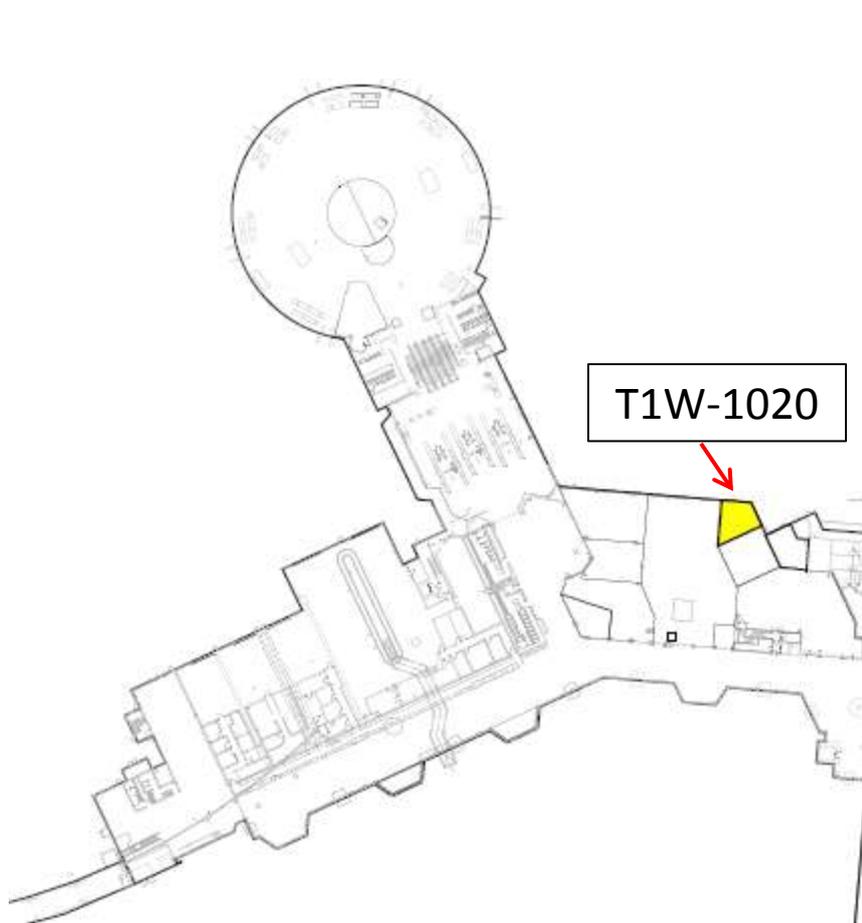
Emerald Express
chinese seafood restaurant



Food Pkg 2R: Host



FOOD SERVICE PACKAGE 2R - T1W-1020, 515 SF



Food Pkg 2R: Host



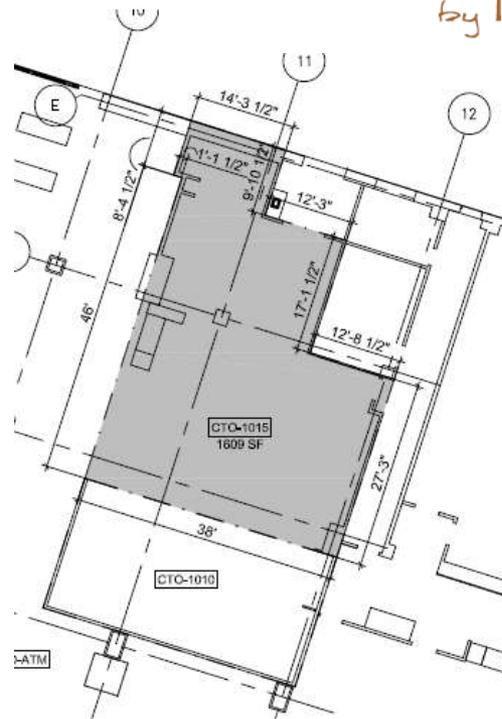
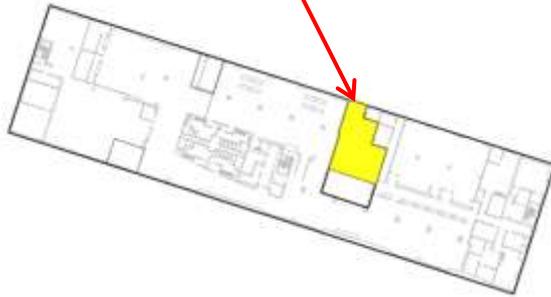
FOOD SERVICE PACKAGE 2R – CTO-1015, 1609 SF

GARDEN

by TENDER GREENS

Commuter Terminal

CTO-1015



Food Pkg 2R: Host





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package #2R 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”

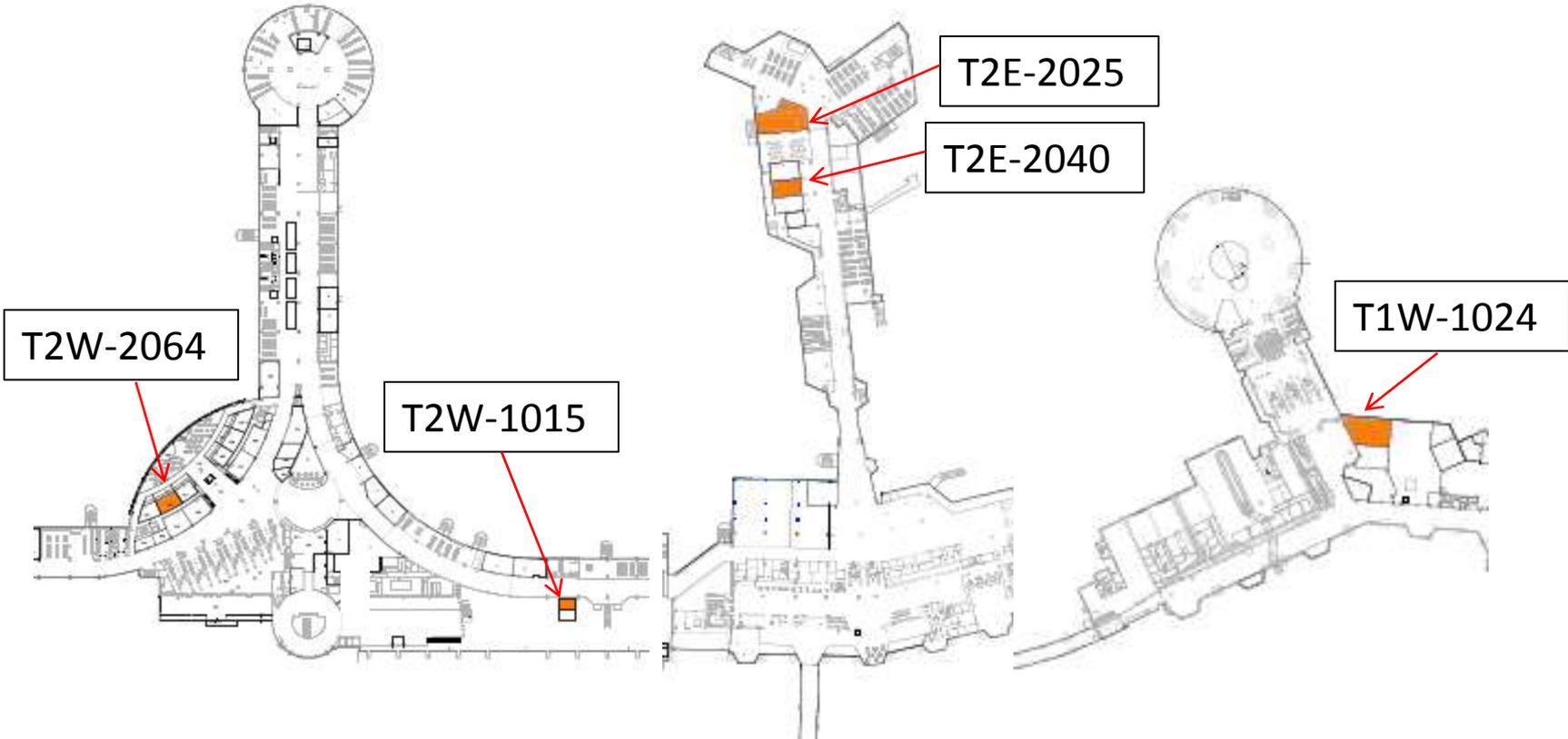


SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 3R

Unit Count	Unit Number	Location	Square Footage	Concept
1	T2W-2064	T2W-Core	727	Food Court-Mexican
1	T2W-1015	T2W Pre-Security	411	Coffee w/ Prepared Foods and Baked Goods
1	T1W-1024	T1 Pre-Security	1,524	Food Court-Hamburger
1	T2E-2040	T2E Post-Security	779	Food Court-Asian OR Open
1	T2E-2025	T2E Post-Security	2,163	Bar w/ Food
5			5,604	

FOOD SERVICE PACKAGE 3R





SAN DIEGO INTERNATIONAL AIRPORT
 Concession Development Program

Food Service Package 3R: Minimum Requirements

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

\$350

**Percentage Rent
 (Fixed)**

Food/ Non-Alcohol	13%
Alcohol	16.0%

Minimum Annual Guarantee (MAG)

TO BE PROPOSED



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 3R Proposers

Host International, Inc. (Host)	Proposed business entity is 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).
SSP America, Inc. (SSP)	Proposed business entity is SSP America, Inc. as prime concessionaire, with a sublease to a joint venture called SSP America SAN LLC, comprised of SSP America, Inc. (75% ownership) and Sarah's Pastries and Candies, Inc. (25% ownership).



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 3R

Proposed Concepts by Proposer

Location	T2W-2064	T2W-1015	T1W-1024	T2E-2040	T2E-2025
Square Feet	727	411	1,524	779	2,163
Proposer	Concepts				
Host	Lucha Libre	Starbucks	Hodad's	Emerald Express	Tony Gwynn So. Cal. Grill
SSP	Qdoba Mexican Grill	Ryan Bros. Coffee	Jack-in-the-Box	Panda Express	Vin de Syrah



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 3R Financial Offer

Proposer	Fixed Percentage Rent	Proposed Year One MAG
Host	Alternate Fixed * Percentage Rent (see below)	\$435,000
SSP	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$666,765

* Host's rent proposal is 8% on all food sales and 12% on all alcoholic beverage sales.



