



**DEPARTMENT OF AIRPORTS**

# **Request for Proposals**

**Common Use Airport Lounge  
Concession Agreement**

*Sacramento International Airport*

**Mandatory Pre-Proposal Meeting**  
**January 31, 2018**  
**10:00 A.M.**

**Proposals Due**  
**March 1, 2018**  
**2:00 P.M.**

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## **Section 1**

### **DEFINITIONS**

As used herein, the following words and phrases shall have the meanings set forth below:

**1. ACDBE**

“ACDBE” means Airport Concession Disadvantaged Business Enterprise.

**2. Addendum**

“Addendum” means the written or graphic instrument issued in addition to the Request for Proposals (RFP) document which clarifies, corrects or changes the RFP and once issued by the County becomes part of the RFP.

**3. Agreement**

“Agreement” means the written Common Use Airport Lounge Concession Agreement between the County and the Selected Proposer covering the leasing of premises and permitted operations at the Airport as a result of this RFP process. See Attachment A of this RFP.

**4. Agreement Year**

“Agreement Year” means each twelve (12) calendar month period during the Term of the Agreement.

**5. Airport**

“Airport” means that portion of Sacramento International Airport operated by the Sacramento County Department of Airports as a public airport.

**6. Airside**

“Airside” means the airfield and the areas beyond security checkpoints and passport and customs control in the Airport terminals.

**7. Concessionaire**

“Concessionaire” means an Airport tenant or lessee, or its authorized representative(s), whose business is non-airline related and sells goods and/or services for a profit.

**8. County**

“County” means County of Sacramento, a political subdivision of the State of California, as represented by the Sacramento County Board of Supervisors.

**9. Director**

“Director” means the Director of Airports of the Sacramento County Department of Airports, and his/her authorized representatives.

**10. Enplaned Passenger**

“Enplaned Passenger” means a passenger boarding an aircraft at the Airport.

**11. FAA**

“FAA” means the Federal Aviation Administration of the United States government and any federal agency succeeding to its jurisdiction.

**12. Fiscal Year**

“Fiscal Year” means July 1 – June 30.

**13. Gross Revenues**

“Gross Revenues” means all monies received by or due to Concessionaire, its subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises for cash, credit or otherwise, without reservation or deduction for uncollected amounts, discounts (employee or advertised), credit card fees or charges, or collection costs, including, but not limited to:

- a. All sales and services occurring on the Leased Premises, including all orders that originate in, at, or from the Leased Premises, regardless of where delivery or performance is made;
- b. Any income resulting from transactions originating in, at, or from the Leased Premises, and deposits not refunded to customers; and
- c. Compensation of any kind received from a distributor or manufacturer for promoting or advertising any product on the Leased Premises or elsewhere at the Airport.

Gross Revenues shall exclude:

- a. All credits or refunds made to customers under such generally acceptable terms and conditions as are first approved in writing by the Director;
- b. All sums or credits received in settlement of claims for loss or damage to merchandise;
- c. All sales taxes, retailers’ excise taxes, Gross Revenues taxes, transaction taxes, or similar equivalent taxes paid to or collected by or payable by Concessionaire, its subtenants or any other person conducting sales to customers in, at or from the Leased Premises, as are first approved in writing by the County as excludable items; and
- d. The amount of any gratuities paid or given by patrons or customers to or for employees of Concessionaire, its subtenants or any other person conducting sales to customers in, at or from the Leased Premises.

**14. HVAC**

“HVAC” means heating, ventilating and air-conditioning.

**15. Landside**

“Landside” means all areas of the Airport not located on the Airside, as defined herein.

**16. Leased Premises**

“Leased Premises” means those certain Airport premises leased to the Selected Proposer.

**17. LLC**

“LLC” means Limited Liability Company.

**18. MAG or Minimum Annual Guarantee**

“MAG” or “Minimum Annual Guarantee” means the minimum amount of annual Rent to be paid by a Concessionaire to the County.

**19. Minimum Qualifications**

“Minimum Qualifications” means the minimum standards which have been established by the County and which must be satisfied by the Proposer before the Proposal will be evaluated at the next level.

**20. Notice of Award**

“Notice of Award” means the written notice by the Director to Selected Proposer stating that, upon compliance with the conditions stated therein, within the time specified, the Selected Proposer shall be offered the right to build-out and operate the proposed lounge concession in the designated space at the Airport.

**21. Percentage Rent**

“Percentage Rent” means the amount payable to the County as Rent, which is based on a percentage(s) of Concessionaire’s Gross Revenues, as shown on Attachment C of the Proposal.

**22. Proposal**

“Proposal” means the document requested by this RFP and submitted to the County by a Proposer.

**23. Proposer**

“Proposer” means the individual, company, corporation, partnership or any other entity, submitting a response to this RFP which incorporates all the elements of a valid Proposal.

**24. Rent**

“Rent” means the MAG and the Percentage Rent paid to the County during the Agreement Term every month as consideration for this Agreement.

**25. RFP**

“RFP” means this Request for Proposals document and any addenda issued as a result of the process.

**26. Selected Proposer**

“Selected Proposer” means the individual, company, corporation, partnership or any other entity that is awarded an Agreement as a result of this RFP.

**27. State**

“State” means the State of California.

**28. Support Space**

“Support Space” means space used for office and/or storage purposes.

**29. Tenant Improvements**

“Tenant Improvements” means all improvements or alterations constructed and installed on the Leased Premises by Concessionaire, its agents, employees, subtenants, contractors, subcontractors, licensees and/or representatives that are affixed in any manner to the Leased Premises and that have been approved by the County.

**30. TSA**

“TSA” means the Transportation Security Administration of the United States government, and any federal agency succeeding to its jurisdiction.

## Section 2

### GENERAL PROPOSAL INFORMATION

#### A. Introduction and Purpose

The County is soliciting proposals from lounge concession developers/operators to construct and operate a common use airport lounge in Terminal A and Bat the Airport. This RFP gives specific instructions regarding what to include and how to format the Proposal. If selected and subsequently awarded a Common Use Airport Lounge Concession Agreement (Agreement), the development of the lounges and operations will be conducted in accordance with the terms and conditions of the Agreement as provided in Attachment A. The selected Proposer shall be responsible for re-modeling and finishing the assigned spaces in accordance with the Airport Tenant Design Manual, attached as Exhibit J to the Agreement. *(Please note that the current Tenant Design Manual is specific to Terminal B and was intended for use during construction of the building; however, it will be used as a guideline for the construction at the Airport and may be updated during the RFP process.)*

#### B. Schedule

The anticipated RFP process schedule is shown below. This schedule is subject to change as determined by the County.



Event	Dates and Time
Issue RFP	January 18, 2018
Mandatory Pre-Proposal Meeting at:  Sacramento International Airport Terminal A Media Room 6850 Airport Boulevard Sacramento, CA 95837-1109	January 31, 2018
Deadline for Submitting Questions	February 2, 2018
Addenda Issued (if necessary)	February 9, 2018
Proposals Due 2:00 p.m.  Sacramento County Department of Airports Director of Airports 6900 Airport Boulevard Sacramento, CA 95387-1109 "Common Use Airport Lounge Concession"	March 1, 2018
Panel Evaluation of Proposals	March 12 - 16, 2018
Finalist Interviews	March 19 - 23, 2018
Board of Supervisors Review Recommendation	April/May 2018
Finalize and Execute Agreement	May 2018
Agreement Effective Date	June 1, 2018

**C. Additional RFP Documents**

RFP documents can be obtained from the Airport's website, <http://sacramento.aero/smf>. If a Proposer is unable to access this site for a copy, one (1) copy of the RFP can be provided via U.S. mail at no charge by contacting (916) 874-0911. Any additional copies will require a processing fee of \$0.25 per page.

#### **D. Mandatory Pre-Proposal Meeting**

A Mandatory Pre-Proposal Meeting is scheduled for **January 31, 2018** at the Airport. This conference will be held from **10:00 AM to 11:30 AM** in the Terminal A Media Room, 6850 Airport Boulevard, Sacramento, CA 95837. The purpose of the conference is to discuss the requirements and objectives of this RFP and provide a tour of the terminal concession area. Airport representatives will be available to answer questions. Please call (916) 874-0911 to make reservations to attend the Pre-Proposal Meeting.

Proposers are required to submit any questions or requests for clarification in advance of the Mandatory Pre-Proposal Conference. All questions and requests for clarification shall be submitted to Angela Hourigan at [hourigana@saccounty.net](mailto:hourigana@saccounty.net); or via US mail at, 6900 Airport Boulevard, Sacramento, CA 95837. Questions are to be received by the Airport no later than **2:00 PM on February 2, 2018**.

Any clarifications or changes in the RFP requirements or Agreement that result from the Mandatory Pre-Proposal Meeting will be made by written Addendum to this RFP. Included in the Addendum will be all questions submitted prior to and during the Mandatory Pre-Proposal Meeting, the answers to those questions and a list of conference attendees. The County is not responsible for any explanation, clarification, interpretation or approval made or given in any manner except by written Addendum. A copy of each Addendum will be posted at <http://sacramento.aero/smf>. Any Addenda so issued are to be considered a part of this RFP document. Therefore, receipt of all Addenda issued during this RFP must be acknowledged on the Addenda Acknowledgement Form (Attachment D) and included with your Proposal. Any Proposer failing to sign the Addenda Acknowledgement Form could be deemed non-responsive and may be disqualified from the Proposal process.

## Section 3

### GENERAL AIRPORT AND AIRLINE INFORMATION

#### A. Sacramento International Airport

##### 1. General Information

The County of Sacramento owns the Site and Airport, which are operated by the Department. The Airport opened in 1967 and currently encompasses approximately 6,000 acres. The Site and Airport are adjacent to Interstate 5, which is the major north/south artery that runs the entire length of California, Oregon and Washington and is located approximately 12 miles from downtown Sacramento – 15 freeway minutes south on Interstate 5.

The Department is a self-supporting, enterprise fund County agency. Airport tenant and user rents, fees and charges support the operating and capital budgets for the Airport. Over 3,000 people are employed at the Airport, including a Sheriff's bureau and TSA employees which oversee Airport security.

Sacramento is the capital of California and the hub of government and commerce within the Sacramento River Valley region. The Airport's economic impact on the area is approximately \$4 billion per year. In 2015, the Federal Aviation Administration (FAA) ranked the Airport as the 42<sup>nd</sup> busiest airport in the United States (U.S.) based on enplanements.

##### 2. Demographic Data

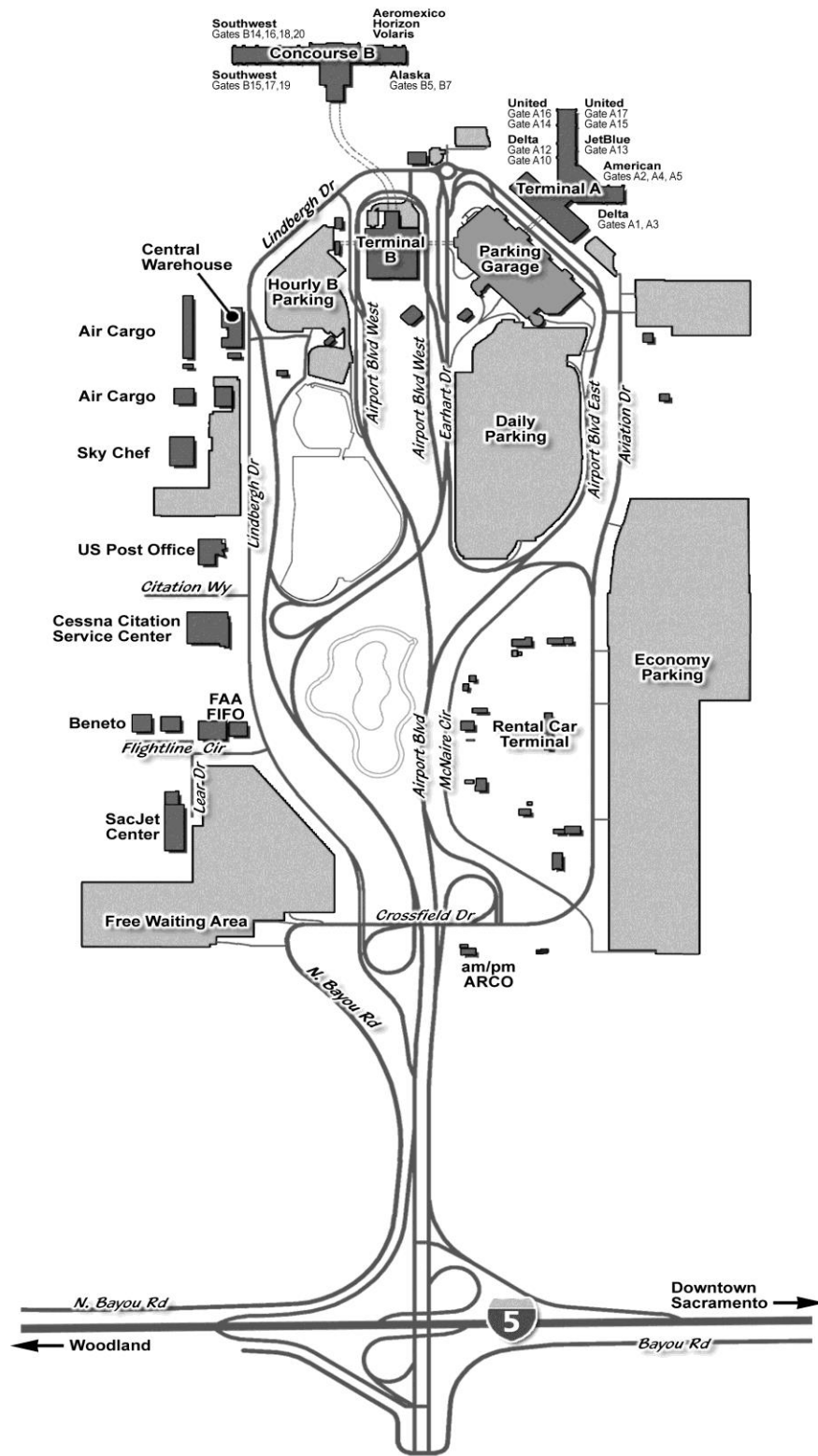
The population of the Sacramento Area was 2.6 million in 2016, with another 1.7 million people living within the Airport's secondary air service market. The U.S. Department of Commerce, Bureau of the Census, has projected Sacramento Area average annual population growth rates to be approximately 1.9% through 2020. The Airport, which is classified as a medium air traffic hub by the FAA, is the primary commercial airport facility serving Sacramento County and six (6) neighboring counties (Sacramento Area). Passengers from an eleven (11) county outlying area provide a secondary air service area. The Airport primarily serves origin-destination passengers. In Fiscal Year 2015-2016, an estimated ninety-four percent (94%) of enplaned passengers were origin-destination passengers.

According to a passenger survey conducted in the 4th quarter of 2015, business travelers account for approximately forty-eight percent (48%) of the airport's passenger traffic. The remaining fifty-two percent (52%) were leisure travelers.

##### 3. Existing Terminal Facilities

There are two airline terminals (Terminal A and Terminal B) with a total of 31 jet-level boarding gates. Wi-Fi Internet access is available to the public free of charge throughout both terminals. Disabled access, accommodations and services are provided throughout the terminals. ATMs are available pre- and post- security in both terminals.