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 3R Evaluation Panel Rankings

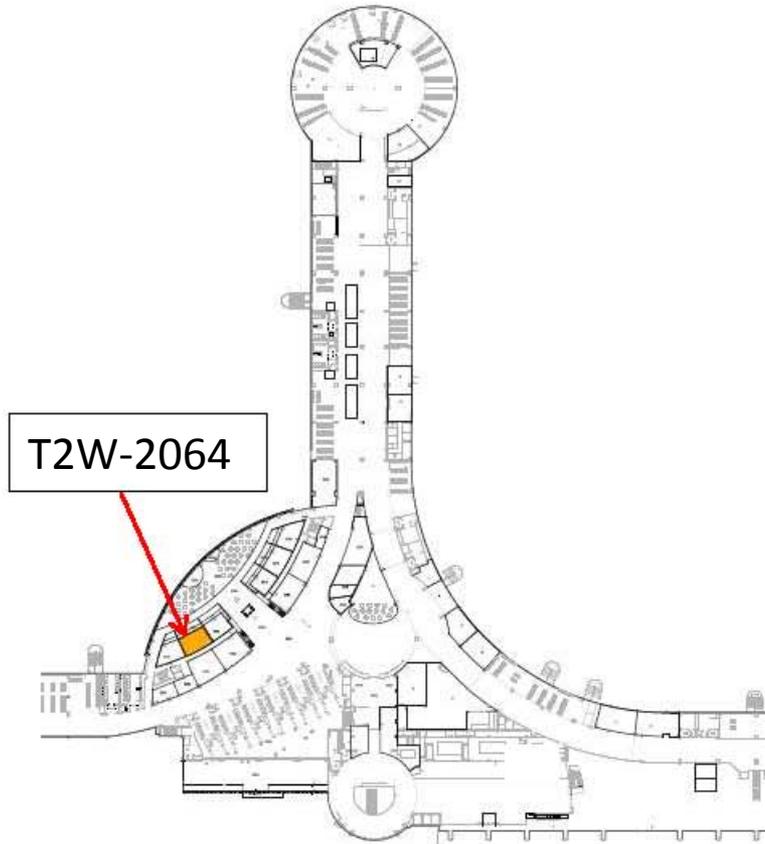
Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	2	2	1	2	2	2	11
SSP	1	1	2	1	1	1	7

PM = Panel Member

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

Lowest Total = Best Suited

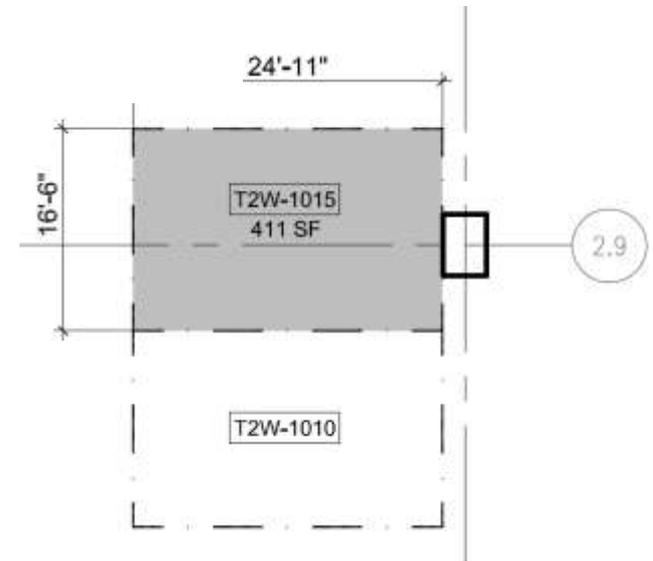
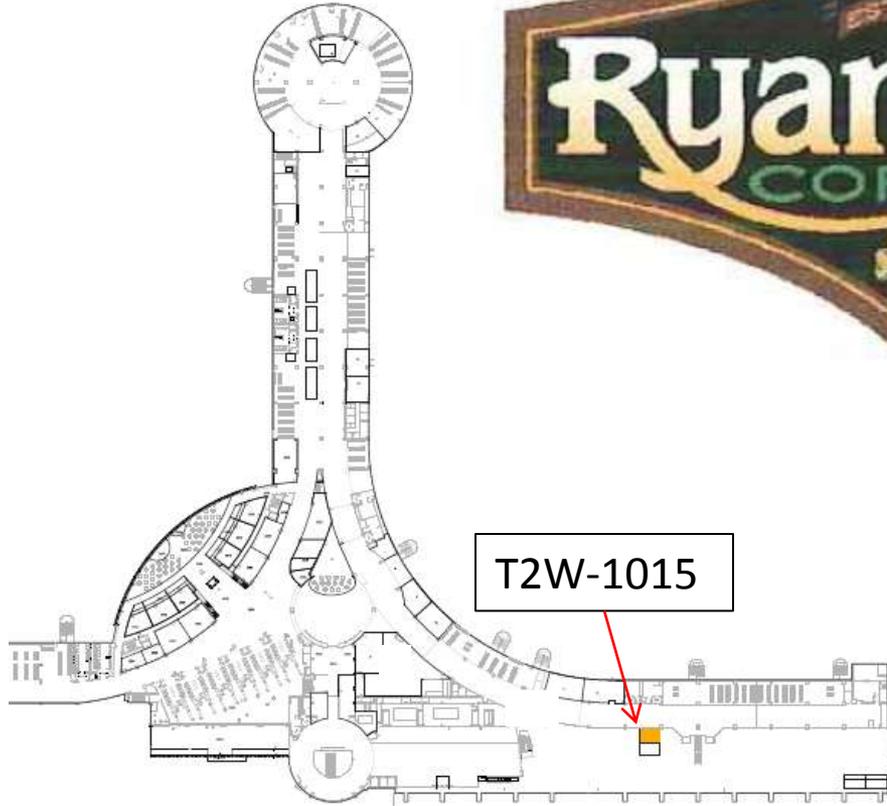
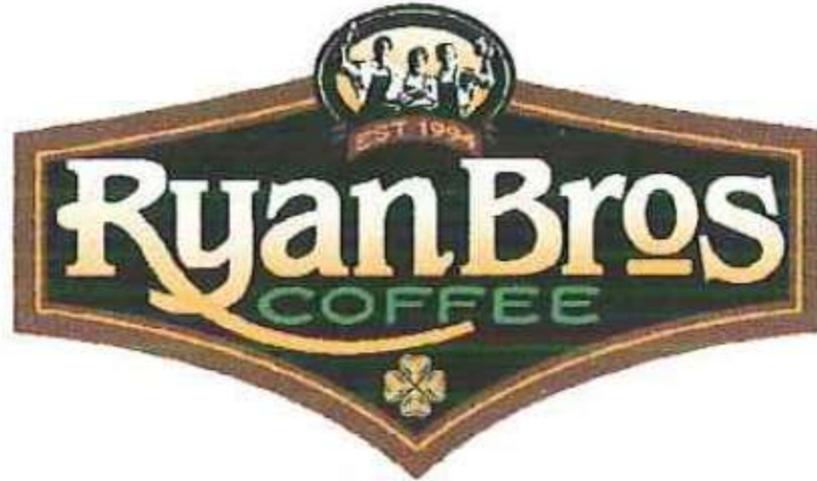
FOOD SERVICE PACKAGE 3R – T2W-2064, 727 SF



Food Pkg 3R: SSP



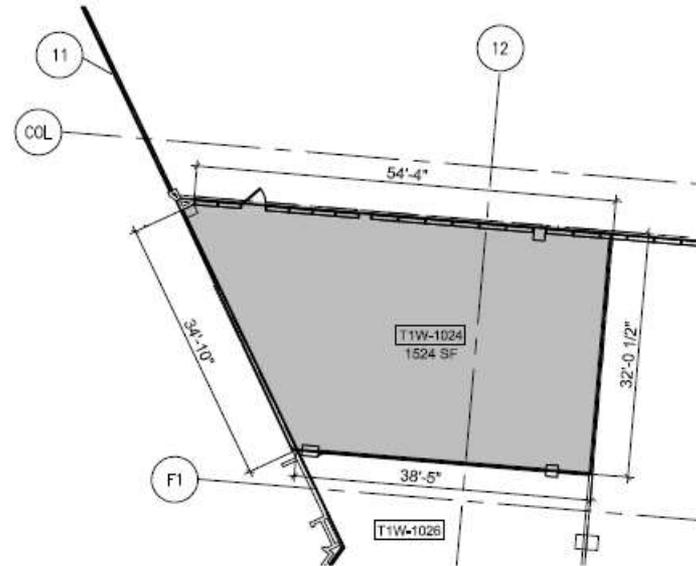
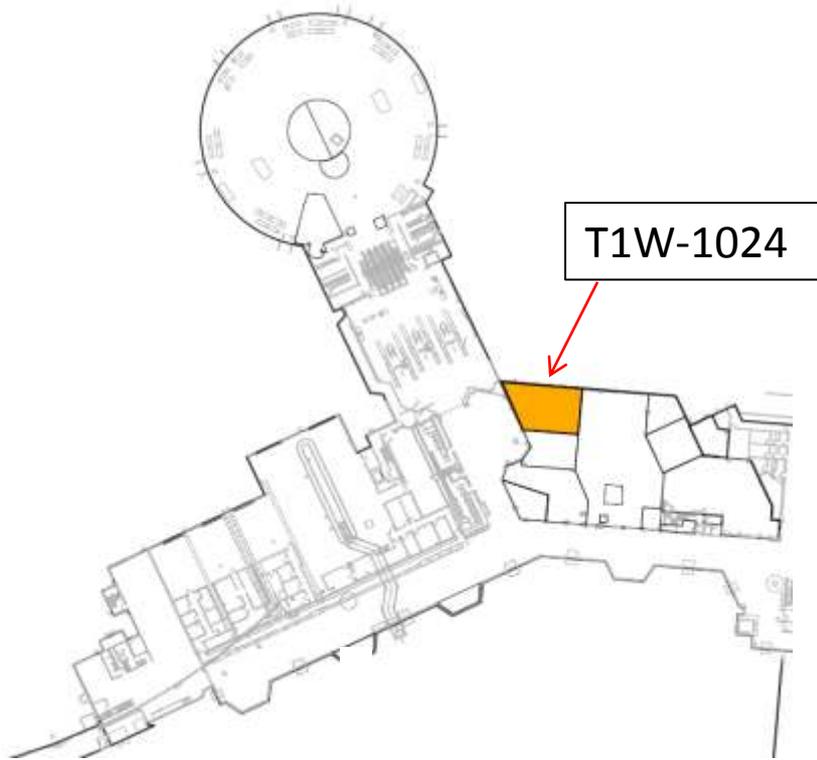
FOOD SERVICE PACKAGE 3R – T2W-1015, 411 SF



Food Pkg 3R: SSP



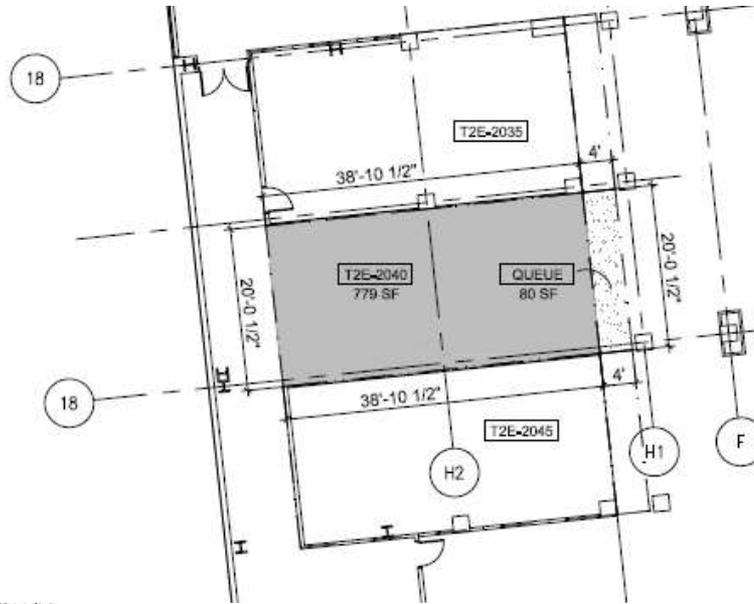
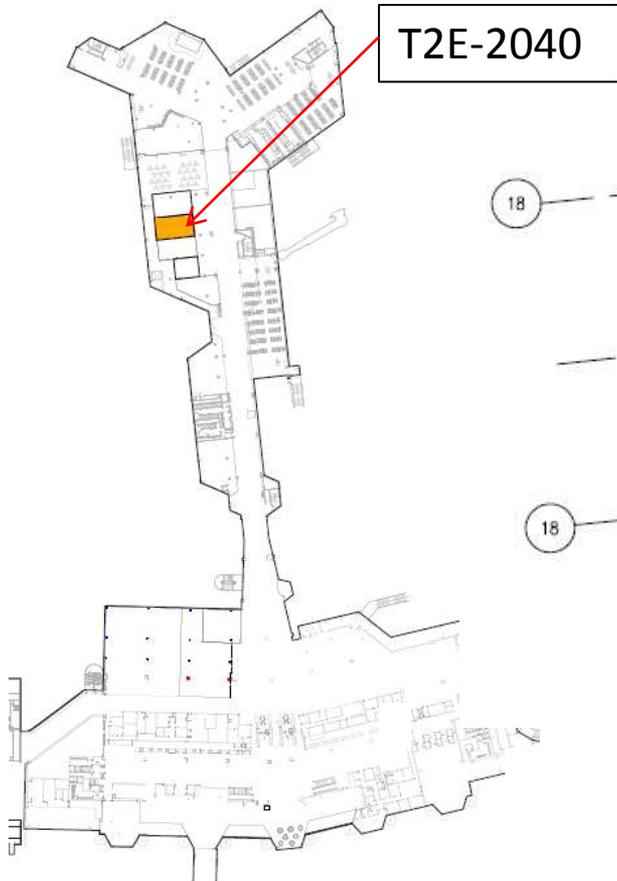
FOOD SERVICE PACKAGE 3R – T1W-1024, 1524 SF



Food Pkg 3R: SSP



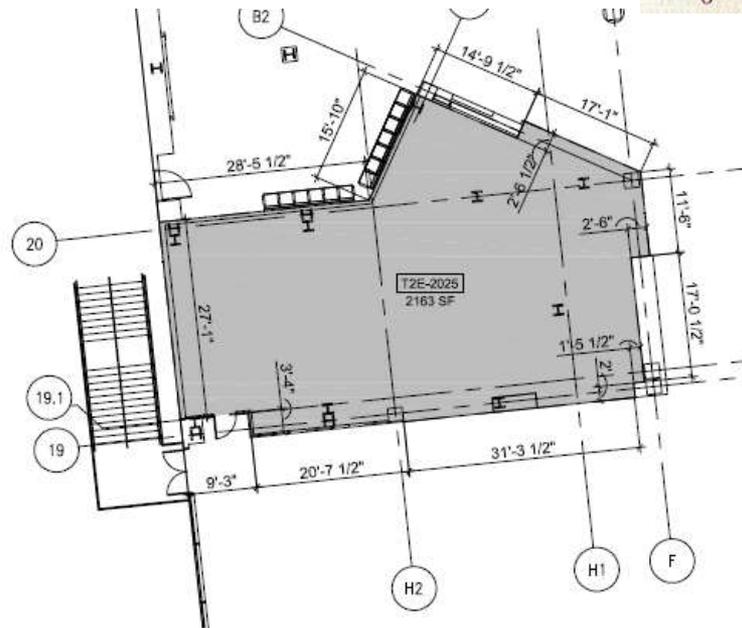
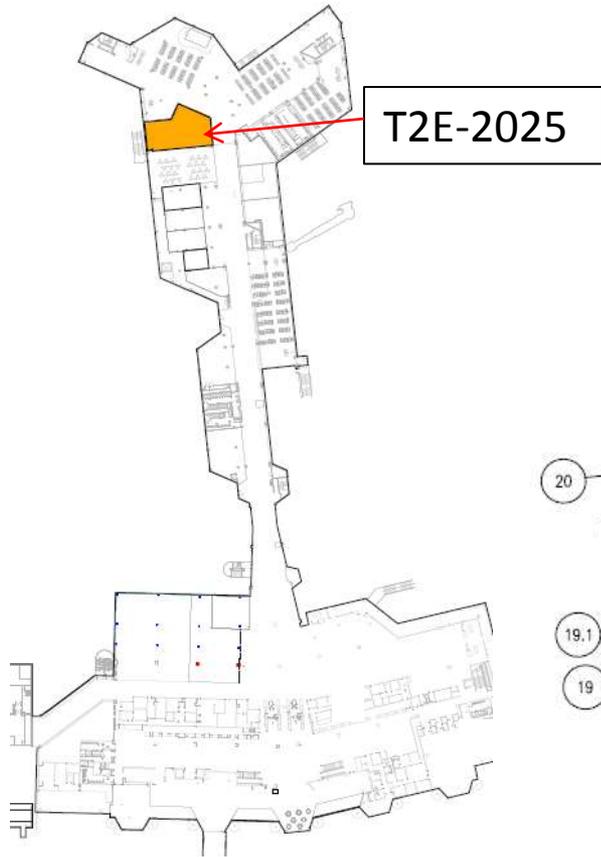
FOOD SERVICE PACKAGE 3R – T2E-2040, 779 SF



Food Pkg 3R: SSP



FOOD SERVICE PACKAGE 3R – T2E-2025, 2163 SF



Food Pkg 3R: SSP





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package #3R Summary

Recommendation for Award of Lease:

- SSP America, Inc.(SSP)

ACDBE% - 20%

Worker Retention:

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

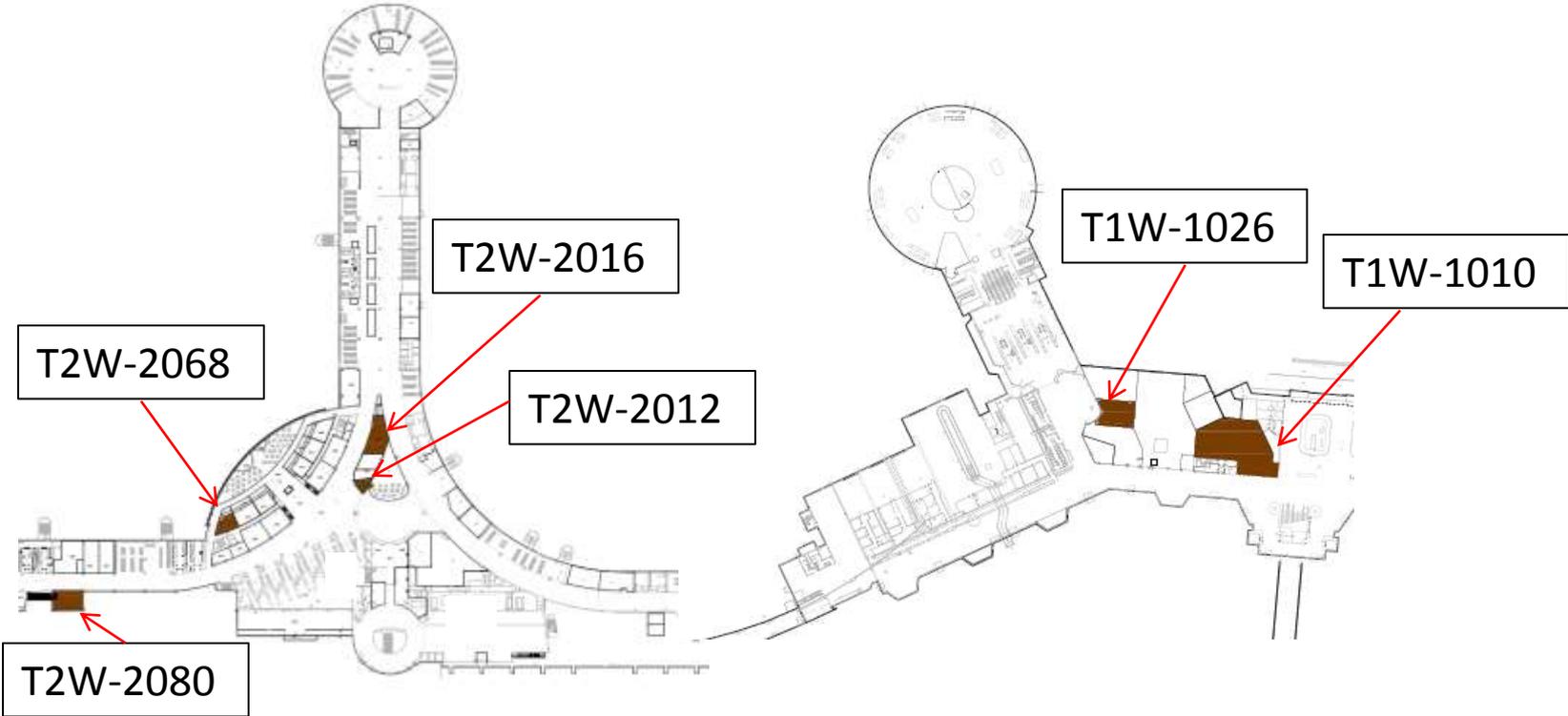


SAN DIEGO INTERNATIONAL AIRPORT
 Concession Development Program

Food Service Package 5R

Unit Count	Unit Number	Location	Square Footage	Concept
1	T2W-2080	T2W-West	1,168	Bar w/ Food
1	T2W-2012	T2W-Core	364	Coffee w/ Prepared Foods and Baked Goods
1	T1W-1010	T1 Pre-Security	3,163	Casual Dining Restaurant OR Diner w/ seating
1	T1W-1026	T1 Pre-Security	887	Food Court-Deli
1	T2W-2068	T2W-Core	657	Snack Food OR Open Concept
1	T2W-2016	T2W-Core	1,340	Gourmet Market
6			7,579	

FOOD SERVICE PACKAGE 5R





SAN DIEGO INTERNATIONAL AIRPORT
 Concession Development Program

Food Service Package 5R: Minimum Requirements

Minimum Investment in Fixed Improvements per Square Foot	\$350	
Percentage Rent (Fixed)	Food/ Non-Alcohol	13%
	Alcohol	16.0%
Minimum Annual Guarantee (MAG)	TO BE PROPOSED	



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 5R Proposers

Host International, Inc. (Host)	Proposed business entity is 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).
SSP America, Inc. (SSP)	Proposed business entity is SSP America, Inc. as prime concessionaire, with a sublease to a joint venture called SSP America SAN LLC, comprised of SSP America, Inc. (75% ownership) and Sarah's Pastries and Candies, Inc. (25% ownership).



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 5R

Proposed Concepts by Proposer

Location	T2W-2080	T2W-2012	T1W-1010	T1W-1026	T2W-2068	T2W-2016
Square Feet	1,168	364	3,163	887	657	1,340
Proposer	Concepts					
Host	Sammy Hagar Beach Bar & Grill	Starbucks	Ruby's Diner	St. Tropez Bakery & Deli	Auntie Anne's Pretzels	Seaside Market
SSP	Urban Crave	Peet's Coffee & Tea	Pacifica Restaurant	Upper Crust	Red Mango	Camden Food Co.