The terminals and other facilities are shown in the Airport map below:



#### 4. Ground Transportation

Ground transportation at the Airport includes:

- On-Call van service and taxi service. There are four (4) on-airport rental car companies operating a total of twelve (12) brands and two (2) off-airport rental car companies.
- Transportation network carriers: Uber, Lyft and Wingz.
- Inter-terminal shuttle service to various Airport locations such as parking and the consolidated rental car facility.
- Daily Yolobus public transit service to and from surrounding communities and the Airport.

#### B. Airlines and Service

Sacramento International Airport currently averages approximately 142 scheduled departures per day. Approximately 5.1 million passengers enplaned at the Airport in 2016

##### 1. Major Carriers

The following table lists the airlines and the terminal they operate from at the Airport. The location of the airlines at the Airport is subject to change at any time prior to award of a lounge concession agreement and there is no guarantee that the information in the table below will constitute the actual airline mix and location at the Airport throughout the Agreement Term.

Terminal A: American, Delta, United  
 Terminal B: AeroMexico, Alaska/Horizon, Hawaiian, JetBlue, Southwest, Volaris

##### 2. Airline Service

**Frequent non-stops to 30 cities:** Atlanta, Baltimore, Boise, Burbank, Charlotte, Chicago, Dallas, Denver, Guadalajara (Mexico), Honolulu, Houston, Las Vegas, Long Beach, Los Angeles, Maui, Minneapolis Newark and New York, Ontario, Orange County, Phoenix, Portland, Salt Lake City, San Diego, San Francisco, Seattle and Washington D.C.

**Convenient direct or through-flight service:** Albuquerque, Austin, Baltimore, Bozeman, Crescent City, Des Moines, Detroit, Indianapolis, Kansas City, Mexico City (Mexico), Omaha, Orlando, Puerto Vallarta, Rochester, Tucson and all other major U.S. cities (and many international destinations).

#### C. Passenger Enplanements

<b>Enplaned Passengers - Terminal A</b>					
<b>Domestic</b>	<b>FY 2016/17</b>	<b>FY 2015/16</b>	<b>FY 2014/15</b>	<b>FY 2013/14</b>	<b>FY 2012/13</b>
American	674,935	602,787	513,537	0	0
Continental	0	0	0	0	0
Delta/Delta Connection	552,401	547,061	464,279	441,386	418,471
Hawaiian	0	0	0	0	0
United/United Express	513,442	497,318	497,034	526,367	524,521
US Airways/US Airways Express	0	0	0	239,037	239,149
<b>Total Enplaned</b>	<b>1,740,778</b>	<b>1,647,166</b>	<b>1,474,850</b>	<b>1,206,790</b>	<b>1,182,141</b>

<b>Enplaned Passengers - Terminal B</b>					
<b><i>Domestic</i></b>	<b>FY 2017/16</b>	<b>FY 2015/16</b>	<b>FY 2014/15</b>	<b>FY 2013/14</b>	<b>FY 2012/13</b>
Alaska/Horizon	423,587	414,064	395,551	348,284	347,020
American	0	0	0	242,818	245,031
Frontier	0	0	0	0	64,822
Hawaiian	86,728	85,132	83,740	83,055	86,776
JetBlue	148,842	0	0	0	141,513
SeaPort	0	984	1,063	0	0
Southwest	2,678,737	2,558,383	2,457,441	2,300,805	2,301,785
Charter	339	136	193	2,752	5,424
<b><i>International</i></b>					
	<b>FY 2017/16</b>	<b>FY 2015/16</b>	<b>FY 2014/15</b>	<b>FY 2013/14</b>	<b>FY 2012/13</b>
Alaska	0	0	0	0	2,747
AeroMexico	69,551	55,445	46,435	36,033	29,484
Volaris	49,622	40,996	35,521	28,202	13,525
<b>Total Enplaned</b>	<b>3,457,406</b>	<b>3,155,140</b>	<b>3,019,944</b>	<b>3,041,949</b>	<b>3,238,127</b>

For additional passenger data go to <http://www.sacramento.aero/scas/about/reports/>.

## Section 4

### CURRENT CONCESSION PROGRAM

#### A. Description of Current Terminal A Retail Program

There are currently three (3) companies operating a total of six (6) retail units airside in Terminal A. The retail concepts operated by these companies in the terminal building are listed in the table below. Location maps depicting the existing retail locations in Terminal A are included as Attachment G.

Terminal A	Concept
Erwin Pearl	Erwing Pearl (Jewelry)
InMotion	InMotion Entertainment (Electronics)
Paradies	Capital Marketplace (Gift, news & convenience)
Paradies	Details (Women's accessories, bags & apparel)
Paradies	SMF TravelMart (Gift, news & convenience)
Paradies	PGA Shop (Golf apparel)

#### B. Description of Current Terminal A Food and Beverage Program

There are currently three (3) companies operating a total of nine (9) food and beverage units in Terminal A. The food and beverage concepts operated by these companies in the terminal building are listed in the table below. Location maps depicting the existing food and beverage locations in Terminal A are included as Attachment G.

Terminal A	Concept
Freshii (sub under SSP)	Freshii (Food/Beverage)
HMS Host	Starbucks (Coffee)
SSP America	Paesanos (Food/Beverage)
SSP America	Squeeze Burger (Food/Beverage)
SSP America	Iron Horse (Sit Down Restaurant)
SSP America	Peet's Coffee (Coffee)
SSP America	La Taqueria (Sit Down Restaurant)
Vino Volo	Vino Volo (Wine Bar, Wine Retail, Food/Beverage)
Vino Volo	Taylor's Market Selections by Vino Volo (Wine Retail, Food/Beverage)

**C. Description of Current Terminal B Retail Program**

There are currently four (4) companies operating a total of nine (9) retail units airside in Terminal B. The retail concepts operated by these companies in the terminal building are listed in the table below. Location maps depicting the existing retail locations in the Terminal B concourse are included as Attachment G.

<b>Terminal B</b>	<b>Concept</b>
Brookstone	Brookstone (Electronics, luggage and gifts)
Erwin Pearl	Erwin Pearl - kiosk (Jewelry)
InMotion	InMotion Entertainment (Electronics)
Pacific Gateway Concessions	US News & World Report (Gift, news & convenience)
Paradies	CW31 Good Day Sacramento (Gift, news & convenience)
Paradies	Brighton (Women's accessories, bags & apparel)
Paradies	Visions of Eden (Women's accessories, bags, apparel and gifts)
Paradies	PGA Shop (Golf apparel)
Paradies	Healthy Living - kiosk (package snacks and beverages)

**B. Description of Current Terminal B Food and Beverage Program**

There are currently four (4) companies operating a total of nine (9) food and beverage units in Terminal A. The food and beverage concepts operated by these companies in the terminal building are listed in the table below. Location maps depicting the existing food and beverage locations in Terminal A are included as Attachment G.

<b>Terminal B</b>	<b>Concept</b>
Famous Famiglia	Famous Famiglia (Food/Beverage)
HMS Host	Starbucks (Coffee)
HMS Host	Burgers & Brew (Food/Beverage)
HMS Host	Esquire Grill (Food/Beverage, Sit Down Restaurant)
SSP America	Jacks Urban Eats (Food/Beverage)
SSP America	Dos Coyotes (Food/Beverage)
SSP America	Cafeteria 15L (Food/Beverage, Sit Down Restaurant)
SSP America	Peet's Coffee (Coffee)
Vino Volo	Vino Volo (Food/Beverage, Wine Bar, Wine Retail)

**Note** – Attachment H provides the concession program sales summary.



**SECTION 5**  
**DESCRIPTION AND AVAILABLE LOCATION**

**A. General Description**

The County requests Proposals for the development and operation of a Common Use Airport Lounge located post-security within the Terminal A central mall area and within the Terminal B concourse at the Airport. The lounges should create a comfortable environment (including well-appointed furnishings and décor) for passengers waiting to board departing flights. Services and amenities offered in the lounges shall include those typically found in airport lounges.

**B. Location of Available Space**

The location of the available Terminal A space and Terminal B concourse space is shown on Attachment F. The space in Terminal A is currently a retail concession (including additional vacant retail space) and it will be available January 1, 2019. The Terminal B concourse space is also a retail concession that will be available November 1, 2018.

## Section 6

### PROPOSAL SUBMITTAL

This is the opportunity to clearly define your lounge concept, services, the design, financial proposal and other elements requested below. Please take the time to carefully read and understand the Proposal requirements. Format, organization and content are all important so that the Selection Committee can conduct an accurate and complete review of the Proposal. **The completed Proposal Checklist (Attachment K) is to be placed in the front of your Proposal for ease of reference.** Be sure to clearly show how the Proposer meets the Minimum Qualifications listed below and include all information requested in this section. If you have any additional information that may help the Selection Committee understand the unique differences between your Proposal and others proposing for the same lounge concession, please include that information.

The RFP evaluation process will include a set of specific focused reviews of each Proposal. Please prepare your written Proposal in the order requested.

Proposals will be evaluated in accordance with the Evaluation Criteria shown in Section 8.

#### **A. Minimum Qualifications**

Proposers must demonstrate that the Minimum Qualifications listed below have been met in order to have their Proposal considered.

1. Submit a complete Proposal
2. Attend the Mandatory Pre-Proposal Meeting
3. Possess:

Three (3) or more years of continuous experience within the last five (5) years in the ownership, management, or operation of the proposed common use airport lounge.

4. Be financially capable of performing the Agreement in the sole determination of the County.

If a joint venture, partnership or limited liability company (LLC) submits a Proposal, the entity holding a controlling interest in the joint venture, partnership, or LLC, (for example, majority voting rights in company decisions), must meet the Minimum Qualifications in order to be considered for award of the Agreement. If no single entity holds a controlling interest, then each entity in a group of entities comprising a controlling interest must meet all of the Minimum Qualifications for the joint venture, partnership, or LLC to be considered for award of the Agreement.

Proposers submitting a Proposal to operate a licensed or franchised facility must independently meet all requirements of the RFP and may not rely on the qualifications of the licensor/franchisor. Additionally, Proposers who are proposing to operate a licensed/franchised facility must provide a letter from the licensor/franchisor granting the rights to operate the license/franchise at the Airport, or stating that the terms of a license/franchise agreement have been agreed upon pending award of the concession space. Licensors/franchisors may propose directly; however, their licensees/franchisees will be considered Subtenants and the licensor/franchisor must meet the Minimum Qualifications set forth above to be considered for award of an Agreement. Upon award, any Proposer submitting a licensed or franchised facility must provide the County with an executed copy of the license or franchise agreement.

## **B. Proposal Submittals**

One (1) original, five (5) copies and a CD or flash drive of the Proposal must be submitted in sealed envelopes, and addressed to:

Sacramento County Department of Airports  
Common Use Airport Lounge Concession Proposal  
6900 Airport Boulevard  
Sacramento CA 95837-1109

Proposals must be received by the Proposal due date and time at the address listed above. Any Proposal received after the scheduled Proposal due date and time will not be considered and will be returned unopened. The County reserves the right to postpone or cancel the scheduled Proposal due date and notice of such extension or cancellation shall be sent via an Addendum.

The Proposal submittal shall be securely bound and consist of the following documents in the sequence shown below. In order to have a Proposal considered by the County, the Proposer must submit a complete Proposal. Please insert a set of tabs to identify each part of the Proposal to facilitate quick reference. The Proposal requirements in this section are not meant to limit creativity in the presentation of a Proposal, rather to list the minimum elements that must be included in the Proposal. It is the Proposer's responsibility to incorporate all pertinent information to effectively present a Proposal and to communicate the Proposer's concept and qualifications.

### **1. Cover Letter**

The cover letter shall identify the Proposer and will state other general information which the Proposer desires to include regarding the Proposer's business organization.

### **2. Executive Summary**

The executive summary will list important features of the Proposal and must include a statement demonstrating and certifying that the Proposer meets or exceeds the Minimum Qualifications of this RFP (detailing specifically how Proposer meets or exceeds the Minimum Qualifications). Clearly communicate how your organization would be the best developer and operator of the common use lounge concession at the Airport.

### **3. Properly Executed Addenda Acknowledgement Form (Attachment D)**

Enclose a signed original Addenda Acknowledgement Form with the original Proposal. Proposer must include documentation of the requisite signature authority for the person or persons signing on behalf of Proposer.

### **4. Properly Executed Letter to the Board of Supervisors (Attachment E)**

Enclose a signed original Letter to the Board of Supervisors with the original Proposal. The Letter to the Board of Supervisors shall be executed in the name of the business actually proposing to perform the Agreement, if awarded, followed by signature of the officer authorized to sign for the firm or sole proprietor and the printed or typewritten name of the officer signing the name and office held. Proposer must include documentation of the requisite signature authority for the person or persons signing on behalf of Proposer. In the event of a joint venture Proposal, officers authorized by both entities must sign the Letter to the Board of Supervisors form. The address and telephone number of the Proposer shall be typed or written on the form.

## **5. Experience of the Proposer**

Describe the Proposer's specific experience with the ownership, management or operation of airport lounge facilities. Proposer's experience description must include a representative list of its lounge locations, the duration of time it has owned, managed or operated each location, and the sales at each location over the past five (5) years. Provide a valid and current reference contact familiar with the Proposer's performance for each location.

## **6. Description**

Proposer shall submit the following information in sufficient detail to clearly define the proposed common use lounge. Information provided by Proposer should focus on the following:

- a. The services and amenities offered, how these services and amenities will be prepared and delivered to lounge customers and include the proposed product and services list; and
- b. How the Proposer's common use lounge will provide a comfortable and relaxing environment; and
- c. Cost details for entry and membership; and
- d. Describe any unique attributes of the proposed common use lounge and services/amenities offered.

## **7. Facility Design and Quality of Improvements**

Proposers shall submit the following preliminary plans in sufficient detail to facilitate evaluation of the quality and design of the proposed Tenant Improvements for the proposed common use lounge. Proposers should consult the Airport Tenant Design Manual (EXHIBIT J of the Agreement) in order to meet the County's requirements and specifications.

- a. A preliminary architectural rendering of each lounge concession location, indicating:
  - (1) The overall design of the exterior and interior of each common use lounge;
  - (2) General visual and color scheme;
  - (3) Fixtures, equipment, furnishings and casework; and
  - (4) Image sign and graphic element and any other signage, including examples of promotional signage.
- b. A layout/space plan for the common use lounges which identifies the major fixtures, equipment, furnishings, casework, and any required storage/preparation space needed outside of the in-line spaces.
- c. A materials board which demonstrates the quality and colors of the various materials to be used including:
  - (1) Floor covering;
  - (2) Wall covering;
  - (3) Ceiling material and color;
  - (4) Lighting; and
  - (5) Counter materials.

d. A projected timeline/plan indicating all considerations required to ensure the lounge is open for business as soon as possible.

**Note: One material board is required. This material board must accompany the original Proposal and the material board shall not be larger than standard poster board size (28" x 22").**

## 8. Proposed Management and Operations Plan

Customer service, product and service quality, value and speed of service are primary concerns of the County. Proposers shall submit sufficient information to allow the Selection Committee to evaluate how your Management and Operations Plan will achieve the goal of operating a high quality "customer focused" operation.