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 5R Financial Offer

Proposer	Fixed Percentage Rent	Proposed Year One MAG
Host	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$817,000
SSP	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$527,840



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 5R Evaluation Panel Rankings

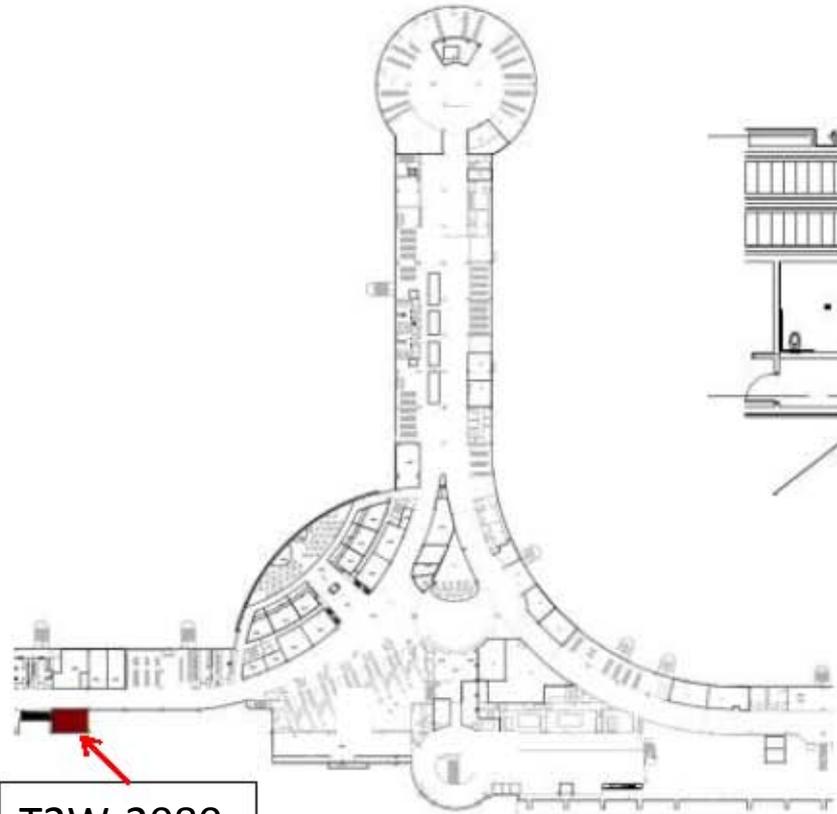
Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
Host	2	2	1	2	2	2	11
SSP	1	1	2	1	1	1	7

PM = Panel Member

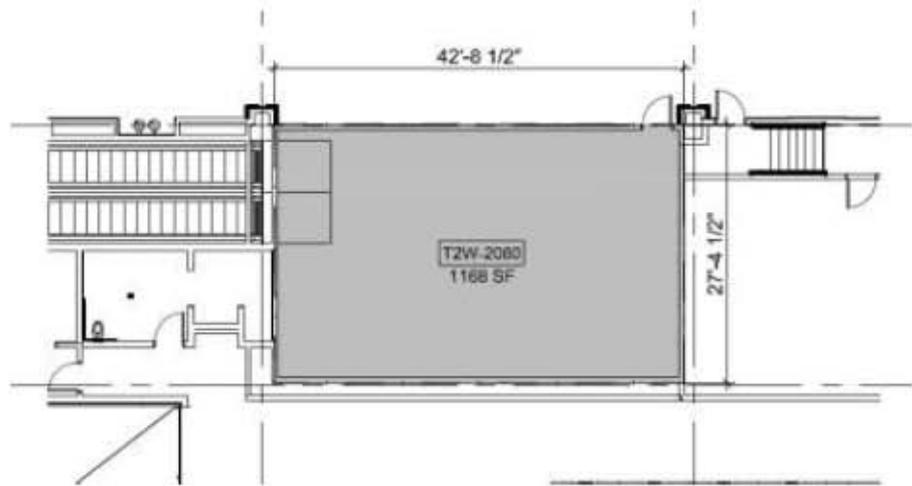
“1” is (best suited) ;“2” (next best suited)

Lowest Total = Best Suited

FOOD SERVICE PACKAGE 5R – T2W-2080, 1168 SF



T2W-2080



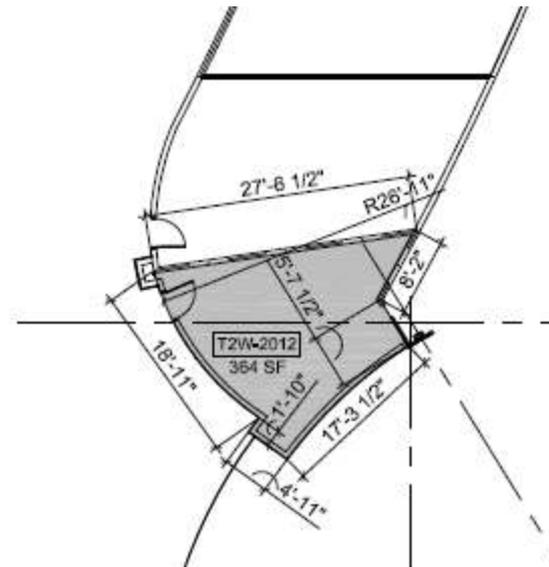
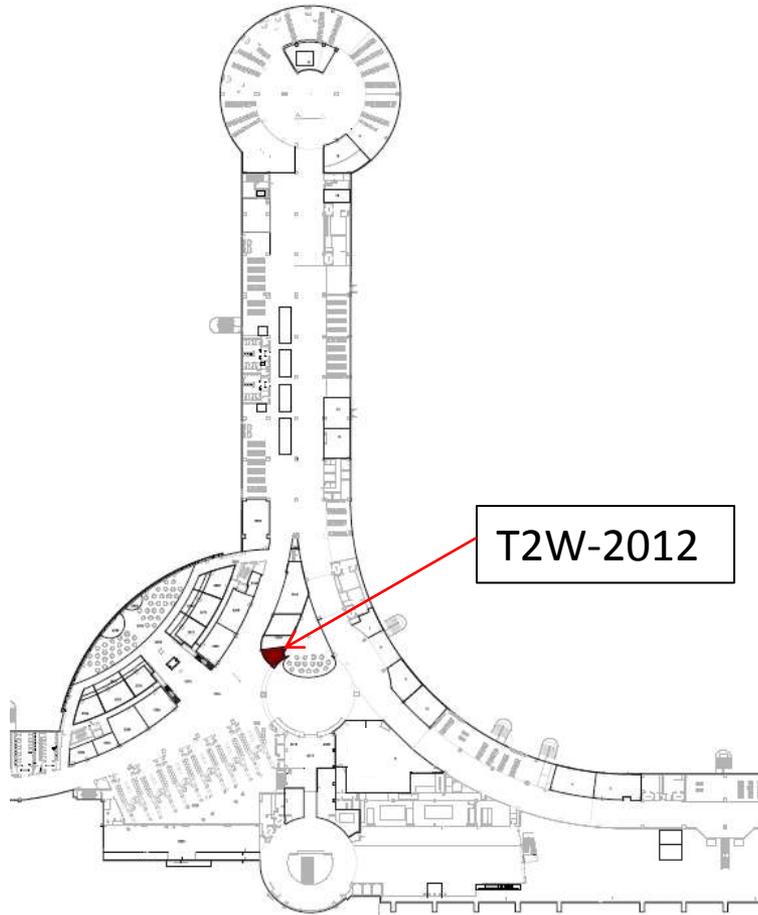
URBANCRAVE
authentic street cuisine



Food Pkg 5R: SSP



FOOD SERVICE PACKAGE 5R – T2W-2012, 364 SF



Food Pkg 5R: SSP

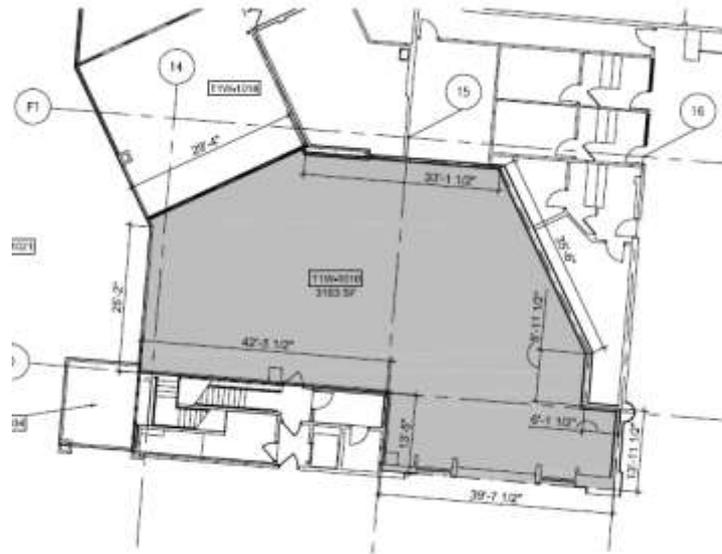
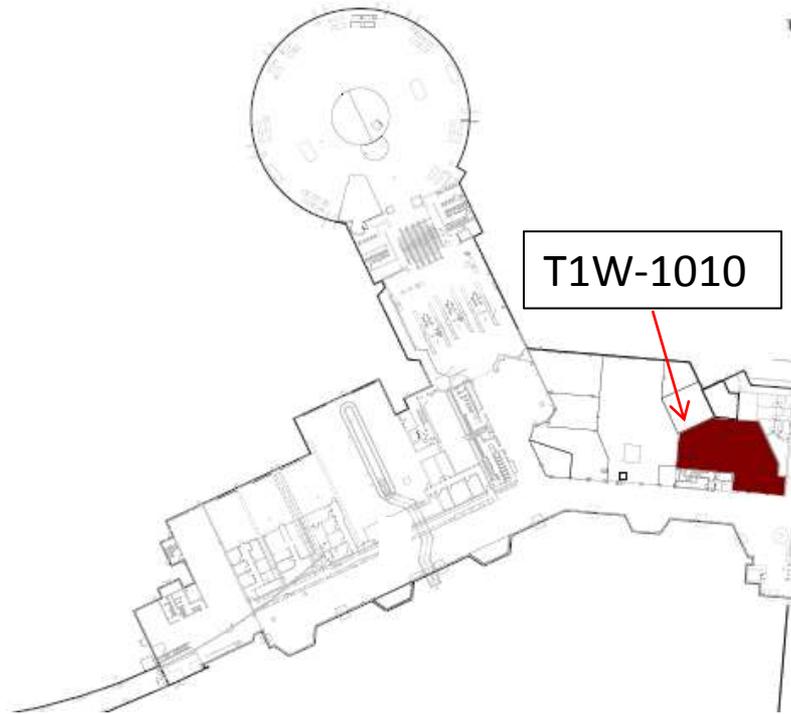


FOOD SERVICE PACKAGE 5R – T1W-1010, 3163 SF

P A C I F I C A

THE PACIFICA RESTAURANTS

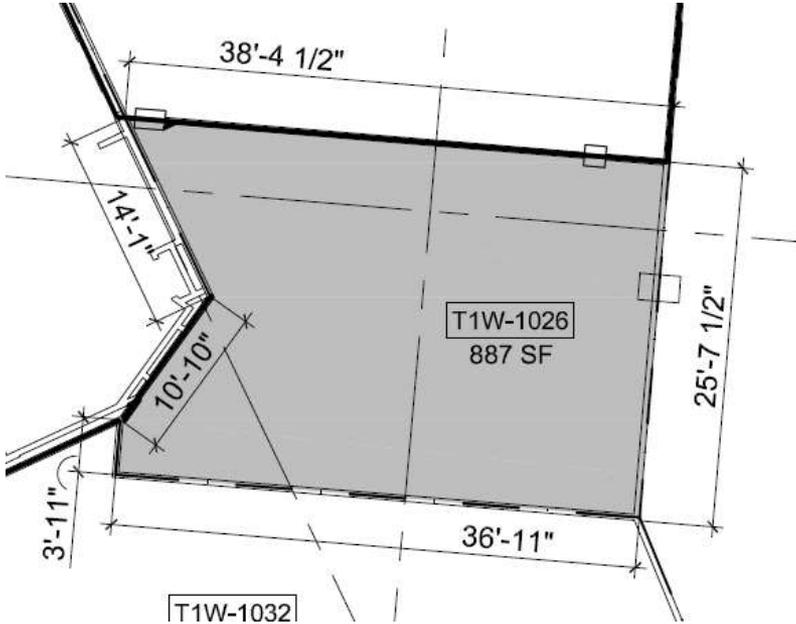
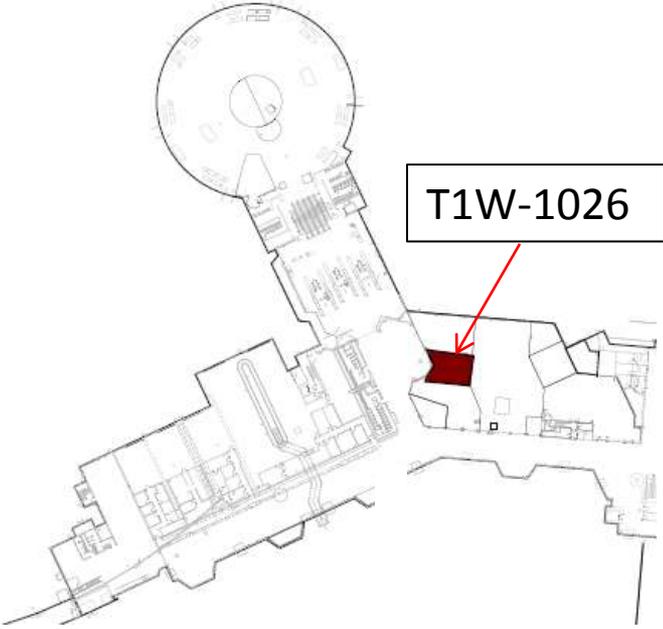
Pacifica Del Mar  Pacifica Seafood Restaurant  Pacifica Breeze Cafe



Food Pkg 5R: SSP



FOOD SERVICE PACKAGE 5R – T1W-1026, 887 SF



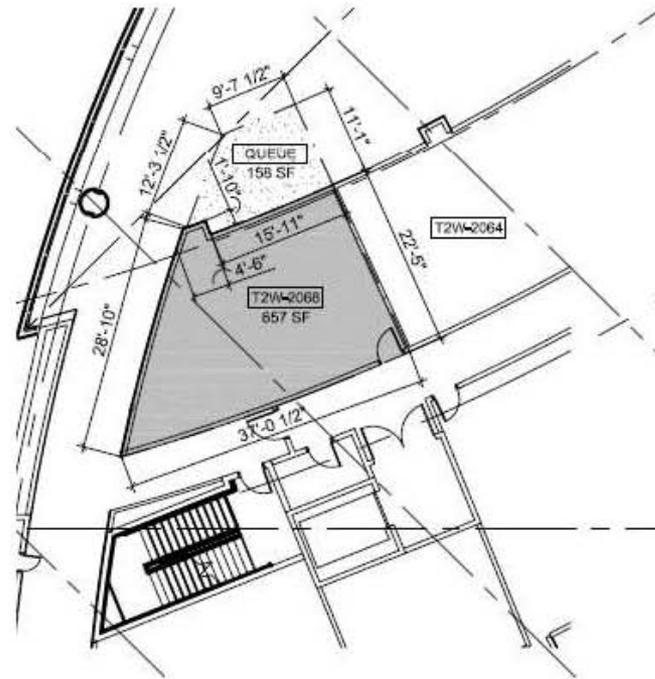
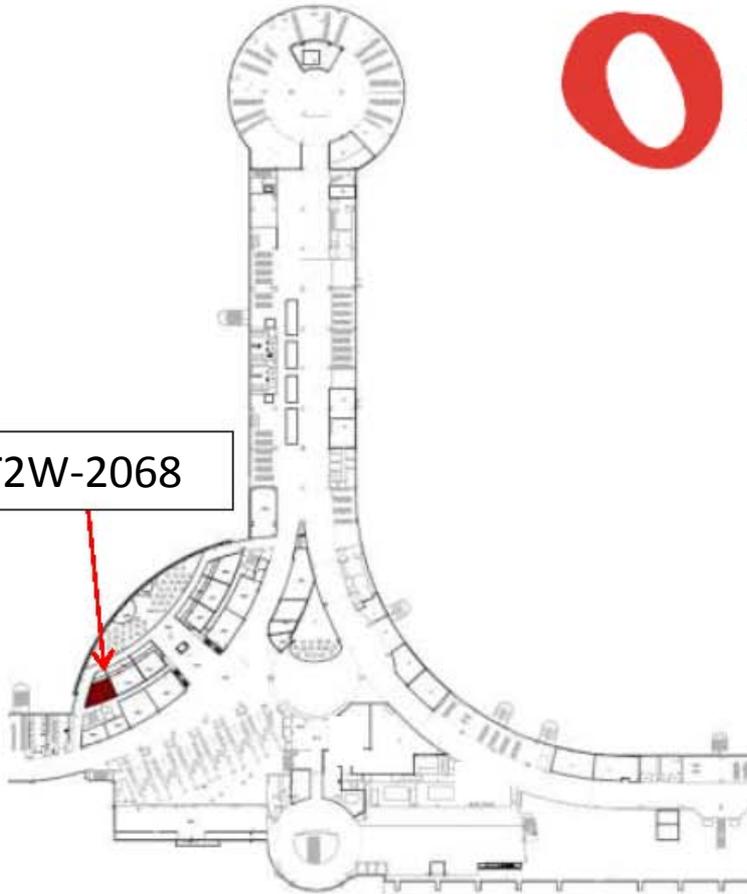
Food Pkg 5R: SSP



FOOD SERVICE PACKAGE 5R – T2W-2068, 657 SF



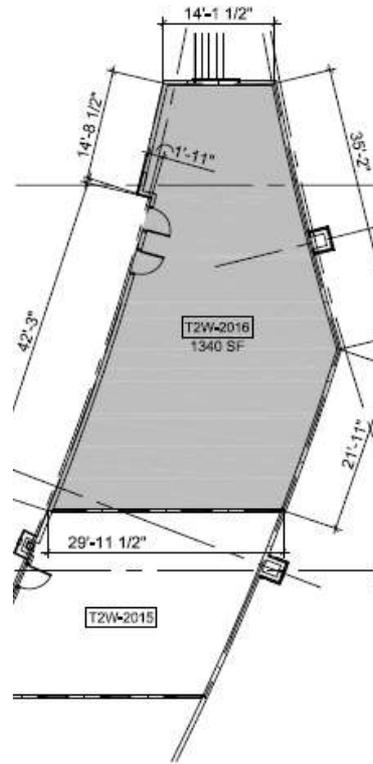
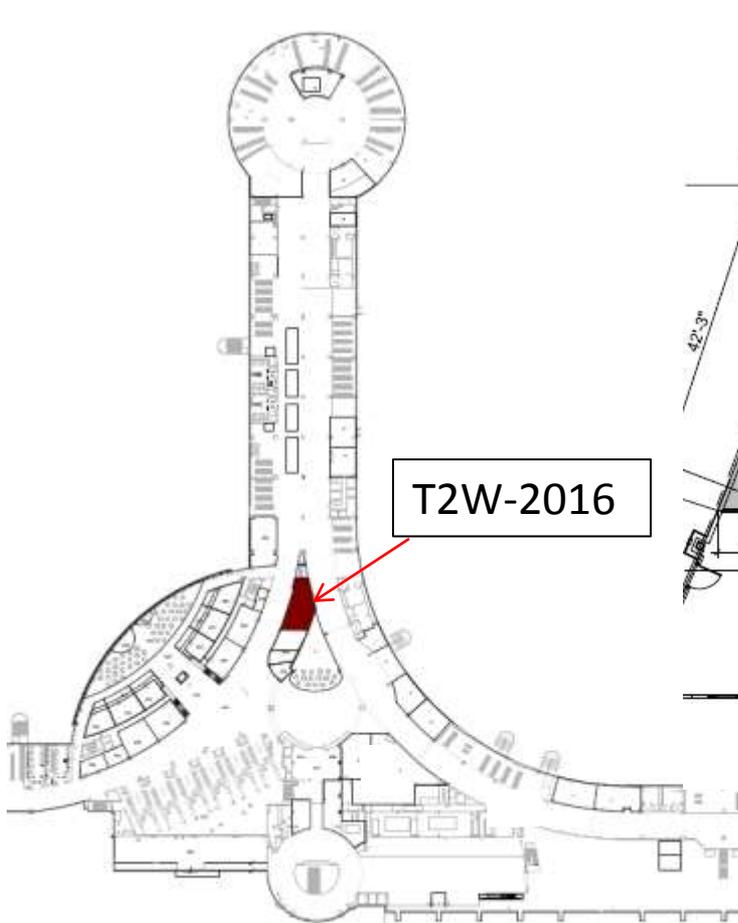
T2W-2068



Food Pkg 5R: SSP



FOOD SERVICE PACKAGE 5R – T2W-2016, 1340 SF



Food Pkg 5R: SSP





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package #5R Summary

Recommendation for Award of Lease:

- SSP America, Inc.(SSP)

ACDBE% - 23%

Worker Retention:

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

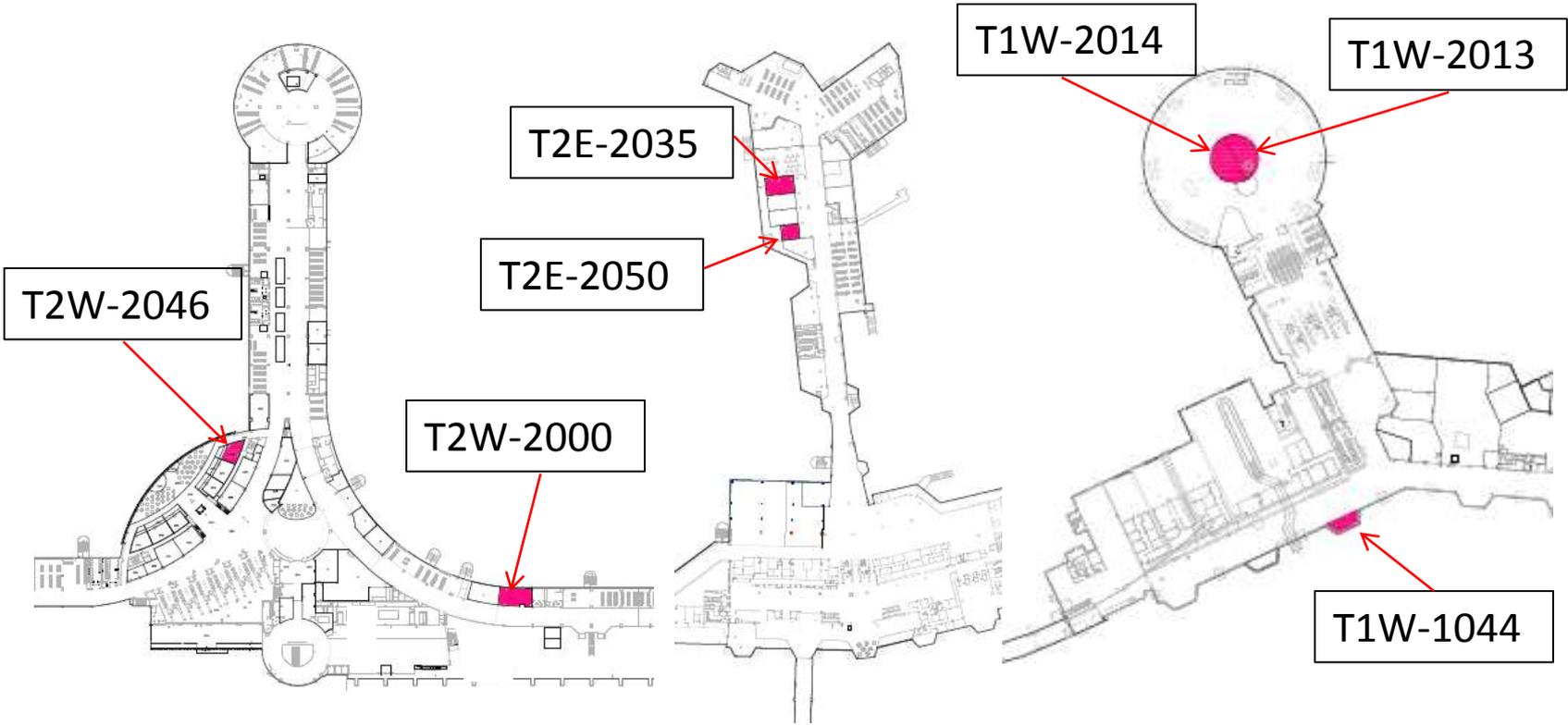


SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 6R

Unit Count	Unit Number	Location	Square Footage	Concept
1	T1W-1044	T1 Pre-Security	348	Coffee w/ Baked Goods
1	T1W-2013	T1 Post-Security	581	Coffee w/ Prepared Foods and Baked Goods
1	T1W-2014	T1 Post-Security	798	Bar w/ Food
1	T2W-2046	T2W-Core	794	Food Court-Healthy OR Open Concept
1	T2W-2000	T2W-East Concourse	1,456	Bar w/ Food
1	T2E-2035	T2E Post-Security	844	Food Court-Hamburger
1	T2E-2050	T2E Post-Security	440	Coffee w/ Baked Goods
7			5,261	