### a. Proposed Staffing

Please illustrate how the proposed common use lounge will be managed:

- (1) Organizational chart specific to Airport operations;
- (2) Level of experience of the management team. Focus on Airport and regional staff where possible;
- (3) Staffing schedule to illustrate coverage of operating hours;
- (4) Staffing solutions in the event of delayed flights or flight anomalies after scheduled operating hours; and
- (5) Describe emergency contact procedures during hours when location is not open.

### b. Labor and Training Practices

Please provide the following information regarding the labor and training practices which will be used:

- (1) Employee Handbook;
- (2) Dress Code;
- (3) Describe recruiting techniques and sources of management and non-management labor; and
- (4) Briefly describe employee customer service training and any training program unique to the proposed lounge concept.

### c. Maintenance Plan

Please provide a detailed plan of how the Leased Premises will be physically maintained in order to ensure the space and the furnishing remain in like-new condition. Be sure to address:

- (1) Ongoing maintenance program policies and procedures for utility components, equipment, furniture, fixtures, flooring, ceiling, etc.;
- (2) Repair and replacement policies and procedures for utility components, equipment, furniture, fixtures, flooring, ceiling, etc.; and
- (3) Daily, weekly and monthly maintenance programs.

### d. Operating Plan

Please provide a detailed plan of how the operations will be conducted in order to ensure the lounge functions are operated in an efficient, effective and accountable manner. Be sure to address:

- (1) Plan to handle delivery, storage, trash removal, and recycling, including movement between the airport lounge on level 2 and storage/preparation space on level 1;
- (2) Procedures for ensuring ongoing high quality operations, including cleanliness standards and employee training;
- (3) Menu development and planning process including implementation of menu changes;
- (4) Acceptable forms of payment such as credit cards and debit cards;
- (5) Point of sale equipment and processes to be employed;
- (6) Operational audit practices to be implemented;
- (7) Ongoing procedures to evaluate productivity, and anticipated actions to be taken in the event of under-performance, and
- (8) Estimated delivery schedule.

e. Customer Service Plan

- (1) Describe the quality assurance procedures, guarantees and other customer service policies that you propose to implement at the Airport.
- (2) Explain the procedure/policy that you propose to implement at the Airport for handling customer complaints.
- (3) Describe the refund procedure/policy that you propose to implement at the Airport.

f. Pricing

Proposers shall provide the following information:

- (1) Proposed prices for both regular membership and walk up entry, along with the comparable airport lounge locations used to establish prices;
- (2) The anticipated process and frequency regarding requests for proposed price changes; and

**9. Proposed Minimum Facility Build-Out Investment**

The Proposer shall complete and provide a Proposed Minimum Facility Build-Out Investment per Square Foot, on the form provided as Attachment B, as part of its Proposal. The Proposed Minimum Facility Build-Out Investment shall be no less than Three Hundred Fifty Dollars (\$350.00) per square foot.

## **10. Financial Projections**

The Proposer shall provide a Pro-forma Operating Statement, which shall indicate the Proposer's projected gross sales and expenses. A separate Pro-forma shall be prepared for each of the first five (5) years of operation, on the form provided as Attachment I. The Pro-forma shall be evaluated by the Selection Committee in terms of reasonableness; demonstrated understanding of the proposed location; viability of the proposed operation; and ability to fund continuing operations from cash flow generated by the business.

Please submit in writing the underlying assumptions and any additional documentation supporting sales projections. Such information should not exceed one (1) 8.5" by 11" type-written page.

## **11. Capital Investment**

Proposer shall submit a financing plan and indicate the source of funding to be used for space improvements and working capital, using Attachment J, Project Cost Analysis Form.

## **12. Financial Background Information**

Include the following historical financial information for the Proposer. If Proposer is a joint venture, partnership or LLC, then the following information must be submitted for each separate entity in the joint venture, partnership or LLC:

- a. Proposer must attach audited financial statements for the past two (2) years if available. If audited financial statements are not available, then all financial statements shall be certified by the Proposer's controller, or officer of the company;
- b. Balance sheet and income statements for the last two (2) fiscal years prepared in accordance with generally accepted accounting principles. Also include information about significant financial events, if any, that occurred subsequent to the closing date of the most recent financial statements. If entity is a sole proprietorship, please provide a Schedule C for the last two (2) years;
- c. Describe ownership of the Proposer;
- d. At least three (3) business and two (2) financial references;
- e. Detail any changes in financial position for the past two years; and
- f. Provide current Dun & Bradstreet or Standard and Poor's Summary, if available. If a summary is unavailable, state the reason.

## **13. Proposal Deposit**

All Proposers are required to provide, with their original Proposal, a Proposal deposit in the following amount of Three Thousand Dollars (\$3,000.00). No Proposal will be reviewed unless accompanied by a Proposal deposit.

The Proposal deposit shall be provided in immediately-available funds, in the form of a certified check, a cashier's check, or a proposal bond in such form and substance acceptable to the County. Checks must be made payable to the County of Sacramento. All Proposal deposits must not expire.

Proposal deposits will be held by the County until the selection process is complete. If you are notified that you have been unsuccessful or disqualified, your Proposal deposit will be returned. If you are selected to operate at the Airport, your Proposal deposit will be held as a security/performance deposit until the execution of the Agreement, the construction of the lounge, and the substitution of the Proposal deposit with any surety bond/performance security that may be required, as noted in the attached Agreement. No interest will be paid to Proposer on the Proposal deposit.

Should a Selected Proposer fail to timely execute the Agreement or refuse to enter into an Agreement with the County, the entire sum of the Proposal deposit submitted by the Selected Proposer shall be immediately payable to the County, not as a penalty, but as liquidated damages. If the County and a Selected Proposer enter into and execute an Agreement, but the Selected Proposer subsequently is considered in default and subject to such penalties as provided in the Agreement, the Selected Proposer may be required to, but not necessarily limited to, forfeit all bonds, security deposits and other funds on deposit with the County.



## Section 7

### BUSINESS INFORMATION

#### A. General Requirements

The Selected Proposer shall have a non-exclusive right to install appropriate improvements in accordance with Agreement (Attachment A). The Selected Proposer will be required to plan, design, build-out, maintain, manage, staff and stock, at their sole cost, in accordance with the Agreement and the Airport Tenant Design Manual. Design, furnishings, fixtures, equipment and finish materials for all tenant improvements must be approved through the review process outlined in the Airport Tenant Design Manual and approved by the County prior to construction and installation. All products and services provided and/or sold must receive the County's prior written approval.

#### B. Business Terms

##### 1. Airport Occupancy Costs

###### a. Rent

For the first Agreement Year of the Term, and throughout the Term of the Agreement, the Selected Proposer shall pay the proposed Rent and annual Rent adjustments as approved by the County.

There shall be no Rent due during the design and construction period. Rent will commence on the first day the common use lounge is open to the public at the Airport or as specified in the Agreement.

###### b. Merchant Association Program (MAP) Fee

The Airport's merchant association program is comprised of the concessionaires and Airport staff. MAP fees will be used by the merchant association to promote and advertise the concessions at the Airport. Concessionaires pay a MAP fee on a monthly basis in the amount of 0.3% of Gross Revenues. The percentage may be adjusted annually at the County's discretion based on cost recovery calculations, but shall in no event be more than 0.6% of annual Gross Revenues.

###### c. Trash Collection Fee

The Selected Proposer shall dispose of all trash, refuse, debris, and recyclable material in containers designated by the County in assigned common areas. The Selected Proposer shall not place or leave or permit to be placed or left, in any part of the common areas, trash, refuse, debris, or recyclable material unless otherwise authorized by the County to do so.

The County may, at any time, institute a trash and recyclable removal program and may therefore require the Selected Proposer to pay a trash removal fee to be determined by the County based on cost recovery calculations.

##### 2. Tenant Improvements Allowance

County funds for Tenant Improvements are not available for this program.

##### 3. Agreement Term

The Agreement is projected to have an interim period during which time the Selected Proposer shall develop their common use lounge. The Agreement will be effective upon execution of the agreement by the County. The Agreement Term will commence on the first day the common use airport lounge opens to the public at the

Airport and expires at the end of one hundred twenty (120) full calendar months thereafter.

### **C. Airport Environment**

It is important for Proposers to note that the Airport environment presents the Proposer with a set of unique challenges which are not typical of any other environment.

1. Facilities must be open three hundred and sixty-five (365) days a year with operating hours and staffing levels reflecting the fluctuation in seasonal and daily passenger traffic.
2. Airport-wide major flight delays are not uncommon. The Airport is affected by weather not only here, but in other geographic regions as well. The proposed operation plan must be flexible enough to provide extended hours to accommodate the additional business and customer service opportunities these delays afford.
3. There will be scheduled hours for deliveries which do not conflict with the Airport's peak traffic time.
4. The Airport is a non-smoking facility.
5. Customers are airline passengers traveling with carry-on luggage and in some cases, baggage carts; the common use lounge must clearly accommodate these conditions.
6. Passengers often travel across time zones and are therefore are in the Airport at unusual hours.
7. Each employee is an ambassador for the Airport and the region. Training is essential and should include knowledge of the terminal areas and other services to travelers with in the Airport.
8. The Airport is subject to specific federal security requirements and the Selected Proposer will be required to abide by all current and future requirements at all times.

### **D. Sales Reporting**

The Selected Proposer will be required to provide monthly and annual sales reports throughout the Term in accordance with the Agreement. The County requires that the selected Proposer utilize a computerized reporting system designed to generate timely sales and rent reports during the Agreement term.

### **E. Delivery Information**

The Selected Proposer is responsible for delivery of their products and supplies. There is one (1) dock area, Airside, at Terminal A and Terminal B for receiving and subsequent distribution of goods to storage areas and concession locations at the Airport. The County, from time to time, may issue terminal delivery procedures that best allow for the safe movement of delivery vehicles at the Airport. The County may issue schedules of acceptable delivery times, locations, and points of access, and vehicle size restrictions by written notice. Currently there are no restrictions on vehicle size and large eighteen (18) wheel vehicles are allowed to deliver Airside. The concessionaires operating at the Airport have electric golf carts for delivery escorts from the Airport delivery gate to the terminal dock area. Please be aware that the Airport central warehouse is not available for concession deliveries.

Requirements for security screening of employees and goods are established by the Department of Homeland Security and may change from time to time throughout the Agreement Term. The Selected Proposer shall be responsible for complying with these requirements and any future requirements as well as any associated costs.

The Airport operates under the security direction of the TSA. TSA has in the past, issued operational bulletins and restrictions upon notice that can impact concession operations. The County is obligated to meet these restrictions. Effort will be made to communicate new restrictions and procedures and will work to ensure concession operations are minimally impacted.

**F. Support Space**

Support Space is available to lease in Terminal A and Terminal B by the Selected Proposer. The Director shall have the authority to assign Support Space to Selected Proposers for office and/or storage uses directly related to operations on the ground level the terminal Airside concourses, on an as-available basis.

Support Space will be leased in as-is condition. The Selected Proposer, at their expense as described in Section 9, Design, Approval, and Construction, will be responsible for constructing storage, office space and other desired Tenant Improvements, including any reduction in pre-established size of space, in their leased Support Space to meet their needs. Any such Tenant Improvements are subject to the prior written approval of the County and shall be completed in accordance with the Agreement.

Support Space will be available at the rate of \$39.20 per square foot per year (\$3.27 per square foot per month), subject to annual adjustment by the County based upon percentage increases in the "Consumer Price Index" for All Urban Consumers (CPI-U: Selected Areas, All Items Index (1982 - 1984 = 100)) for the San Francisco – Oakland – San Jose, CA area published by the Bureau of Labor Statistics of the U.S. Department of Labor for the most recent twelve (12) month period for which such figures are available. The Selected Proposer is not obligated to rent Support Space, however, County may, at its sole discretion, require leasing of Support Space if the Concessionaire is unable to keep its equipment, goods and supplies within the Leased Premises. No more than ten percent (10%) of the space at the lounge concession serving the public may be used as Support Space.

## Section 8

### EVALUATION OF PROPOSALS

#### A. Evaluation Criteria

All Proposals meeting the minimum qualification requirements of this RFP will be reviewed to determine the highest scoring proposal. A Selection Committee will use the evaluation factors listed below in evaluating Proposals, weighted according to the number of points assigned to each evaluation factor. Proposals will be ranked from highest to lowest based on the total point scores received in the Selection Committee's evaluation. The County reserves the right to award a location to a lower scoring proposal based on meeting its stated objectives.

##### 1. Concept Plan – 30 points

Based on the perceived strength and quality of the proposed lounge concept, the proposed product and services list, and the overall passenger experience, including incorporating design and décor elements that communicate a sense of the Sacramento region and surrounding area.

##### 2. Capital Investment; Facility Design and Quality of Improvements – 20 points

Based on the Proposed Minimum Facility Build-Out per square foot shown on Attachment B, the proposed design and functionality of the proposed Tenant Improvements, and the quality and durability of proposed materials.

##### 3. Experience and Quality of Past Performance – 20 points

Based on the Proposer's years of related experience, and the quality and successfulness of past performance in the ownership, management and/or operation of lounge facilities.

##### 4. Financial – 15 points

Based on the perceived reasonableness of the Proposer's Pro-Forma Operating Statement shown on Attachment I, the underlying assumptions supporting the Proposer's sales forecasts, an assessment of the Proposer's ability to sustain its projected sales, the financing plan and source(s) of funding shown on Attachment I, the perceived ability of the Proposer to financially undertake the terms and conditions of the Agreement throughout the entire Term, and the projected revenues to be paid to the County.

##### 5. Management and Operations Plan – 15 points

Based on the experience of the management team, the proposed staffing plan, and the proposed labor and training practices, the proposed maintenance plan, the proposed operating plan including the menu, the proposed procedure for providing high quality customer service, and proposed pricing.

#### B. Selection Process

##### 1. No Late Proposals

Any Proposal received after 2:00 p.m. on the Proposal due date will be considered late and will not be evaluated by the selection committee.

##### 2. No Changes to Proposal

Except as specifically provided in this RFP, no changes to the Proposal may be made by the Proposer during the evaluation period.

### **3. Evaluation of Proposals**

- a. Proposals failing to meet Minimum Qualifications, including completeness, format and content, will be rejected without further evaluation and Proposer will be so informed in writing.
- b. Each Proposal accepted by the County will be evaluated by a Selection Committee designated by the County.
- c. Each Proposal will be evaluated to determine how well it meets the evaluation criteria outlined in this RFP.
- d. The County reserves the right to request additional information from Proposers to clarify the meaning of any portion of the written Proposal.
- e. Finalists may be required to make a presentation to Selection Committee members to explain the concept, design and business aspects of the Proposal and to respond to questions which might arise before and/or during the presentation.

### **4. County's Right to Negotiate Agreements**

The County reserves the right to negotiate Agreements with other lounge concession companies outside of the RFP process, even if such companies did not participate in the RFP process.