FOOD SERVICE PACKAGE 6R





SAN DIEGO INTERNATIONAL AIRPORT
 Concession Development Program

Food Service Package 6R: Minimum Requirements

Minimum Investment in Fixed Improvements per Square Foot	\$350	
Percentage Rent (Fixed)	Food/ Non-Alcohol	13%
	Alcohol	16.0%
Minimum Annual Guarantee (MAG)	TO BE PROPOSED	



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 6R Proposers

<p>Diego Concession Group, LLC (DCG)</p>	<p>Proposed business entity is Diego Concession Group as prime concessionaire with Hojeij Brand Foods, Inc. and Foodmaker, Inc. as sublessees.</p>
<p>High Flying Foods San Diego Partnership (High Flying Foods)</p>	<p>Proposed business entity is a joint venture between High Flying Foods San Diego, LLC (95% ownership) and Procurement concepts, Inc. (5% ownership).</p>
<p>Host International, Inc. (Host).</p>	<p>Proposed business entity is 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>
<p>SSP America, Inc. (SSP)</p>	<p>Proposed business entity is SSP America, Inc. as prime concessionaire, with a sublease to a joint venture called SSP America SAN LLC, comprised of SSP America, Inc. (75% ownership) and Sarah’s Pastries and Candies, Inc. (25% ownership).</p>



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 6R

Proposed Concepts by Proposer

Location	T1W-1044	T1W-2013	T1W-2014	T2W-2046	T2W-2000	T2E-2035	T2E-2050
Square Feet	348	581	798	794	1,456	844	440
Proposer	Concepts						
DCG	Abica Coffee	Coffee Bean & Tea Leaf	Diego's Gastro-pub	Green N Things	Cantina Durado	Jack-in-the Box	Coffee Bean & Tea Leaf
High Flying Foods	Pannikin Coffee & Tea	Pannikin Coffee & Tea	Stone Brewing Co.	Fire-wood Cafe	619 Bar & Lounge	The Counter Mini	Pannikin Coffee & Tea
Host	Great American Bagel	Starbucks	Karl Strauss Brewing Co.	Emerald Express	Tequileria Lounge	Hodad's	Starbucks
SSP	Ryan's Bros. Coffee	Peet's Coffee & Tea	Casa de Pico	Camden Food Co.	Pacifico Surf Stack	Jack-in-the Box	Peet's Coffee & Tea



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 6R Financial Offer

Proposer	Fixed Percentage Rent	Proposed Year One MAG
DCG	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$1,335,000
High Flying Foods	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$903,192
Host	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$885,000
SSP	13% Food/Non-Alcoholic Beverage 16% Alcohol	\$703,530



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package 6R Evaluation Panel Rankings

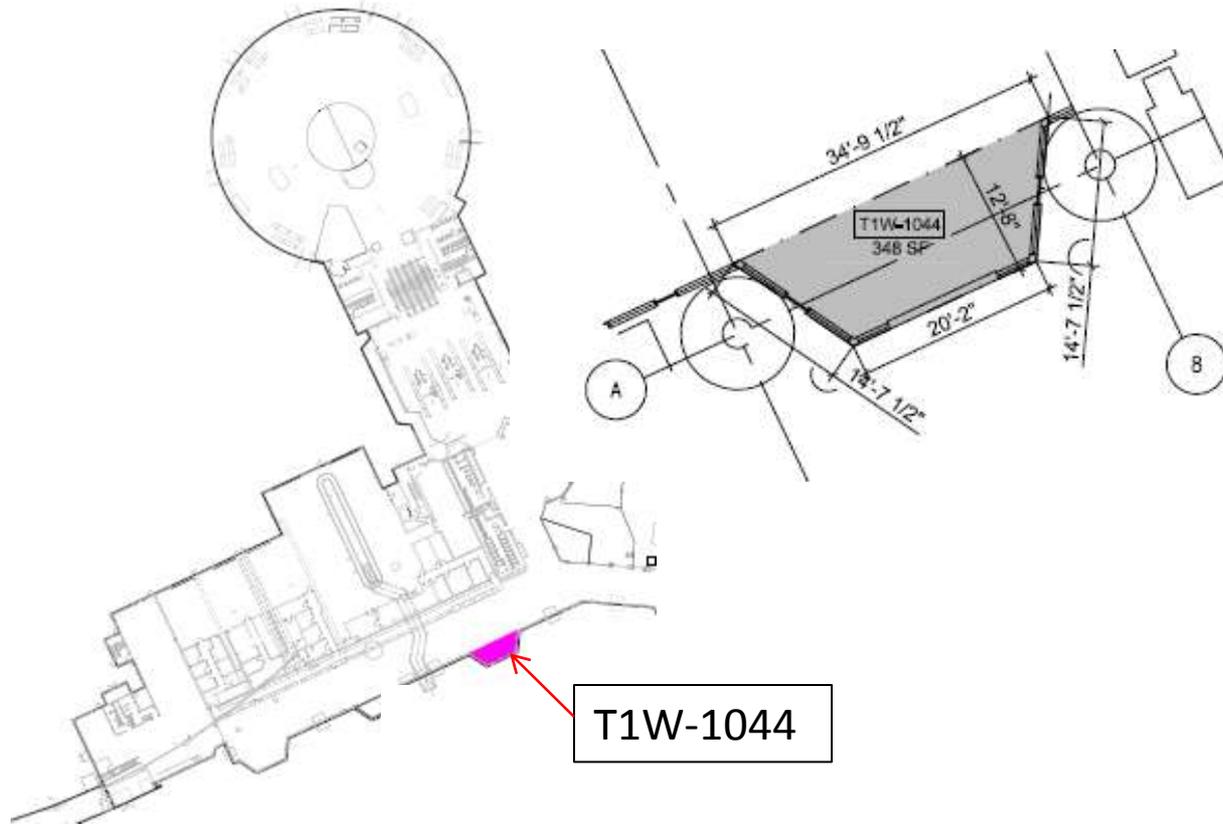
Proposer	PM1	PM2	PM3	PM4	PM5	PM6	Total
DCG	1	2	4	4	4	4	19
High Flying Foods	2	3	2	2	1	1	11
Host	3	4	3	3	2	2	17
SSP	4	1	1	1	3	3	13

PM = Panel Member

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

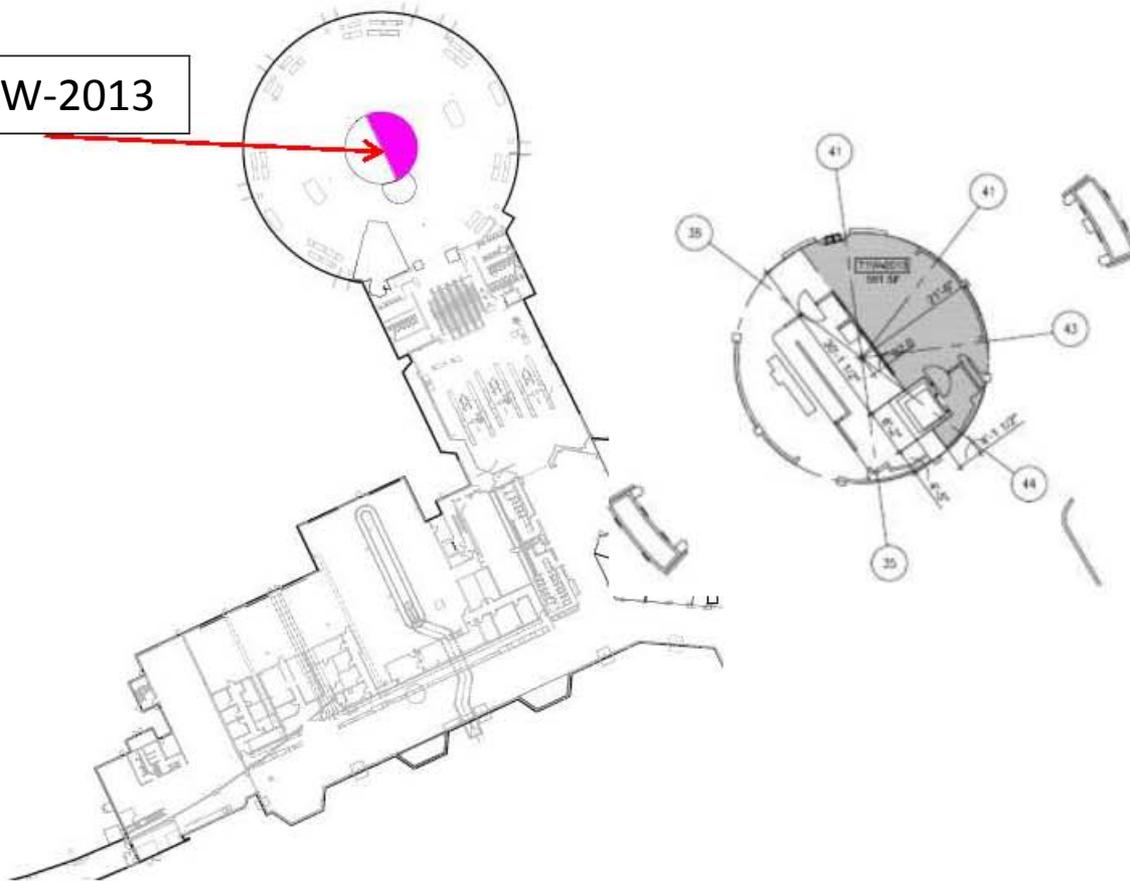
Lowest Total = Best Suited

FOOD SERVICE PACKAGE 6R – T1W-1044, 348 SF



FOOD SERVICE PACKAGE 6R – T1W-2013, 581 SF

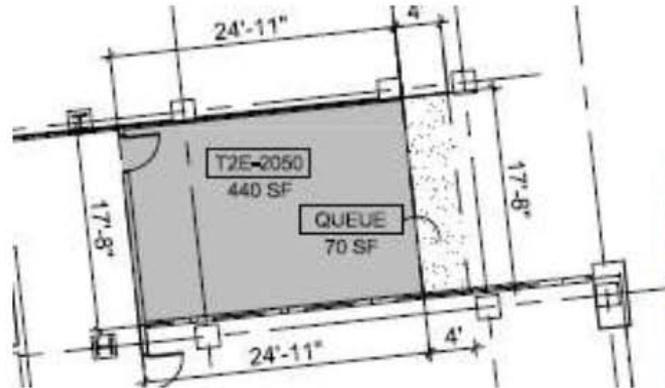
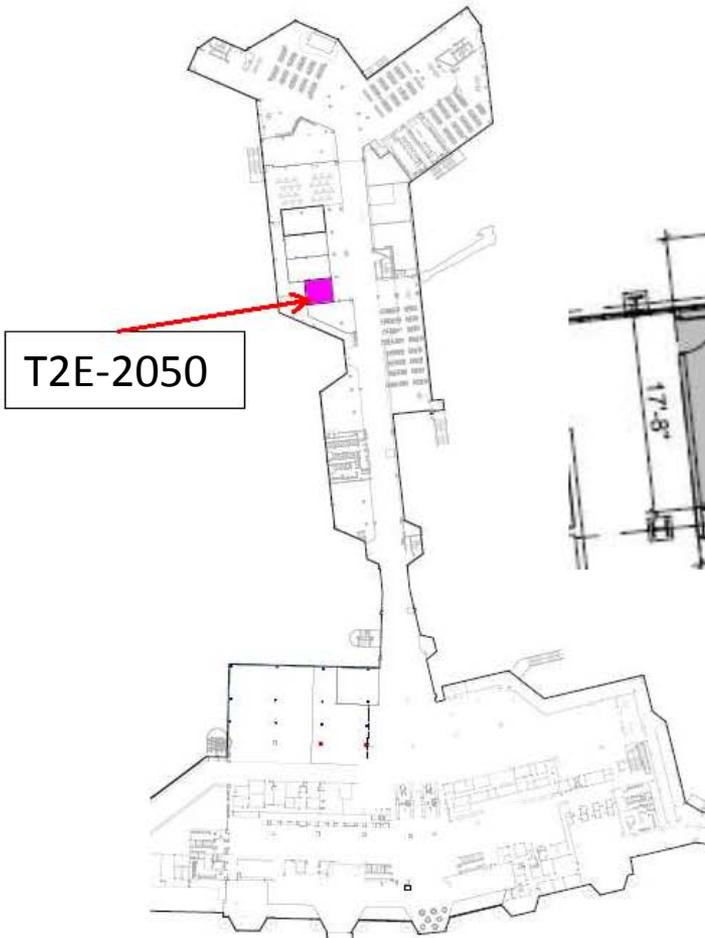
T1W-2013



PANNIKIN
coffee & tea



FOOD SERVICE PACKAGE 6R – T2E-2050, 440 SF

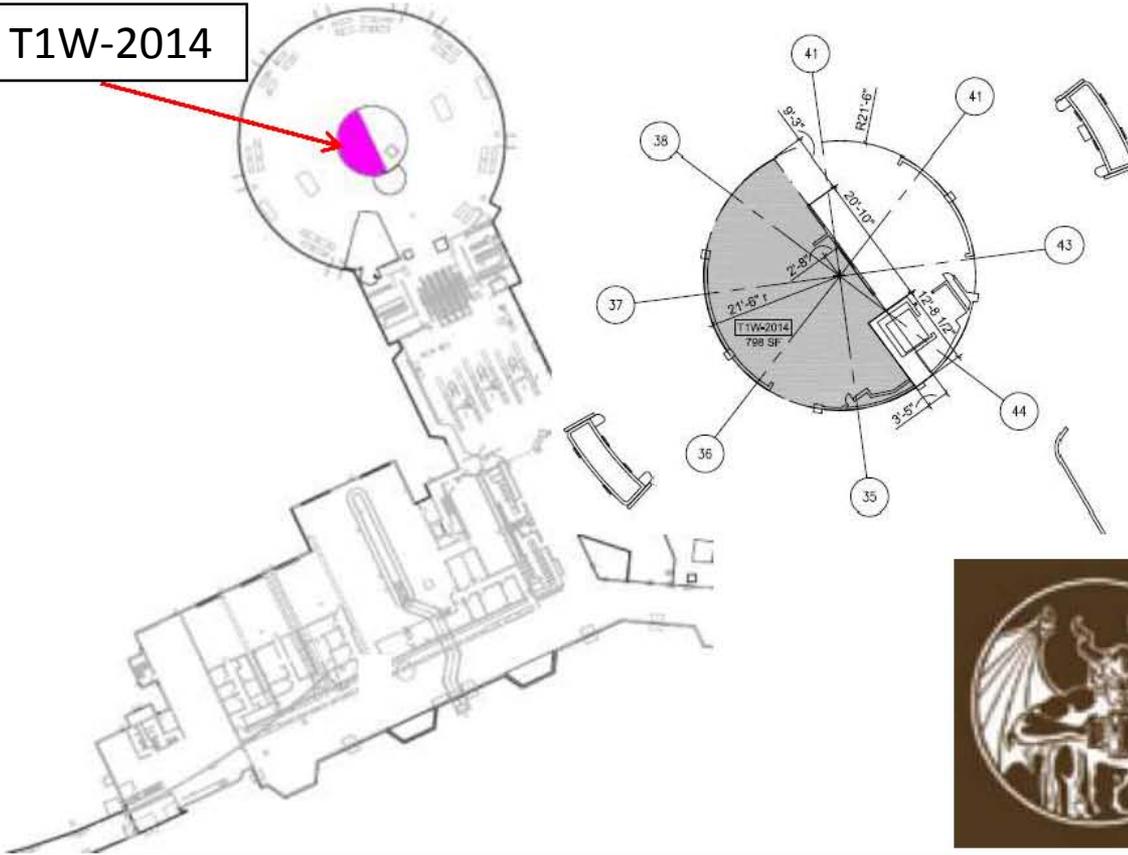


Food Pkg 6R: High Flying Foods



FOOD SERVICE PACKAGE 6R – T1W-2014, 798 SF

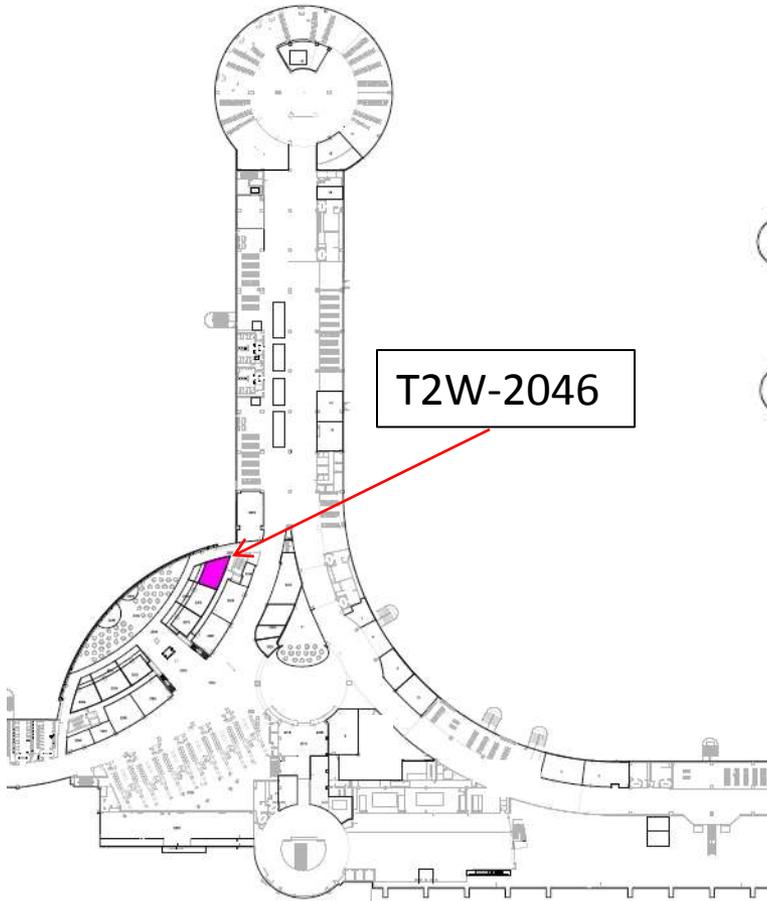
T1W-2014



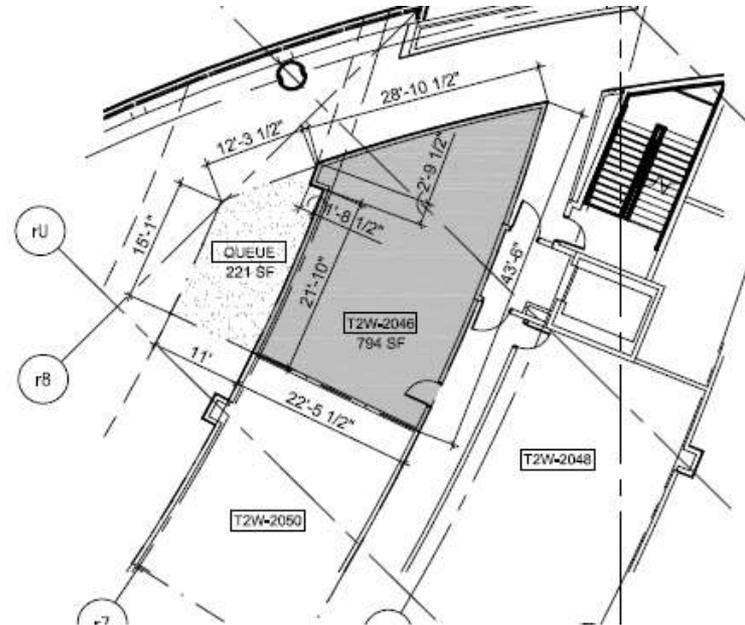
Food Pkg 6R: High Flying Foods



FOOD SERVICE PACKAGE 6R – T2W-2046, 794 SF



T2W-2046



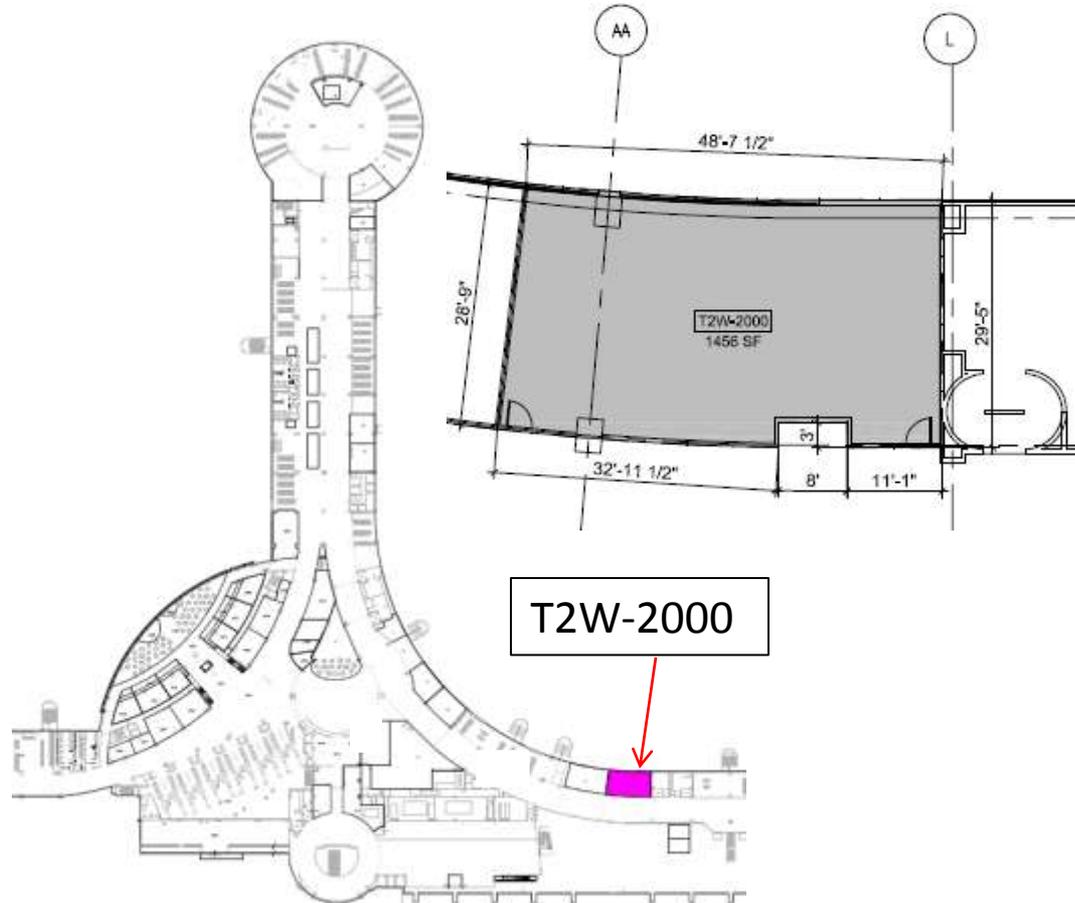
firewood
CAFÉ



Food Pkg 6R: High Flying Foods



FOOD SERVICE PACKAGE 6R – T2W-2000, 1456 SF



619
**BAR &
LOUNGE**

Food Pkg 6R: High Flying Foods

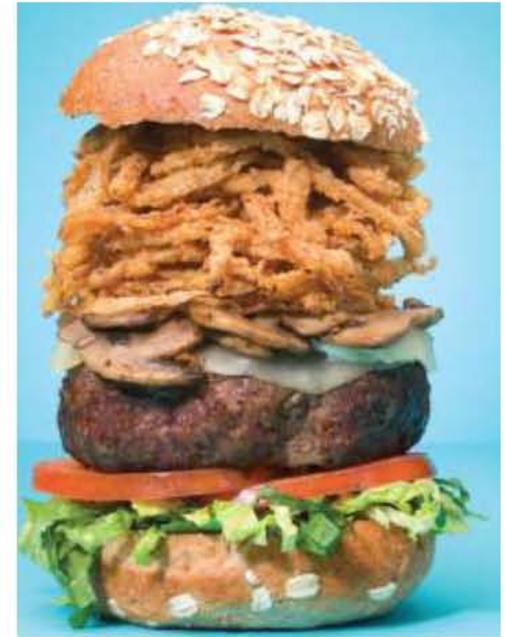
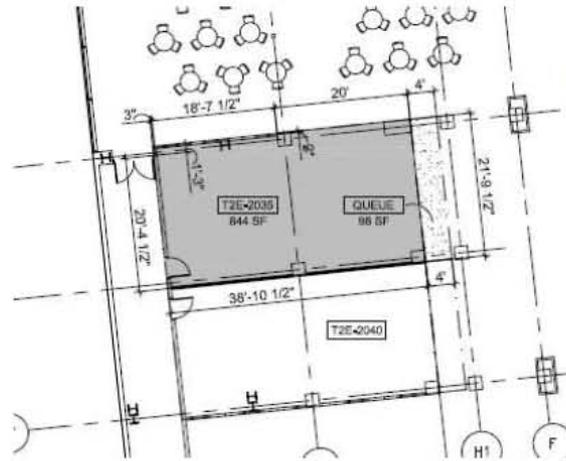
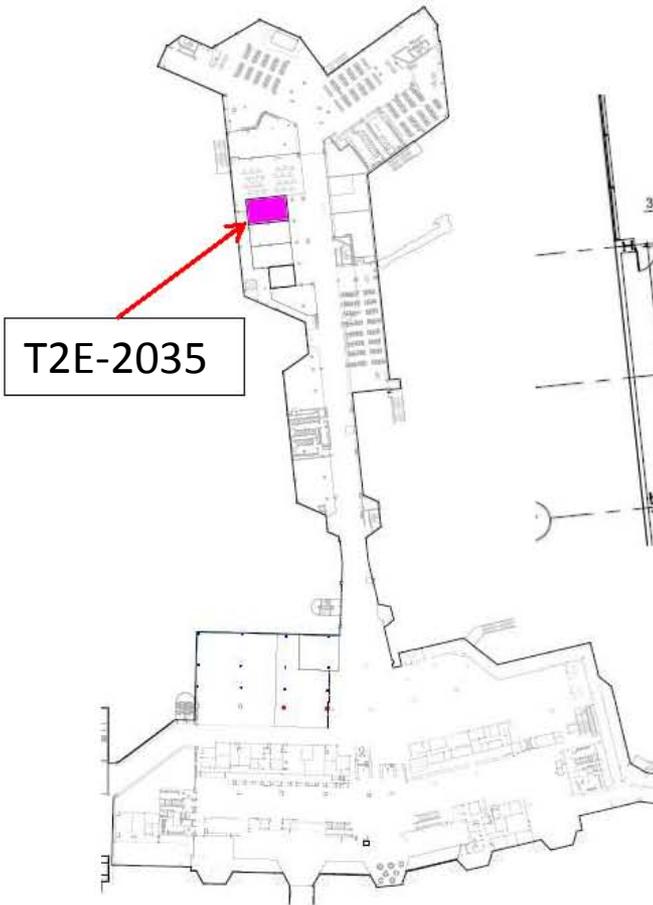
619

BAR &
LOUNGE



FOOD SERVICE PACKAGE 6R – T2E-2035, 844 SF

THE COUNTER 
MINI
custom built burgers



Food Pkg 6R: High Flying Foods





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Food Service Package #6R Summary

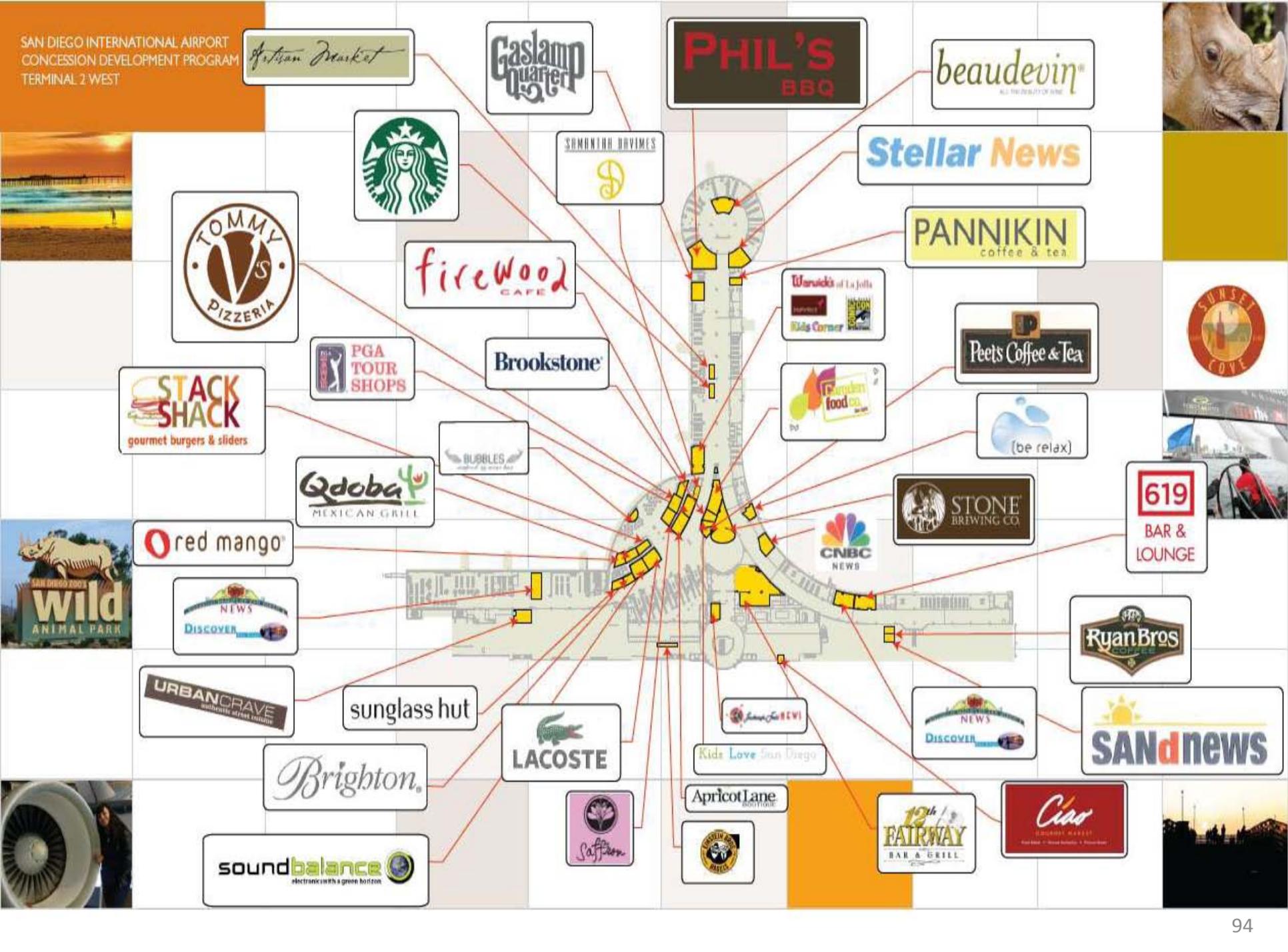
Recommendation for Award of Lease:

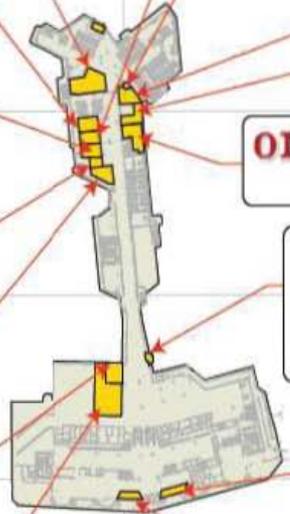
- High Flying Foods San Diego Partnership (High Flying Foods)

ACDBE% - 5%

Worker Retention:

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





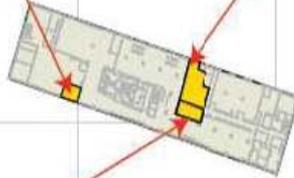




San Diego Bay
NEWS



GARDEN
by TENDER GREENS



 *Lindbergh Field* **NEWS**





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

ACDBE Participation

Total Food ACDBE Participation
Packages 2R, 3R, 5R & 6R
Participation
20%



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP Program ACDBE Participation

Retail ACDBE
Participation
36%

Food ACDBE
Participation
20%

Total Retail & Food ACDBE
Participation
26%



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Maximize concession opportunities

- Increased locations and square footage to meet future demand

Provide an efficient operating environment

- “Sunset Cove” Concession Core
- Terminal 2 East Expansion
- Concessions Infrastructure Project
- Central Receiving & Distribution Center (CRDC)

Ensure a Diversity of Concepts

- Today : Starbucks (7)
- Future: Pannikin (4), Café Callabria (2), Starbucks (2), Peet’s Coffee (1) Ryan Brothers (1)