## **C. Award of Agreement**

### **1. Execution of Agreement**

- a. After completion of the evaluation process and the selection by the County of one (1) Proposer, the County will provide a letter of award to the Selected Proposer. The Selected Proposer shall fully execute and deliver to the County a signed Agreement within twenty (20) days after receipt of an Agreement in the form of the Agreement attached to this RFP, as such may be amended pursuant to any Addendum issued as a result of this RFP process. Should the Selected Proposer fail to execute and deliver the Agreement within twenty (20) business days, the Agreement award may be canceled by the County and the Proposal deposit will be retained by the County as liquidated damages.
- b. By executing the Agreement, the Proposer represents that it has carefully examined and is familiar with the sites at which any portion of the Agreement is to be performed, and with the RFP, including all performance requirements. The Proposer represents and acknowledges that it has made such examinations and has investigated and is satisfied as to the conditions to be encountered, the character, quantity, quality, and scope of the Agreement in full.
- c. No information derived from inspection of County records or reports will in any way relieve the Proposer from its responsibility or from properly performing its obligations under the Agreement. Available County reports are provided as a convenience to the Proposer without any warranty whatsoever by the County. The Proposer shall make its own conclusions and interpretations from the data supplied by the County.

## **2. Construction**

Construction of the concession location may begin following the:

- a. Execution of the Agreement by all parties;
- b. Contingent upon release and availability of the space;
- c. Approval of Selected Proposer's design, construction drawings and construction schedule by the County and the County's Building Inspection Division; and
- d. Selected Proposer's receipt of all necessary approvals and permits from local, State and federal agencies.
- e. County's issuance of the Notice to Proceed.

See the Agreement for more specific construction requirements.

**Section 9**  
**DESIGN APPROVAL AND CONSTRUCTION**

**A. Design Review**

Following execution of the Agreement by the Director, the Selected Proposer shall promptly submit plans for design review to the County. The design review process is to ensure that plans conform to the Airport Tenant Design Manual and are in accordance with the Proposal accepted by the County. Upon request by the County, the Selected Proposer shall implement any design modifications requested in order to bring the plans into compliance with the Airport Tenant Design Manual and any and all local, State and federal requirements. Modified designs and layouts shall be resubmitted until approved by the County.

**B. Construction Permit Approval**

Following design review and approval by the County, the Selected Proposer shall begin preparing the contract/construction document drawings. This procedure is outlined in the Airport Tenant Design Manual. Construction permits are issued by the County of Sacramento Municipal Services Agency.

**C. Turnover Date**

It is the intention of the County to make the assigned lounge concession space available to Selected Proposer for construction as expeditiously as possible upon expiration of the current retail agreements and approval of the Agreement by the County Board of Supervisors.

**D. Condition of the Space at Turnover Date**

The space will be provided to the Selected Proposer as previously occupied retail space. The Selected Proposer will be responsible, at its cost, for the design, demolition and removal of interior fixtures and finishes, construction of new concept and equipping of its Leased Premises in accordance with the Airport Tenant Design Manual.

**E. Commencement and Completion of Construction**

The Selected Proposer shall promptly commence construction upon receipt of all required approvals, permits and following the Notice to Proceed pursuant to the Agreement. It is the County's intent to have the Selected Proposer complete construction as expeditiously as possible and within the timeline identified in the Proposal selected.

**F. Coordination of Construction Activities**

During construction, the Selected Proposer will be required to coordinate their activities with County so that their work does not interfere with or cause a delay in any airline operations or other activities and at the Airport.

**G. Minimum Facility Build-Out Investment**

The lounge concession at the Airport will be subject to intensive use every day of every year of the Agreement Term. Therefore, the County desires that the lounge concession be attractive, functional and constructed with high-quality finishes that are durable and capable of handling the continual use by passengers with their baggage. Concession locations must also be constructed in compliance with current requirements of the American with Disabilities Act.

A minimum facility build-out investment requirement of Three Hundred Fifty Dollars (\$350.00) per square foot has been established. Of this amount, not less than eighty-five percent (85%) must be expended on construction “hard costs” of materials, direct labor, equipment, finishes, signage, lighting, HVAC, and other construction costs exclusive of “soft costs” of design, engineering, construction supervision, permitting, specialist consultants, overheads, corporate construction administration, and other fees. Proposers should be aware that construction will need to take place largely in areas that are subject to tight security restrictions and that are within a busy working Airport. Proposers are encouraged to obtain experienced professional advice with regard to the cost and challenges of constructing Tenant Improvements at the Airport, and to familiarize themselves with the requirements of the County. The County will not be responsible for costs that exceed the Proposed Minimum Facility Build-Out Investment per square foot, as shown on Attachment B.

The Selected Proposer will be required to document their construction costs and submit the final documentation to the County within the time frame and in the format described in the Agreement. In order to ensure that the committed investment is made, the Selected Proposers will be required to pay the County one hundred and twenty-five percent (125%) of any difference between the proposed minimum facility build-out investment and the actual concession build-out costs.

#### **H. Construction Drawings**

Within sixty (60) days after filing a Notice of Completion, which is due within ten (10) days after construction completion, the Selected Proposer shall furnish to the County one (1) complete set of electronic AutoCAD format Record Drawings and one (1) complete set of either pdf, dwf, or tif files showing the “as-constructed” improvements. Record Drawings shall be dated and stamped by the engineer or architect of record. Concessionaire’s failure to submit construction drawings as required herein will result in financial penalties as detailed in the Agreement.

#### **I. Mid-Term Refurbishment**

A mid-term refurbishment minimum investment of Forty Dollars (\$40.00) per square foot is also required. This is a firm commitment to reinvest in the facilities and replace worn and damaged finishes. The refurbishment minimum is not for ordinary or deferred maintenance, which is an ongoing requirement, but a commitment to renew and replace worn surfaces such that it would constitute additional capital investment. The refurbishment requirement, which is an obligation to be satisfied during the fifth (5<sup>th</sup>) year of the Term, is subject to prior consultation and approval by the County.



**Section 10**  
**OTHER REQUIREMENTS**

**A. Utilities**

The Selected Proposer, at its expense, must install individual utility meters where required by the County. The Selected Proposer will be responsible for all utility costs (e.g., water, electric, and communications) associated with the Leased Premises.

**B. Sanitation and Refuse Removal**

The Selected Proposer will be required to maintain the Leased Premises in a neat, clean and sanitary condition at all times. The Selected Proposer will be responsible for removing refuse from their Leased Premises using covered, leak-proof receptacles and conveyances and delivering such refuse to the proper containers as identified by the County. The County reserves the right to require any Selected Proposer to provide garbage, trash, and recycling units at Selected Proposer's expense at locations as designated by the County. If such receptacles are shared with other Airport users, the cost shall be equitably pro-rated and subject to the approval of the County.

**C. Taxes**

Any and all fees and charges of whatever character that may be levied, assessed, or charged by any governmental entity including the County shall be paid directly and in a timely manner by the Selected Proposer.

**D. Insurance and Agreement Surety**

The Selected Proposer must purchase and maintain, throughout the Term of the Agreement, insurance and an Agreement surety of the types and in the amounts as prescribed in the Agreement.

**E. No Storage in Common Areas**

The Selected Proposer is prohibited from storing any of their inventory, equipment, disposables, etc. in common use areas, unless otherwise approved in writing in advance by the County.

## **Section 11**

### **DISCLAIMERS**

- A.** Once the RFP is issued, Proposers and their representatives, agents, and affiliates (including their prospective subtenants and joint venture partners, and the agents and representatives of any Subtenants or joint venture partners), shall not contact members of the Selection Committee, County staff or other County representatives to discuss or ask questions about the contents of this RFP, the Agreement, or the selection process. All questions shall be submitted in writing as described above. Inappropriate contacts can result in the Proposer's rejection or disqualification.
- B.** The County reserves the right in its sole and absolute discretion to choose to qualify or reject any or all Proposals which are in response to this RFP either on the basis of an evaluation of the factors listed in the preceding sections of this RFP or for other reasons deemed necessary.
- C.** Without limiting any of the foregoing statements and provisions of the preceding paragraphs, Proposers should recognize that the County's selection of an operator or operators either from among the Proposers responding to this RFP, or otherwise, as herein set forth will be made solely at the County's discretion regardless of the data submitted by any Proposer. The Selection Committee will evaluate the criteria listed, and such other factors as it considers appropriate, and will act with respect to its discussions, negotiations, and determinations as to whether or not to select an operator or operators in accordance with its judgment and in its sole discretion in its determination of its interests and regardless of whether any Proposer or any other interested person regards the County's determination as unreasonable, unfair, arbitrary, discriminatory or capricious.
- D.** Neither the expression of a Proposer's interest, nor the submission of a Proposer's qualifications and any other information, nor the acceptance thereof by County staff or the Selection Committee, nor any correspondence, discussions, meetings or other communications between Proposer and County or the Selection Committee, nor a determination that a Proposer is qualified hereunder shall impose any obligation to include Proposer in any such further procedures which may be utilized prior to the final selection of an operator, shall be construed or interpreted by Proposer to impose any obligations whatsoever to select Proposer as the operator, to discuss any proposal which the Proposer may submit, to enter into negotiations with Proposer, or shall entitle Proposer to any compensation or reimbursement for any costs or expenses incurred by Proposer in connection with the expression of Proposer's interest and the submission of Proposer's qualifications hereunder.
- E.** Neither the furnishing of this RFP to Proposer, the submission of any materials, documents, or other information by the Proposer, nor the acceptance thereof by County staff or Selection Committee, nor any correspondence, discussions, meetings or other communications between Proposer and County staff or Selection Committee, nor anything stated by County staff or Selection Committee in or at any such correspondence, discussions, meetings or other communications shall be construed or interpreted by Proposer to mean that the County has made a determination that Proposer is qualified to be an operator or shall be deemed to impose any obligations whatsoever to approve Proposer or to compensate or reimburse Proposer for any costs or expenses incurred in responding to the RFP.

**F.** The County may consult all personal, business and financial references familiar with Proposer's prior operations and construction or management of prior projects. Submission of Proposer's response to the RFP shall constitute permission for the County to make such inquiries and authorization to third parties to respond thereto.

**G.** Any information given to County staff or the Selection Committee in any correspondence, discussion, meeting or other communications between the Proposer and County staff before, with or after the submission of Proposer's response to this RFP, either orally or in writing, will not be or be deemed to have been, given in confidence and may be used or disclosed to others for any purpose at any time without obligation or compensation and without liability by the County of any kind whatsoever. The foregoing applies to any information, whether or not given at the invitation of the County or Selection Committee. Any statement which is inconsistent with the foregoing provisions of this paragraph whether made as a part of, or in connection with, any information received from Proposer or otherwise made at any time in any fashion, and whether made orally or in writing, shall be deemed null and void and of no force or effect.

**H.** Neither the County, nor any officer, agent or employee thereof, shall be subject to personal liability as asserted or as may be asserted by Proposer or otherwise held liable by Proposer as a result of any term or provision under this RFP or for any statement made herein.

**I.** The County reserves the right to cancel the award of the Agreement without liability to the Proposer at any time before the Agreement has been fully executed by all parties and by the County Board of Supervisors.

**J.** The County reserves the right to reject any and all Proposals received.

**K.** The County reserves the right to wave minor irregularities, clerical errors or other circumstances that may affect a Proposal submitted after the Proposal deadline.

**L.** The County reserves the right to select Proposers for the purpose of entering into Agreements on the basis of Proposals submitted or to negotiate with Proposers for modification of the successful Proposals. By submission of a Proposal, the Proposer agrees to be legally bound thereby if its Proposal is accepted by the County.

**M.** The County 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.

**N.** Any and all Agreements arising out of Proposals submitted hereunder (including any negotiations that follow) shall not be binding on the County, its officers, employees, or agents unless duly approved by the County.

**O.** Statistical information contained in these documents is for informational purposes only. The County is not responsible for any inaccuracies or interpretations of the statistical information provided during the RFP process. The County makes no representations as to the number of future enplanements and/or amount of future revenues.

**P.** Under the laws of the State of California (State), the Proposal submitted may be considered a public record after the selection of a Proposer and execution of the Agreement and, except as noted below, will be available for inspection and copying by any person after the award of the Agreement. Any proprietary or otherwise sensitive information contained in or with the Proposal is subject to potential disclosure. Information considered “confidential” by the Proposer may be submitted in a separate sealed envelope, with each page marked “Confidential Information”. The County will take reasonable efforts to protect any information marked as “Confidential Information” provided that such information meets the criteria of information exempt from public disclosure under the law. It is understood, however, that the County shall have no liability for disclosure of such information.

**Q.** No Proposal may be withdrawn without forfeiture of the Proposal deposit after it has been submitted to the County unless the Proposer so requests in writing and such request is received by the County before the Proposal due date.

**R.** In submitting the Proposal, the Proposer agrees that the Proposal will remain valid for one hundred and eighty (180) calendar days after the Proposal due date and may be extended upon mutual agreement.

**S.** The County encourages all businesses, including those owned and controlled by one (1) or more socially and economically disadvantaged individuals that can provide the desired product or service, to submit a Proposal. If you are currently certified as an ACDBE, please include a copy of your ACDBE certification letter along with your Proposal. Certification may happen at any time prior to award of an agreement; however, ACDBE status will not be evaluated in the award of an agreement. This information will be used for ACDBE utilization tracking purposes only.

If you are a business owned and controlled by one or more socially and economically disadvantaged individuals and you are not currently certified as an ACDBE firm, but you wish to receive information on how to become certified, please contact the State of California, Department of Transportation, Civil Rights Program at either (916) 324-1700 or (866) 810-6346. You may also visit their website at <http://www.dot.ca.gov/hq/bep/index.htm>.

**T.** More than one Proposal for the space, as defined and described in “Section 5, Concept Description and Available Locations” from any individual, company, corporation, partnership or other entity under the same or different names will not be considered. Reasonable grounds for believing that any Proposer has a business or financial interest in more than one Proposal for the space will cause rejection of all Proposals in which such Proposer has such interest. If there is reason to believe that collusion exists among Proposers, none of the participants in such collusion will be considered.

**U.** Proposers must provide written clarification or additional information within two (2) business days to any written request for such information by the County during the Proposal review and evaluation process.

**ATTACHMENT A**

**Common Use Airport Lounge Concession Agreement  
Sacramento International Airport**

**(See Next Page for Agreement)**



**DEPARTMENT OF AIRPORTS**

**COMMON USE AIRPORT LOUNGE  
CONCESSION AGREEMENT**

***SACRAMENTO INTERNATIONAL AIRPORT***

**COMPANY NAME**

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**EXHIBITS:**

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- EXHIBIT B – Leased Premises
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- EXHIBIT D – Product and Services List
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- EXHIBIT G – FAA Airport Assurances
- EXHIBIT H – Insurance Requirements
- EXHIBIT I – Performance Standards
- EXHIBIT J – Airport Tenant Design Manual

**COMMON USE AIRPORT LOUNGE CONCESSION AGREEMENT**

**SACRAMENTO INTERNATIONAL AIRPORT**

**THIS AGREEMENT** is made and entered into this \_\_\_\_ of \_\_\_\_\_, 2018, by and between the COUNTY OF SACRAMENTO, a political subdivision of the State of California, hereafter "County," and Company Name (XXXXX) a \_\_\_\_\_ company organized and existing under the laws of the State of XXXX, hereafter "Concessionaire."