- Today : Specialty Retail Locations (7)
- Future: Specialty Retail Locations (21) Including Brighton, PGA Tour Shop, Warwick’s, Brookstone, InMotion Entertainment



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Exceed passengers' expectations

- New Pricing Policy
- Selection
- Competition

Capture the spirit of the San Diego Region

- Local Concepts
- Local Merchandise
- Themed Retail



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Encourage healthy competition

Food Market Share			Retail Market Share		
	<u>F&B</u>	<u>Program</u>		<u>Retail</u>	<u>Program</u>
Host	30%	19%	Hudson News JV	28%	10%
High Flying Foods	30%	19%	Paradies JV	26%	9%
SSP	24%	15%	PGC-PCI-JV	19%	7%
Mission Yogurt	2%	1%	Stellar Partners	15%	6%
			Project Horizon	6%	2%
			Spa Didacus	5%	2%
			Zoom	1%	.3%



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Create opportunities for ACDBE, local, and small businesses

- Strong Local and Small Business Outreach and Participation
- ACDBE Participation (26%) Exceeds Overall ACDBE Program Goal of 24%

Optimize non-aviation revenues

- 33% to 89% increase in projected annual revenues (\$3.0M to \$8.0M)



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Represent the best local concepts/brands

BANKERS HILL
BAR • RESTAURANT

 **Emerald Express**
chinese seafood restaurant


in the box


CHOCOLATES

SAMANTHA DAVIMES

PACIFICA
THE PACIFICA RESTAURANTS
Pacifica Del Mar | Pacifica Seafood Restaurant | Pacifica Breeze Cafe


coffee & tea








Saffron









SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Represent the best regional concepts/brands





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Represent the best national concepts/brands

Brookstone®



**PGA
TOUR
SHOPS**





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

CDP RFP Goals and Objectives Scorecard

Represent the best international concepts/brands





SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Next Steps

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



SAN DIEGO INTERNATIONAL AIRPORT
Concession Development Program

Questions and Answers