**WHEREAS**, County is owner of the Sacramento International Airport (Airport), located in the County of Sacramento and such Airport is operated by the Sacramento County Department of Airports (Department); and

**WHEREAS**, on XXXX, 2018, the County issued a Request for Proposals (RFP) for firms to operate common use airport lounge concessions in Terminal A and Terminal B at the Airport; and

**WHEREAS**, on XXXXXX, 2018, Concessionaire submitted a written proposal for the non-exclusive right to operate a common use airport lounge concession at Terminal A and Terminal B at the Airport, hereinafter referred to and incorporated as EXHIBIT A; and

**WHEREAS**, on XXXX XX, 2018, by Resolution number XXXXXXXX the Sacramento County Board of Supervisors authorized the Director of Airports to execute this Agreement on behalf of the County: and

**WHEREAS**, for commercial business purposes incidental to the Airport, Concessionaire desires to lease real property from the County for operation of common use airport lounge concessions at the Airport; and

**WHEREAS**, under Government Code Section 25536, for commercial business purposes incidental to the Airport or not inconsistent with the commercial development of the Airport, the County is authorized to lease real property at the Airport.

**NOW, THEREFORE**, in consideration of the promises, terms, conditions, and covenants set forth hereinbelow, County and Concessionaire hereby mutually agree as follows:

# ARTICLE 1

## Definitions

As used herein, the following words and phrases shall have the meanings set forth below:

### **1.01 ACDBE**

“ACDBE” means Airport Concessions Disadvantaged Business Enterprise.

### **1.02 Agreement**

“Agreement” means this written Common Use Airport Lounge Concession Agreement between the County and Concessionaire covering the leasing of premises and permitted operations at the Airport.

### **1.03 Agreement Year**

“Agreement Year” means each period that includes twelve (12) full calendar months commencing XXXXX XX, 2018 and expiring XXXXX XX, 2019, which shall be the first (1<sup>st</sup>) day of the month in which the Rental Commencement Date occurs.

### **1.04 Airport**

“Airport” means the Sacramento International Airport operated by the Sacramento County Department of Airports as a public airport.

### **1.05 Airside**

“Airside” means the airfield and the areas beyond the security checkpoints and passport and customs control in the Airport terminals.

### **1.06 Concessionaire**

“Concessionaire” means the Airport tenant or lessee, or its authorized representative(s), whose business is non-airline related, who sells goods and/or services for a profit, and who is performing under this Agreement.

### **1.07 County**

“County” means County of Sacramento, a political subdivision of the State of California, as represented by the Sacramento County Board of Supervisors.

### **1.08 Director**

“Director” means the Director of Airports of the Sacramento County Department of Airports, and his/her authorized representatives.

### **1.09 DOT**

“DOT” means the Department of Transportation of the United States government and any federal agency succeeding to its jurisdiction.

### **1.10 FAA**

“FAA” means the Federal Aviation Administration of the United States government and any federal agency succeeding to its jurisdiction.

### **1.11 Fiscal Year**

“Fiscal Year” means July 1 – June 30.

## **1.12 Gross Revenues**

“Gross Revenues” means all monies received by or due to Concessionaire, its subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises for cash, credit or otherwise, without reservation or deduction for uncollected amounts, discounts (employee or advertised), credit card fees or charges, or collection costs, including, but not limited to:

1. All sales and services occurring on the Leased Premises, including all orders that originate in, at, or from the Leased Premises, regardless of where delivery or performance is made;
2. Orders that are made to and/or filled from the Leased Premises pursuant to mail, telephone, fax, catalog, Internet, or otherwise received, filled, or distributed from the Leased Premises;
3. Any income resulting from transactions originating in, at, or from the Leased Premises, and deposits not refunded to customers; and
4. Compensation of any kind received from a distributor or manufacturer for promoting or advertising any product on the Leased Premises or elsewhere at the Airport.

Gross Revenues shall exclude:

1. All credits or refunds made to customers under such generally acceptable terms and conditions as are first approved in writing by the County;
2. All sums or credits received in settlement of claims for loss or damage to merchandise;
3. All sales taxes, retailers' excise taxes, Gross Revenues taxes, transaction taxes, or similar equivalent taxes paid to or collected by or payable by Concessionaire, its subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises, as are first approved in writing by the County as excludable items;
4. The amount of any gratuities paid or given by patrons or customers to or for employees of Concessionaire, its subtenants or any other person selling goods or services for a profit in, at or from the Leased Premises;
5. The amount of any promotional discount and coupon offers issued to customers as a result of a County approved marketing plan;
6. The proceeds from the sale of capital assets or expendables;
7. Charges paid to the Concessionaire by its customers for the mailing of purchased items, but only to the extent of the actual mailing cost thereof;
8. The receipts from the sale or trade-in value of any equipment or materials not constituting an item inventoried by the Concessionaire for sale to the public used on the Leased Premises by the Concessionaire;
9. The value of any merchandise, supplies or equipment exchanged or transferred from or to other locations of business of the Concessionaire, where such exchange or transfer is not made for the purpose of avoiding inclusion of a transaction which would otherwise be made from or at the Leased Premises; and
10. Receipts in the form of refunds from, or the value of merchandise, supplies or equipment returned to, shippers, suppliers or manufacturers.

**1.13 HVAC**

“HVAC” means heating, ventilating and air-conditioning.

**1.14 Landside**

“Landside” means all areas of the Airport not located on the Airside, as defined herein.

**1.15 Leased Premises**

“Leased Premises” means those certain premises at the Airport, more particularly described in Section 2.01, and shown on EXHIBIT B.

**1.16 Rent**

“Rent” means, for each Agreement Year, the greater of the MAG or the Percentage Rent.

**1.17 Rent Commencement Date**

“Rent Commencement Date” means the date the Concessionaire is obligated to commence payment of Rent under this Agreement, which shall be the first day that the concession is open for business at the Airport or XXXXXX from the date of the Notice to Proceed is issued in accordance with Section 3.28, whichever occurs first unless otherwise approved in writing by the Director.

**1.18 Sign**

“Sign” means any advertising sign, billboard, identification sign or symbol, poster, or other similar device, regardless of content.

**1.19 State**

“State” means the State of California.

**1.20 Tenant Improvements**

“Tenant Improvements” are all improvements or alterations constructed and installed on the Leased Premises by Concessionaire, its agents, employees, subtenants, contractors, subcontractors, licensees and/or representatives that are affixed in any manner to the Leased Premises and that have been approved by the County.

**1.21 Trade Fixtures**

“Trade Fixtures” are all fixtures, furnishings and equipment, affixed in such a manner that they can be readily removed without damage to the remainder of the Leased Premises and without substantially changing the character of the improvements, and are the removable personal property that Concessionaire places upon the Leased Premises for use in operation of the retail concession. All non-affixed items, including point of sale equipment, moveable furnishings, safes, racks, telephone equipment, and non-affixed display fixtures, shall be deemed to be Trade Fixtures for the purposes of this Agreement.

**1.22 TSA**

“TSA” means the Transportation Security Administration of the United States government, and any federal agency succeeding to its jurisdiction.

## ARTICLE 2

### Special Conditions

#### 2.01 *Leased Premises*

##### **A. Concession Location**

County hereby leases to Concessionaire the following premises at the Airport more particularly described below and shown on EXHIBIT B, attached hereto and incorporated herein by this reference:

Type of Space/Concept	Approximate Square Feet

##### **B. Expansion, Contraction and Relocation**

The County may expand, contract or relocate any portion or all of the Leased Premises due to Airport development/construction, operational necessity, security, or safety considerations. In such event, Concessionaire shall be given no less than ninety (90) days prior written notice unless circumstances beyond the control of the County occur (e.g., because of a direct or indirect requirement by TSA or another governmental authority), in which case notice may be less. If, at the County's determination, Concessionaire is unable to reasonably continue its operations at a concession location as a result of a space contraction as authorized herein, County will attempt to provide reasonably comparable space for relocation within Terminal A, but makes no guarantee of such availability. Concessionaire shall fully cooperate so that any such expansion, contraction or relocation occurs within the time frame as determined by the County. Any expansion, contraction or relocation required hereunder will not affect Concessionaire's Rent and other payment obligations under this Agreement unless such change results in a change in total square footage leased to Concessionaire in excess of fifteen percent (15%), in which case the MAG will be proportionately increased or reduced effective as of the date of such expansion, contraction or relocation.

In the event of relocation, the County, at its option, will either directly pay for or reimburse Concessionaire for Concessionaire's "reasonable and proper moving costs", as determined by the County. For purposes hereof, "reasonable and proper moving costs" include moving of Trade Fixtures from the old space to the new space, moving and reinstallation of telephone lines and computer equipment and connections, and reasonable expenses associated with reinstalling electrical connections and other utilities. In addition, in the event of relocation, the County will reimburse Concessionaire for the remaining undepreciated portion of the costs of Concessionaire's Tenant Improvements that are not replaced or relocated by County, computed based on straight-line depreciation over a ten (10) year life.

If a contraction occurs which causes the Leased Premises to no longer be commercially viable, as determined by the County in its sole judgment, and there is no relocation, then the County will pay Concessionaire the remaining undepreciated portion of the costs of Concessionaire's Tenant Improvements, computed based on straight-line depreciation over a ten (10) year life.

For the purpose of determining the undepreciated portion of the costs of Concessionaire's Tenant Improvements, original cost of the Tenant Improvements shall be based on the cost of construction statement provided to the County by Concessionaire as required in Section 3.27 L. hereof, verified by actual bills and receipts pertaining to original construction and improvements, subject to the approval in writing by County.

If the County exercises its right to delete or reduce the Concessionaire's Leased Premises, then the portion of the Leased Premises that is deleted or reduced shall cease to be leased to Concessionaire and shall no longer be subject to the terms of this Agreement.

In addition, if the County requires deletion or contraction of the Leased Premises, the County shall not be liable to Concessionaire for any damages including, but not limited to, damages for any inconvenience or loss of business as a result of the deletion or contraction of the Leased Premises.

## **2.02 Term**

The Term of this Agreement shall commence on the date the Agreement is fully executed and expire on the last day of the one hundred twentieth (120) month following the Rent Commencement Date, unless sooner terminated pursuant to this Agreement.

## **2.03 Rent and Other Payment Obligations**

Concessionaire shall pay Rent to the County in the amount and manner described below.

### **A. Time and Manner of Payment**

Concessionaire shall pay County as Rent for the Term hereof of:

- 1.
- 2.

Throughout the Term hereof, Concessionaire shall pay all Rent required hereunder by first class mail, postage prepaid, payable to "County of Sacramento", at County's Airport Accounting Office, at the address shown for County in Section 2.07 hereof. The Rent payment will be delivered on or before the first (1<sup>st</sup>) day of each calendar month.

### **B. Annual Reconciliation and Adjustment of Rent**

The Rent as set forth in this Section shall be subject to reconciliation at the end of each Agreement Year pursuant to the terms of this Agreement. If said reconciliation shows a balance due to County or an excess paid by Concessionaire, the appropriate adjustment, either payment by Concessionaire of the balance due or credit or repayment by County to Concessionaire of the excess payment, shall be made within thirty (30) days after an approved Annual Report, as required in Section 3.48 C. hereof, is received by County. However, Concessionaire shall not be entitled to interest on the amount credited or repaid by County to Concessionaire.

## **2.04 Other Charges**

### **A. Merchant Association Program (MAP)**

In addition to Rent, Concessionaire shall pay an annual MAP fee in the amount of 0.3% of Gross Revenues to market and promote the concessions at the Airport to the community and the traveling public. The MAP fee is payable monthly with Concessionaire's Percentage Rent payment. In addition, Concessionaire agrees that from time to time, the County may need to increase Concessionaire's MAP fee and will do so upon thirty (30) days written notice to Concessionaire based on cost recovery

calculations. However, at no time shall the MAP fee be more than 0.6% of Gross Revenues.

**B. Trash Collection Fee**

Concessionaire shall dispose of all trash, refuse, debris, and recyclable material in containers approved by the County in assigned common areas. Concessionaire shall not place, leave, or permit to be placed or left, in any part of the common areas, trash, refuse, debris, or recyclable material unless otherwise authorized by the County to do so. The County may, at any time, institute a trash and recyclable removal program and may therefore require the Concessionaire to pay a trash removal fee to be determined by the County based on cost recovery calculations, separate from CAM charges.

**C. Support Space Charges**

In the event Concessionaire leases Support Space, i.e., space used for office and/or storage purposes, from the County that is not a contiguous part of the Leased Premises used for sales to the public, Concessionaire shall pay a Support Space Charge for the lease of such space on a monthly prorated basis. The Support Space Charge shall be at a rate of Thirty Nine Dollars and 20/100ths (\$39.20) per square foot per annum. The Support Space Charge is subject to annual adjustments each November 1 during the Agreement Term based upon annual percentage increases in the Consumer Price Index for All Urban Consumers (CPI-U: Selected Areas, All Items Index (1982 - 1984 = 100)) for the San Francisco - Oakland - San Jose, CA area published by the Bureau of Labor Statistics of the U.S. Department of Labor (hereinafter referred to as "CPI-U") for the most recent twelve (12) month period for which such figures are available. The CPI-U for the first full calendar month of the Term of this Agreement will be used as the base month in determining the CPI-U adjustments. In the event the CPI-U is not published during the base month or any month of adjustment, then the CPI-U for the next succeeding month in which the CPI-U is published will be used in determining CPI-U adjustments. If the Bureau of Labor Statistics should cease to publish the Consumer Price Index in its present form, calculated upon its present basis, the parties agree to accept a comparable Index measuring costs of living increases for the closest metropolitan area to Sacramento, CA, published by an agency of the United States Government or by a recognized financial institution or economic periodical, as determined by the County.

**2.05 Security Deposit**

Within thirty (30) days of the effective date, Concessionaire shall provide a security deposit to the County established at twenty-five percent (25%) of the projected Rent for the first Agreement Year, which said security deposit will be XXXXXX Dollars and 00/100ths (\$XXX). Within ninety (90) days after the commencement of the second Agreement Year and each Agreement Year thereafter throughout the Term of this Agreement, Concessionaire shall deliver a security deposit in an amount equal to twenty-five percent (25%) of the MAG for that Agreement Year. Security deposits shall be payable to the "County of Sacramento".

Said security deposit shall be in the form of a letter of credit or a performance bond obtained from a company that has an A.M. Best's rating of no less than A:VII or has been approved by the County. Said security deposit shall be provided at Concessionaire's sole cost and expense and will be adjusted annually pursuant to each Agreement Year's MAG. In lieu of such security deposit, Concessionaire may deposit with County, in a form acceptable to the County, an irrevocable letter of credit ("at sight" draft) from a bank acceptable to the County as security for faithful performance by Concessionaire as hereinabove provided.



Said security deposit shall be kept in full force throughout the Term of this Agreement to ensure the faithful performance by Concessionaire of all the covenants, terms and conditions of this Agreement, including the payment of all consideration provided herein.

Said security deposit shall continue to be retained by County as security for the timely performance by Concessionaire of each and every obligation of Concessionaire hereunder, and shall not be subject to the claim of any creditor of County or Concessionaire.

Within three (3) months following expiration or earlier termination of this Agreement, the amount of said security deposit, less any amounts due or owing to County by Concessionaire, shall be refunded/released by County to Concessionaire, provided, however, County shall have no obligation whatsoever to pay any interest on the amount of said security deposit to Concessionaire.

Within fifteen (15) calendar days following the application of said security deposit to correct any default by Concessionaire, or to pay any amount due or owing upon expiration or earlier termination of this Agreement, County shall provide Concessionaire with an accounting of such application.

## **2.06 Authorized Use**

Subject to all applicable laws, regulations and limitations set forth in this Agreement, Concessionaire shall operate common use airport lounges for passenger use within Terminal A and Terminal B from the Leased Premises. Concessionaire is also granted the following use/rights in connection with Concessionaire's operation at the Airport listed below:

- a. If Concessionaire operates the Leased Premises under license or franchise agreement, Concessionaire shall provide the Director an executed copy of the license or franchise agreements within sixty (60) days of execution of this Agreement. All license and franchise agreements are subject to the Director's approval.
- b. Concessionaire shall have for its common use with other concessionaires, common use employee break room, locker, and restroom facilities in the terminal lower level generally shown on EXHIBIT C. The County shall maintain those common use areas of said lower level space; however, it shall be the Concessionaire's duty to inform the County as soon as any hazard, unsafe condition or problem(s) arise or exist within said lower level space. Concessionaire shall assist in the containment and/ or security of said space. Further, Concessionaire agrees to be solely responsible for the safety of its own representatives, officers, agents, employees, invitees, licensees, subtenants and any other persons doing business with Concessionaire who may be using the common areas.
- c. The right of ingress to and egress from the Leased Premises over and across roadways servicing the Airport for Concessionaire, its subtenants, agents, patrons, guests and suppliers.
- d. The right to install appropriate Tenant Improvements on the Leased Premises, provided that all such design and installation shall have the prior written approval of the County.
- e. The nonexclusive right and privilege to offer the types of products listed in EXHIBIT D, which is attached hereto and incorporated herein, in accordance with the provisions of this Agreement. All products provided by Concessionaire must be approved in writing by the County prior to being offered for sale within the Leased Premises. In addition, the County, in its sole discretion, may change the approved product list upon written notice to Concessionaire. All products shall be in good taste and in accordance with all applicable health and service codes and presented in such manner as to be well received by the public. The County reserves the right to allow others to conduct the same or similar operations and/or to sell the same or similar products within the terminals and elsewhere at the Airport.
- f. The right to use no more than ten percent (10%) of each retail location serving the public for storage and office purposes.

**2.07 Notice Address**

Notices required herein shall be in writing and served personally, sent by certified mail, return receipt requested, postage prepaid or overnight courier. Any notice mailed pursuant to this Agreement, shall be deemed received by the addressee five (5) business days after deposit of same in the mail. Either party shall have the right, by giving fifteen (15) days written notice to the other, to change the addressee or address at which its notices are to be deemed received. Until any such change is made, notices shall be addressed and delivered as follows:

**County:**

Sacramento County Department of Airports  
Properties and Business Development  
6900 Airport Boulevard  
Sacramento, CA 95837-1109

**Concessionaire:**

Unless otherwise notified by the County, payments and communications regarding billing and invoicing shall be directed to the following address:

Sacramento County Department of Airports  
Airport Accounting  
6900 Airport Boulevard  
Sacramento, CA 95837-1109

If notice is given in any other manner or at any other place, it will also be given at the place and in the manner specified in this Section. All notices shall be effective upon receipt and shall be deemed received upon delivery, if personally delivered.

**2.08 Utilities**

County and Concessionaire’s utility responsibilities are detailed in EXHIBIT E which is attached hereto and incorporated herein by this reference.

**2.09 Maintenance**

County and Concessionaire’s maintenance responsibilities are detailed in EXHIBIT F, which is attached hereto and incorporated herein by this reference.

## ARTICLE 3

### General Conditions

#### **3.01 Acceptance of Leased Premises**

Concessionaire hereby accepts the Leased Premises in its "as-is" condition existing on the Commencement Date and such area shall not be subject to recalculation. Taking possession of the Leased Premises by Concessionaire shall be conclusive evidence that the condition thereof is satisfactory to Concessionaire. County makes no expressed or implied representation or warranty of any kind whatsoever that the Leased Premises are suitable for the uses to which Concessionaire shall be restricted pursuant to this Agreement.

#### **3.02 Accord and Satisfaction**

No payment by Concessionaire or receipt by County of a lesser amount than the Rent, fees and/or charges due to be made by Concessionaire hereunder shall be deemed to be other than on account of the Rent, fees and/or charges due, and no endorsement or statement on any check or in any letter accompanying any check or payment as Rent, fees and/or charges shall be deemed an accord and satisfaction, and County may accept such check or payment without prejudice to County's right to recover the balance of such Rent, fees and/or charges or to pursue any other remedy provided in this Agreement.

#### **3.03 Additional Fees, Charges and Rentals**

Concessionaire shall pay County additional fees, charges and rentals in the event of any of the following:

- a. If County has paid any sum or sums, or has incurred any obligation or expense, for which Concessionaire has agreed to pay or reimburse County, or for which Concessionaire is otherwise responsible;
- b. If County is required or elects to pay any sum or sums, or incurs any obligation or expense, because of the failure, neglect or refusal of Concessionaire to perform or fulfill any of the promises, terms, conditions or covenants required of it hereunder;
- c. Pursuant to any separate agreement between the parties not contained herein;
- d. To reimburse County for services rendered, such as, but not limited to, utilities, trash removal, telephone, delivery access charges and similar charges.

Concessionaire's obligations pursuant to this Section shall include all interest, cost, damages, and penalties in conjunction with such sums so paid or expenses so incurred by County.

#### **3.04 Airport Security**

- a. Concessionaire shall comply with all security regulations at the Airport pursuant to all local, State and federal law, including, but not limited to, any and all directives issued by the County. If required, Concessionaire shall obtain an Airport Tenant Security Program ("ATSP") document approved by TSA within sixty (60) days of receipt of written notice from the County or as otherwise directed by TSA. If required, Concessionaire shall maintain any TSA-approved ATSP throughout the Term of this Agreement.

- b. Concessionaire's representatives, as determined by the County, must be able to pass a security background access investigation consisting of a fingerprint based criminal records check ("CHRC") and a Homeland Security "watch list" check (collectively, "Background Check"), as well as a security threat assessment ("STA"), which must be approved by TSA before an Airport ID badge will be issued. All of Concessionaire's employees, contractors, or other persons doing business with Concessionaire requiring unescorted access to the secured area of the Leased Premises will require a badge and are also subject to Background Check and STA. Badges are issued by the County subject to each individual's successful completion of the Background Check in compliance with 49 CFR Part 1542 and all other applicable regulatory directives.
- c. Concessionaire is responsible for completing and submitting all necessary documentation required for any Background Check necessary for their operations. If a badge is lost, stolen, or if the recipient fails to return the badge to the County when required by the County, Concessionaire shall be subject to a non-refundable reissuance fee, if applicable, and any other damages directly caused by the loss, theft or retention of the badge.
- d. If required, Concessionaire shall establish and implement written procedures (Security Procedures) acceptable to the County for the control of and prevention of unauthorized access to, all areas within the Leased Premises. Concessionaire's Security Procedures shall also incorporate activities designed to assist the County in safeguarding all other secured areas of Airport. The Security Procedures shall include, but are not limited to, the following procedures:
1. Gates, doors, fences or other parts of the Leased Premises shall be kept locked by Concessionaire at all times when not in use by or when not under the security surveillance of Concessionaire.
  2. Lock malfunctions or other deficiencies, which would permit unauthorized access, shall be reported by Concessionaire at once to the County, and the unsecured access point shall be maintained under constant security surveillance by Concessionaire until Concessionaire has repaired the same and security through such point has been restored, and/or the County assumes security and repair of the access point.
  3. Loss, misplacement, theft or failure to comply with the return of any badge shall be immediately reported to the County.
- e. Concessionaire shall be solely responsible for the control and movement of persons who are representatives of Concessionaire and that have a valid ID badge moving from the Leased Premises onto all secured areas of the Airport. These badged representatives will comply with Airport security standards required to obtain the badge. Concessionaire shall be solely responsible for the payment of any and all penalties and fines which may be levied by the TSA or other local, State or federal agencies for violation of any security regulations arising from or relating to Concessionaire's failure to perform its security responsibilities.
- f. If required, Concessionaire shall install, maintain and operate, at no cost to County, access prevention and surveillance devices on the Leased Premises at access points to secured areas and along the secured perimeter of the Leased Premises, as determined by the County to be necessary for the safety or security of Airport. The County shall have unrestricted access to all access control devices or systems developed by Concessionaire.

### **3.05 Amendment Required by FAA or TSA**

This Agreement may be amended without further consideration for the purpose of satisfying FAA or TSA requirements.

**3.06 Applicable Law**

This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, and shall be deemed to have been made, and shall be performed, in the State of California.

**3.07 Assignment and Subletting**

Concessionaire shall have no right to assign, mortgage, pledge, or otherwise transfer this Agreement, either voluntarily or by operation of law, in whole or in part, without the prior written approval of the County. Likewise, Concessionaire shall not subcontract any rights authorized hereunder or sublease any or all of the Leased Premises without the prior written approval of the County.

**3.08 Assurances Required by FAA**

Concessionaire will, at all times during this Agreement, comply with the provisions of the FAA Airport Sponsor Assurances (Assurances) and any subsequent revisions, updates, or amendments thereto. A copy of the current Assurances is attached as EXHIBIT G and incorporated herein by this reference. The provisions of the Assurances may change during the term of this Agreement, and those changes will be incorporated into this Agreement without the necessity of a formal amendment. County is not responsible for notifying Concessionaire of any changes to the Assurances. Concessionaire is required to contact the FAA for any updates or revisions. The Assurances document is available on the FAA’s website. [Please see [http://www.faa.gov/airports/aip/grant\\_assurances/media/airport-sponsor-assurances-aip.pdf](http://www.faa.gov/airports/aip/grant_assurances/media/airport-sponsor-assurances-aip.pdf)]

**3.09 Audit**

**A. Concessionaire’s Audit**

Concessionaire shall employ an independent Certified Public Accountant (CPA) at Concessionaire’s cost, to perform an audit of the books and records of Concessionaire, as they pertain to this Agreement, for each Agreement Year, or applicable portion thereof. Such audit shall be in a format and in detail satisfactory to the County and shall include all of the following:

1. An audited statement of Gross Revenues shall be submitted to the Department Accounting Office by no later than one hundred twenty (120) days following the last day of every Agreement Year. Such audit shall be conducted by an independent CPA, and include all business transacted at the Airport under the terms of this Agreement by Concessionaire during the preceding Agreement Year, and excluding any other business transacted by Concessionaire.
2. A written statement, by such CPA, to the County stating that in the CPA’s opinion, the Rent and other required fees paid by Concessionaire to the County for the preceding Agreement Year were paid in accordance with the terms of this Agreement.
3. Copies of any reports prepared by such CPA or by Concessionaire’s internal audit staff for Concessionaire relating exclusively to this Agreement, and specifically describing any strengths or weaknesses of internal fiscal controls.
4. A management letter prepared by such CPA for Concessionaire relating exclusively to this Agreement, and specifically describing Concessionaire’s internal accounting controls as they relate to cash handling, processing of receipts and security of cash at the Airport, based on examination and testing of such controls by such CPA, including a control analysis of the strengths and weaknesses of such controls.

In the event that the results of any such audit show any discrepancy as compared to the amount of Concessionaire's Gross Revenues at Airport, as reported to County by Concessionaire, Concessionaire shall pay County the difference in Rent payments or County shall reimburse Concessionaire, as the case may be, within thirty (30) calendar days following discovery of such discrepancy.

If Concessionaire fails to perform its obligations under this section, after thirty (30) days notice by the County, the County may employ an independent CPA to perform the required audit and, in addition to any difference in Rent due the County from such audit, County shall recover the entire cost of such audit, plus a fifteen percent (15%) administrative charge of the cost of such audit from Concessionaire.

## **B. County Audit**

Concessionaire shall, upon request, make all or any part of its records pertaining to this Agreement available to the County, or any other authorized representative of County during normal business hours throughout the Term of this Agreement, for the purposes of inspection, copying, or audit. Except as otherwise expressly provided herein, the cost of such inspection, copying or audit shall be borne by County.

In the event that the results of any such audit by County show any discrepancy as compared to the amount of Concessionaire's Gross Revenues at the Airport, as reported to County by Concessionaire, Concessionaire shall pay the County the difference in Rent payments or County shall reimburse Concessionaire, as the case may be, within thirty (30) calendar days following discovery of such discrepancy.

In the event that any such discrepancy exceeds the amount of such Gross Revenues reported by Concessionaire to County by more than two percent (2%), Concessionaire shall reimburse County for all of County's costs in connection with such audit, plus a fifteen percent (15%) administrative charge of the cost of such audit.

### **3.10 Authority of the Director**

The Director shall administer this Agreement on behalf of County. Unless otherwise provided herein or required by applicable law, the Director shall be vested with all rights, powers, and duties of County hereunder. With respect to matters hereunder subject to the approval, satisfaction, or discretion of County or the Director, the decision of the Director in such matters shall be final.

### **3.11 Compliance with Child, Family, and Spousal Support Reporting Obligations**

Concessionaire's failure to comply with State and federal child, family and spousal support reporting requirements regarding a Concessionaire's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family and spousal support obligations shall constitute a default under this Agreement.

Concessionaire's failure to cure such default within ninety (90) days of notice by County shall be grounds for termination of this Agreement.

### **3.12 Concessionaire Indemnification of County**

Concessionaire shall indemnify, defend, and hold harmless County, its elected representatives, officers, agents, and employees from any and all loss, cost, damage, fine or expense (including but not limited to attorney's fees, court costs and expert fees), or liability of any kind or character to any person or property arising from or relating to any act or omission of Concessionaire, its officers, agents, employees, invitees, licensees, customers, subtenants contractors, subcontractors, or any other person doing business with Concessionaire, or on the Leased Premises or at the Airport with the consent of Concessionaire. Concessionaire shall also use counsel reasonably acceptable to County in carrying out its obligations hereunder. The provisions of this Section shall survive the expiration or early termination of this Agreement.

**3.13 Consent**

Whenever the consent or approval of either party hereto is required or authorized hereunder, such consent or approval shall not be unreasonably withheld, unreasonably conditioned, or unreasonably delayed.

**3.14 County’s Remedies**

Pursuant to Section 1951.2 of the California Civil Code:

A. In the event that Concessionaire breaches this Agreement and abandons the Leased Premises before the end of the Term hereof, or if Concessionaire’s right to possession is terminated by County because of a breach of this Agreement, this Agreement terminates. Upon such termination, the County may recover from Concessionaire:

- 1. Any and all of the unpaid Rent which had been earned at the time of termination;
- 2. The amount by which unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Concessionaire proves could have been reasonably avoided;
- 3. The amount by which the unpaid Rent for the balance of the Term hereof after the time of award exceeds the amount of such Rent loss that Concessionaire proves could reasonably be avoided; and
- 4. Any other amount necessary to compensate the County for all the detriment proximately caused by Concessionaire’s failure to perform its obligations under this Agreement, or which in the ordinary course of things would be likely to result therefrom.

B. The amounts referred to in Subsections A. 1. and A. 2. are computed by allowing interest at the rate of eighteen percent (18%). The amount referred to in Subsection A. 3. is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

C. Damages which County may recover pursuant to Subsection A. 3. of this Section include the “worth at the time of award” of the amount by which the unpaid Rent for the balance of the Term hereof exceeds the amount of such Rent loss for the same period that Concessionaire proves could be reasonably avoided; or County may recover damages pursuant to Subsection A. 3. of this Section in the event that County re-lets the Leased Premises prior to the time of award and proves that in re-letting the property it acted reasonably and in a good-faith effort to mitigate the damages.

D. Efforts by County to mitigate the damages caused by Concessionaire’s breach of this Agreement do not waive County’s right to recover damages pursuant to said Section 1951.2 and this Section.

E. Nothing in this Section affects the right of County under this Agreement to indemnification for liability arising prior to the termination of this Agreement for personal injuries or property damage, as herein provided.

Notwithstanding the foregoing, in the event of Concessionaire's breach of this Agreement and abandonment of the Leased Premises, pursuant to Section 1951.4 of the California Civil Code, County may, at its sole option, elect to continue this Agreement and enforce all its rights and remedies herein against Concessionaire, including the right to recover the Rent as it becomes due.

### **3.15 County's Right to Perform Concessionaire's Obligations**

If Concessionaire fails to make any payment required of it hereunder, or defaults in the performance of any other promise, term, covenant, or condition required of it hereunder, County, at its sole option, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such other default, for the account of and at the expense of Concessionaire. County may do so immediately and without notice to Concessionaire in the case of an emergency or in any other case if Concessionaire fails to make such payment or remedy such default with all reasonable dispatch after County has notified Concessionaire in writing of the same.

County shall bill Concessionaire for such payments made by County and for any and all expenses incurred by County in connection therewith, together with interest on the total sum billed, at the rate of eighteen percent (18%) per annum. Concessionaire shall pay County the total amount billed not later than the date specified in such billing.

County shall not be limited in the proof of any damages which County may claim against Concessionaire arising out of or relating to Concessionaire's failure to perform its obligations hereunder. County may restrain any breach or threatened breach by Concessionaire of any promise, term, condition or covenant required of Concessionaire hereunder, but the mention herein of any particular remedy shall not preclude County from any other remedy it might have, either in law or in equity.

### **3.16 Credit Cards and Debit Cards**

At all times during the term of this Agreement, Concessionaire shall accept as payment for goods and services at least all of the following major credit cards: American Express, MasterCard, and VISA. Concessionaire shall also accept traveler's checks and debit cards for any purchase. No minimum credit card or debit card purchase amount shall be established by Concessionaire, without the prior written approval of the Director.

### **3.17 Cumulative Remedies**

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

### **3.18 Damage or Destruction of Leased Premises**

#### **A. Restoration of Tenant Improvements, Trade Fixtures or Personal Property**

In the event of the damage or destruction of a portion of the Leased Premises, or of the structural portion of the terminal building containing such Leased Premises, County shall not be required to repair, rebuild, or restore Tenant Improvements and Trade Fixtures, such excluded items being the sole responsibility of Concessionaire.

If County elects to repair and rebuild structural portions of the terminal building containing the Leased Premises, Concessionaire shall be obligated to repair any damage to, or replace, any Tenant Improvements and Trade Fixtures, made or installed by Concessionaire, irrespective of the cause and whether or not such damage or destruction shall have been insured. Concessionaire shall proceed to restore, repair, replace such Tenant Improvements and Trade Fixtures with materials of a quality equivalent to that originally installed, at Concessionaire's own cost and expense.



Concessionaire shall be required to use any loss proceeds received, to repair or replace any Tenant Improvements and Trade Fixtures of Concessionaire unless otherwise approved by the County. Such restoration, repair and replacement shall be performed by Concessionaire in accordance with the provisions of Section 3.2 hereof.

**B. Removal of Damaged Property**

In the event of damage to, or partial or total destruction of, the Leased Premises, the Concessionaire shall within thirty (30) days of the occurrence commence to remove from the Leased Premises, or from the portion thereof destroyed, all damaged property (and all debris thereof) belonging to the Concessionaire or to any third person whatsoever. Concessionaire shall diligently continue such removal until complete. In the event Concessionaire does not perform its obligation hereunder, the County may remove such debris and dispose of the same and may remove such property to a public warehouse for deposit or may retain the same in its own possession and sell the same at public auction, the proceeds of which may be applied first to the expenses of removal, storage and sale, and second to any sums owed by the Concessionaire to the County, with any balance remaining to be paid to the Concessionaire; if the expenses of such removal, storage and sales shall exceed the proceeds of sale, the Concessionaire shall pay such excess to the County upon demand. Without limiting any term or provision of this Agreement, the Concessionaire shall indemnify and save harmless the County, its officers, representatives, employees, contractors and subcontractors, from and against any and all claims of third persons arising out of the exercise of the County of its right to remove property as hereinabove provided including all claims for conversion, all claims for damage or destruction of property, all claims for injuries to persons (including death), and all other claims for damages, consequential or otherwise.

**C. Option to Terminate Concessionaire's Interest Upon Damage or Destruction**

If: (1) the terminal containing the Leased Premises shall be damaged to the extent of more than twenty-five percent (25%) of the cost of repair or replacement thereof, or (2) the proceeds of County's insurance recovered or recoverable as a result of the damage shall be insufficient to pay fully for the cost of repair or replacement of the terminal in which the Leased Premises is located, or (3) the terminal containing the Leased Premises shall be damaged as a result of a risk which is not covered by the County's insurance, or (4) the terminal containing the Leased Premises shall be damaged in whole or in part during the last three (3) years of the Term of this Agreement; then in any such event, County may, at County's option, either (a) rebuild or repair such damage, exclusive of Concessionaire's Tenant Improvements and Trade Fixtures with due diligence or (b) give written notice to Concessionaire within sixty (60) days after the occurrence of such damage terminating Concessionaire's rights and interest in the Leased Premises contained in such damaged building as of the date of occurrence of such damage; provided that if any damage or destruction of the terminal or of the Leased Premises is caused by any act or omission of Concessionaire, its agents, employees, or others on or at the Leased Premises with the consent of the Concessionaire, then Concessionaire shall be responsible for reconstructing and repairing said terminal or Leased Premises with due diligence and shall pay the cost.

In the event County elects to terminate Concessionaire's right and interest in the Leased Premises pursuant hereto, Concessionaire shall have the right within ten (10) days after receipt of the required notice to notify County in writing of Concessionaire's intention to repair such damage or destruction at Concessionaire's expense, without reimbursement from County in which event this Agreement shall remain in effect and Concessionaire shall proceed to make such repairs or reconstruction with due diligence, according to the requirements of Section 3.2. If Concessionaire does not give such notice within the ten (10) day period, Concessionaire's right and interest in the Leased Premises will terminate as of the date of such damage or destruction.

If County elects to terminate Concessionaire's right and interest in the Leased Premises as provided in this Section C, then any insurance of said Leased Premises shall be paid to County and Concessionaire as their interests appear.

**D. Adjustment of Rent**

The Rent payable under this Agreement shall be equitably adjusted for the period from the occurrence of any damage to the structural portion of the terminal containing the Leased Premises to the completion of repairs to such building, or for the period from the occurrence of the damage to the effective date of termination, provided such damage materially adversely affects the efficient operation of the concession; except that Concessionaire shall not be entitled to any adjustment of the Rent if any damage shall have been caused or contributed by the fault of the Concessionaire, its officers, employees or others on or at the Leased Premises with the consent of the Concessionaire.

**3.19 Delivery of Products**

Concessionaire shall arrange for the timely delivery of all products and other items necessary for Concessionaire's operations authorized under this Agreement at such times, in such location(s) and in a manner satisfactory to the County. The County may, as needed, issue terminal delivery procedures that best allows for the safe movement of vehicles at the Airport. The County may, as needed, issue schedules of acceptable delivery times, and the delivery location/point of access, vehicle size restrictions as warranted by written notice to Concessionaire, which the County may adjust from time to time, and from which Concessionaire shall not deviate without the County's prior written consent.

Concessionaire shall use its best efforts to complete, or cause to be completed, all deliveries, loading, unloading, and services to the Leased Premises during such times as the County may reasonably require from time to time. Concessionaire shall not allow delivery trucks or other vehicles servicing the Leased Premises to park or stand in front of, or at the rear of the terminal, except in otherwise designated areas or such other areas at the Airport as the County may reasonably require.

Requirements for security screening of employees and goods are established by the Department of Homeland Security and may be changed from time to time. Concessionaires shall be responsible for complying with existing and any future requirements as well as any associated costs.

**3.20 Entire Agreement**

This Agreement, together with all exhibits attached hereto, constitutes the entire Agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein. This Agreement may be amended only by written instrument duly executed by the parties hereto.

**3.21 Early Termination by Concessionaire**

At any time Concessionaire is not in default in its payments or other obligations to County hereunder, Concessionaire may terminate this Agreement prior to expiration of the Term hereof only upon the happening of one or more of the following events:

- a. Permanent abandonment of Airport by County;
- b. Assumption by the United States Government, or any authorized agency thereof, of the operation, control or use of Airport, or any substantial part thereof, in such manner as to substantially restrict Concessionaire in its operations hereunder for a period of ninety (90) consecutive calendar days;
- c. Issuance by a court of competent jurisdiction of a permanent injunction which in any way prevents or restrains use of Airport in a manner substantially restricting Concessionaire's operations at the Airport hereunder;

d. Default by County in the performance of any promise, term, condition or covenant required of it to be performed hereunder, provided County fails to cure such default within sixty (60) calendar days following receipt of written notice of such default from Concessionaire. However, if the nature of such default is such that it cannot reasonably be cured within such period, County shall be deemed to have cured such default if within such period County commences performance thereof and thereafter diligently prosecutes the same to completion.

Early termination by Concessionaire pursuant to this Section shall be upon not less than fifteen (15) days advance written notice to the County, which notice shall state the basis of such termination and the effective date thereof.

In the event of early termination by Concessionaire pursuant to this Section, Concessionaire shall pay Rent to County to and through the date of such termination.

In the event of early termination by Concessionaire in accordance with item d. of this Section, County shall pay Concessionaire the remaining undepreciated portion of Concessionaire's County-approved Tenant Improvements, computed based on straight-line depreciation over a ten (10) year life commencing with the start of the first Agreement Year hereof. For the purpose of determining the undepreciated portion of the costs of Concessionaire's Tenant Improvements, original cost of the Tenant Improvements shall be based on the cost of construction statement provided to the County by Concessionaire as required in Section 3.2 K. hereof, verified by actual bills and receipts pertaining to original construction and improvements, subject to the approval in writing by County.

### **3.22 Early Termination by County**

County may terminate this Agreement prior to expiration of the Term hereof upon the happening of one or more of the following events:

- a. Concessionaire remains in arrears in any payment of Rent or fees required by this Agreement for a period of at least fifteen (15) days following receipt of written notice of such arrearage from County;
- b. Concessionaire makes a general assignment for the benefit of its creditors;
- c. Concessionaire files a voluntary petition, or becomes the subject of an involuntary petition, in any proceeding in Bankruptcy Court;
- d. Concessionaire abandons all or any portion of the Leased Premises;
- e. Concessionaire fails to replace any improvements, that it is required to replace pursuant to this Agreement, which have been damaged or destroyed by fire, explosion or other catastrophe, within six (6) months from the date of such damage or destruction;
- f. Concessionaire fails to maintain any of the forms and amounts of insurance required by EXHIBIT H, attached hereto and incorporated herein by this reference. The County may, in its sole discretion, immediately terminate this Agreement if Concessionaire fails to maintain the required insurance.
- g. Except as otherwise provided in Subsections a., e. and f. of this Section, Section 3.11, Section 3.31 and Performance Standards (attached as EXHIBIT I), the default by Concessionaire in performance of any promise, term, condition, or covenant required of it hereunder, provided Concessionaire fails to cure such default within thirty (30) calendar days following receipt of written notice of such default from County. However, if the nature of such default is such that it cannot reasonably be cured within such period, Concessionaire shall be deemed to have cured such default if within such period Concessionaire commences performance thereof and thereafter diligently prosecutes the same to completion.

Early termination by County pursuant to this Section shall be upon not less than fifteen (15) days advance written notice to Concessionaire, which notice shall state the basis of such termination and the effective date thereof. Upon the effective date of such termination, County may take possession of the Leased Premises, without further notice or demand to Concessionaire. Failure to serve notice of termination upon the happening of any of the events described in this Section shall not operate to bar or destroy County's right to thereafter declare such termination upon the subsequent happening of any such event.

### **3.23 Force Majeure**

Neither County nor Concessionaire shall be deemed to be in breach of this Agreement if either is prevented from performing any of its obligations hereunder by reason of strike, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of a public enemy, act of a superior governmental authority, weather conditions, rebellion, riot, sabotage, or any other circumstance for which it is not responsible, or which is not within its control.

### **3.24 Hazardous Materials**

#### **A. Concessionaire's Compliance with Environmental Laws**

Concessionaire shall at all times in all respects comply with all environmental laws, and any amendments thereto affecting Concessionaire's operation on the Airport, including all federal, State and local laws, ordinances and regulations relating to Hazardous Material. As used herein, the term "Hazardous Material" includes, without limitation, any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States government.

#### **B. Hazardous Material Storage Permit**

Concessionaire shall be required to obtain a Hazardous Material Storage Permit from the County of Sacramento, Environmental Management Office, if at any time Concessionaire places or stores Hazardous Material liquid or Hazardous Material solids on the Airport.

### **3.25 Headings**

The headings of the articles and sections of this Agreement are inserted only as a matter of convenience and for reference, and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

### **3.26 Holding Over**

If Concessionaire remains in possession of the Leased Premises following the expiration or sooner termination of this Agreement, such holding over shall not be deemed to constitute an extension or renewal of this Agreement, but shall merely create a tenancy from month-to-month which either party hereto may terminate upon thirty (30) calendar days advance notice to the other. In the event of such holding over, Concessionaire shall perform all terms, promises, conditions and covenants required of it hereunder, but shall pay Rent to County in such amounts as may be designated by the County, which in no case shall be less than that in effect immediately prior to such expiration or sooner termination of this Agreement.

### **3.27 Improvements by Concessionaire**

Concessionaire shall, at its sole cost and expense, complete the space re-model and construction project as described herein and throughout this Agreement (hereafter "Project"), in accordance with the Airport Tenant Design Manual as shown in EXHIBIT J, which is attached hereto and incorporated by reference herein. The Project shall include all Tenant

Improvements and Trade Fixtures, Signs, and any additional items necessary to the operation of the airport lounge concession.

The Project shall have a minimum total cost of XXXXX Dollars and 00/100ths (\$XXXX). Not less than eighty-five percent (85%) of the minimum total cost, as described herein, of the Project must be expended on construction "hard costs" of materials, direct labor, equipment, finishes, signage, lighting, HVAC, and other construction costs exclusive of "soft costs" of design, engineering, construction supervision, permitting, specialist consultants, overheads, corporate construction administration, and other fees. In order to ensure that the committed investment is made, the Concessionaire will be required to pay the County one hundred and twenty-five percent (125%) of any difference between the Proposed minimum total cost and the actual costs. Concessionaire shall cause the Project to be constructed in accordance with this Section. The County will not be responsible for costs that exceed the Proposed minimum total cost.

Except as otherwise provided herein, Concessionaire shall make and maintain, at Concessionaire's own expense, all Tenant Improvements necessary to operate Concessionaire's facilities, including, but not limited to, counters, display cabinets, interior partitions, lighting, fixtures, wall and ceiling finishes, flooring and floor coverings, and all other equipment necessary for the proper conduct of Concessionaire's business. Concessionaire shall supply all Trade Fixtures. All Trade Fixtures contained within the Leased Premises must be of first-class quality, safe, fire resistant, attractive, in compliance with the Airport Tenant Design Manual, and may be installed only with the County's prior written approval.

The Project and any future projects shall be constructed in accordance with this Agreement, the Airport Tenant Design Manual as shown on EXHIBIT J and all applicable laws, regulations, and permit requirements, including those of the County.

Concessionaire shall make, at its own expense, mid-term refurbishment of the Leased Premises consisting of a minimum investment of \$40.00 per square foot. This is a firm commitment to reinvest in the facilities and replace worn and damaged finishes. The refurbishment minimum is not for ordinary or deferred maintenance, which is an ongoing requirement, but is a commitment to renew and replace worn surfaces such that it would constitute additional capital investment. The mid-term refurbishment requirement, which is an obligation to be satisfied by the end of the fifth (5<sup>th</sup>) Agreement Year of the Primary Term, is subject to prior consultation and approval by the County.

Any review or approval by the County of Concessionaire's plans or an inspection by County of the Project work or materials shall not be deemed to constitute a waiver or release by County of any obligation or responsibility of Concessionaire hereunder, or an assumption of any risk or liability by County with respect thereto, and Concessionaire shall make no claim against County on account of such review, approval, or inspection.

Concessionaire shall cause all improvements authorized herein to be constructed only by a contractor properly licensed by the State of California to construct such improvements.

Concessionaire shall be solely responsible for payment to such contractor for all elements of such construction, and shall keep the Leased Premises free and clear of all mechanics liens resulting from any construction thereto by or on behalf of Concessionaire. Concessionaire may contest the correctness or validity of any such lien, but shall indemnify, defend, and hold harmless County, its elected representatives, officers, agents, and employees, and the Leased Premises from any and all claims and liability for payment of any such lien. County may file notice of non-responsibility for its lien protection.

#### **A. General**

No improvements, alterations or repairs of any kind shall be erected, placed, assembled, constructed or permitted on the Leased Premises without first obtaining written authorization from the County. In the sole opinion of the County, if the proposed improvement, alteration or repair project is of a minor nature, the project may be reviewed and approved solely by the Director. The County, at its sole discretion, based on the nature of the proposed improvement, alteration or repair project may waive one

or more of the procedures as set forth in this Section herein. Notice of such waiver shall be in writing. In the absence of such written waiver, Concessionaire must follow the procedures as set forth herein.

#### **B. Preliminary Plans**

Prior to the preparation of preliminary plans, Concessionaire shall contact the Airport Coordinator to schedule a pre-Project meeting to brief County staff on the proposed improvement. Preliminary plans shall show the full extent of the improvements to be constructed including structural details and utility locations showing the relationship of the proposed improvements and utility connections. A minimum of four (4) full sets of preliminary plans plus one (1) Compact disc (CD) containing a pdf, dwf, or tiff set matching the prints, plus all the CAD related data used to create the plans in AutoCAD's "dwg" format, shall be submitted for approval to the Airport Coordinator.

Civil engineering plans shall include plan drawings submitted on a scale not smaller than one (1) inch equals fifty (50) feet. Architectural plans shall include plan drawings at a suitable scale but in no case shall the scale be smaller than 1/16 inch equals one (1) foot. Plans shall include complete specifications in sufficient detail for the County to determine compatibility with County objectives for the overall aesthetic character and quality of the improvements. Architectural Projects shall include an accurate architectural perspective color rendering including the proposed exterior color, scheme, style, materials, wording and placement of all Signs.

#### **C. Review of and Comment on Preliminary Plans**

Within thirty (30) days of the date of receipt of the preliminary plans, the County will return two (2) sets of plans with comments. County review and comment on the preliminary plans does not mean or infer that the proposed improvement has been approved by the County. Additional plans, specifications or design features beyond those submitted with the preliminary plans may be required and shall be prepared by Concessionaire at the request of the County.

#### **D. Final Plans**

A minimum of four (4) copies of final plans and specifications showing responses to comments received and setting forth in all necessary detail the requirements for construction of the Project shall be submitted to the Department for approval prior to submitting plans to other applicable agencies so that the Department may check them for design conformance with the preliminary plans. A CD containing a pdf, dwf, or tiff set matching the prints, plus all the CAD related data used to create the plans in AutoCAD's "dwg" format must be included in the submittal.

#### **E. Approval of Final Plans**

Within thirty (30) days of the date of receipt of the final plans, if final plans are approved, the Department will return final plans to Concessionaire with the Department approval stamp on the plans. The Department will retain one (1) full set of final plans. The Department approval of the final plans shall only mean that the proposed improvement is consistent with the Department's goals and objectives for Airport development projects and does not infer that the proposed improvement is approved by the County of Sacramento Municipal Services Agency. After approval of the final plans by the Department, Concessionaire has full responsibility for obtaining all required federal, State and local approvals and permits including compliance with California Environmental Quality Act (CEQA) requirements.

#### **F. Modification of Final Plans**

Any modifications to the approved final plans including environmental mitigation measures, modifications imposed by the County of Sacramento Municipal Services Agency, or construction change orders shall be submitted to the County for approval prior to construction.

## **G. Notice to Proceed**

The Director's approval of such final plans and specifications will be delivered to Concessionaire in a formal Notice to Proceed, provided that all the following requirements have been satisfied:

1. Lessee has delivered to the Director and Risk Manager for approval, and the Director and Risk Manager have approved, certificates of insurance and required endorsements for coverage evidencing Concessionaire's and Concessionaire's construction contractor's insurance coverage to be in compliance with the applicable insurance provisions in Exhibit D attached hereto and incorporated by this reference.
2. Concessionaire shall submit to the Director a copy of the building permits issued to Concessionaire by the Sacramento County Building Inspection Division; and
3. Concessionaire shall notify the Director of Concessionaire's intention to commence construction of the project at least forty-eight (48) hours before commencement of such work or delivery of any material to be used in such work at the Leased Premises.
4. Concessionaire's construction contractor has duly executed and delivered to the Director a payment bond in a sum not less than 100 percent (100%) of the total project cost as set forth in the Proposal to guarantee the payment of wages and of bills contracted for materials, supplies, or equipment used in the performance of the contract during the design and construction phase of the Agreement. The bond shall be in accordance with the provisions of California Civil Code Sections 3225, 3226, and 3247 to 3252, inclusive, and any acts mandatory thereof, and shall, by its terms, inure to the benefit of all persons, companies, or corporations entitled to file claims under California Civil Code Section 3181 and California Unemployment Insurance Code Section 13020. Said bond shall contain a provision that the surety thereon expressly waives the provisions of California Civil Code Sections 2819 and 2845.
5. Concessionaire's construction contractor has duly executed and delivered to the Director a performance bond in a sum not less than one hundred percent (100%) of the final total project cost as set forth in the Proposal, to guarantee the faithful performance of all covenants and stipulations of the Agreement during the design and construction phase. The bond shall contain a provision that the surety thereon expressly waives the provisions of California Civil Code Sections 2819 and 2845.

The surety company(s) shall be familiar with all the provisions and conditions of this Agreement. It is understood and agreed that it waives notice of change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or to the specifications accompanying the same, or any other act or acts by the County or the County's authorized agents under the terms of the Agreement; and failure to so notify the surety company of changes shall in no way relieve the surety company of its obligations under the Agreement.

## **H. Notice of Completion**

Within ten (10) days of construction completion, Concessionaire shall submit a Notice of Completion to the Department. Within ten (10) days of receipt of Notice of Completion, the County may schedule an inspection of the improvements to be accompanied by Concessionaire for purposes of confirming compliance with the final

plans and any subsequent modifications to the final plans. This inspection tour may be scheduled at the same time Concessionaire schedules a final inspection in accordance with any requirements imposed by the County of Sacramento Municipal Services Agency.

**I. As-Constructed/Record Drawings**

Within sixty (60) days after filing a Notice of Completion, which is due within ten (10) days after construction completion, Concessionaire shall furnish the Department with one (1) complete set of electronic AutoCAD format Record Drawings and one (1) complete set of either pdf, dwf, or tif files showing the “as-constructed” improvements. Record Drawings shall be dated and stamped by the engineer or architect of record. If by the eleventh (11<sup>th</sup>) day after construction has been completed Concessionaire fails to submit “as-constructed” drawings, Concessionaire will pay penalties in the amount of one hundred dollars (\$100.00) per day until such a time when drawings have been submitted.

**J. Removal of Unapproved Improvements**

Improvements made on Concessionaire’s Leased Premises without the approval of final plans for said improvements as outlined herein are hereby determined to be unapproved improvements constructed or installed in violation of the conditions, restrictions and requirements of this Agreement. Unapproved improvements shall be immediately removed at Concessionaire’s sole expense, unless otherwise approved in writing by the County. Portions of improvements that are not constructed as indicated and specified on approved plans are also hereby determined to be unapproved improvements and shall be immediately removed or corrected at Concessionaire’s sole expense.

**K. Liquidated Damages for Failure to Timely Complete the Project**

It is imperative that Concessionaire is open for business as expeditiously as possible in order serve the traveling public and that the Project is completed by XXXX XX, 201X, or a date as otherwise approved by Director in writing provided such alternative date is approved prior to XXXX XX, 201X. Therefore, it is agreed that as liquidated damages for failure to complete the Project, Concessionaire agrees to pay to the County the amount of Five Hundred Dollars and 00/100ths (\$500.00) per day per concession location until the Project is complete. This amount shall be in addition to all Rent and other charges and fees due.

**L. Certification of Facility Build-Out Investment**

Concessionaire shall provide the County with verifiable receipts and certified lien releases for its minimum total cost of the Project within ninety (90) days of the completion of the construction and refurbishment to confirm the amount of the investments.

**M. Title to Tenant Improvements**

Concessionaire shall retain title to its Tenant Improvements in, at or serving the Leased Premises for so long as such Leased Premises are leased to Concessionaire under this Agreement. Thereafter, the County, at its option, reserves the right to take immediate title to some or all of such Tenant Improvements at no cost or expense. Those Tenant Improvements to which the County does not take title must be removed expeditiously by Concessionaire and, any damage caused by the removal of such Tenant Improvements must be repaired by the Concessionaire at no cost to the County, unless otherwise agreed to in writing by the County.



**3.28 Improvements by County**

The County and Concessionaire agree and acknowledge that, from time to time, the County may undertake improvements to the terminals during the Term of this Agreement. The County will attempt to make those improvements in a manner that does not interfere unreasonably with the operations of Concessionaire authorized under this Agreement. Concessionaire expressly waives any and all claims for damages of any kind, including but not limited to, loss of profits as a result of the interruption of business of Concessionaire that may arise as a result of such improvements undertaken by the County.

**3.29 Independent Contractor**

Concessionaire is not an employee or agent of County by reason of this Agreement, or otherwise. Concessionaire is an independent contractor, and as between County and Concessionaire, Concessionaire shall be solely responsible for its acts and omissions arising from or relating to its operations at the Airport and lease of property hereunder.

**3.30 Insurance**

Throughout the term of this Agreement, Concessionaire for itself and its officers, representatives, agents, employees, subtenants, guests, patrons, contractors, subcontractors, licensees, invitees, and suppliers shall maintain in full force and effect the forms and amounts of insurance specified in EXHIBIT H.

In the event Concessionaire does not have the required certificate(s) of insurance and/or binder(s) evidencing the proper insurance coverage, or the required insurance coverage lapses, this Agreement shall be terminated at County’s option by the County giving written notice to Concessionaire.

**3.31 Invalid Provisions**

In the event any covenant, condition or provision of this Agreement, or the application thereof to any person, entity, or circumstances, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person, entity, or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated, provided that such invalidity, voiding or unenforceability of such covenant, condition or provision does not materially prejudice either party in its respective rights and obligations contained in the then remaining valid covenants, conditions or provisions of this Agreement.

**3.32 Licenses and Permits**

Concessionaire shall obtain at its sole expense all necessary licenses and permits required for construction of improvements or installation of equipment on the Leased Premises, and any other licenses or permits necessary for the conduct of Concessionaire’s operations at the Airport.

**3.33 Limitations on Use of Leased Premises**

In connection with the exercise of Concessionaire’s rights and duties under this Agreement, Concessionaire and any of its officers, representatives, agents, employees, subtenants, guests, patrons, contractors, subcontractors, licensees, invitees, or suppliers shall not:

- a. Interfere with, or disturb the effectiveness or accessibility of the drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses within the Airport;
- b. Do anything that may invalidate, conflict with, or increase the rate of any insurance policy(s) covering the County or any part thereof. The County, in its sole

discretion, may limit, modify, or require removal of any materials, parts or equipment which the County reasonably determines are not incidental to Concessionaire's operations by written notification to Concessionaire. Concessionaire shall have forty-eight (48) hours from the mailing date of such notice to remove and properly dispose of any items identified;

- c. Interfere with the County staff, businesses, or patrons;
- d. Use or allow the use of the facilities within the Airport for any improper, immoral, or unlawful purpose;
- e. Obstruct the roadways or passageways adjacent to or within the Airport;
- f. Conduct any business within the Airport other than that authorized by this Agreement;
- g. Advertise, solicit, or distribute materials within the Airport in any manner without the advance written permission of the County.

### **3.34 Liquidated Damages from Late Payments**

If Concessionaire is in arrears for seven (7) days or more following the due date of any amount payable to the County herein, the parties acknowledge that additional clerical, accounting and other work will be performed which would not otherwise be needed absent the late payment. In addition, because the actual charges as a result of the late payment are difficult to identify, the parties hereby agree that Concessionaire shall pay as a reasonable charge, liquidated damages for the late payment in the amount of eighteen percent (18%) annual percentage rate, applicable from the date such payment was due to the date of actual payment. If the maximum charge permitted by law is less than the foregoing amount, then the rate shall be such amount determined to be the maximum legal amount. These liquidated damages will be calculated and posted on a monthly basis, and shall be prorated by the number of days payments are in arrears in the month.

### **3.35 Negation of Partnership**

Nothing in this Agreement shall be construed to render County in any way or for any purpose, a partner, joint venturer, or associate in any relationship with Concessionaire other than that of landlord and tenant, nor shall this Agreement be construed to authorize either County or Concessionaire to act as agent for the other.

### **3.36 Net Lease**

Except as otherwise provided by EXHIBIT F herein, it is the intent and purpose of County and Concessionaire that all Rent payable by Concessionaire hereunder shall be absolutely net to the County so that this Agreement shall yield to the County the entire Rent herein specified free of any charges, assessments, impositions or deductions of any kind or character which may be charged, assessed, or imposed on or against Concessionaire or the Leased Premises, without abatement, deduction or set-off by Concessionaire.

County shall not be expected or required to pay any such charge, assessment or imposition, or be under any obligation or liability hereunder with respect thereto. All loss, costs, expenses and obligations of any kind relating to the maintenance, development and improvement of the Leased Premises, including the renovation of the building and other improvements thereupon, and all alterations, repairs, reconstruction and replacements as hereinafter provided which may arise or become due during the Term hereof, shall be paid by Concessionaire and Concessionaire shall indemnify, defend, and hold harmless County, its officers, agents, and employees, from any and all such loss, costs, expenses and obligations.

### **3.37 Nonexclusive Rights**

Nothing herein shall be construed to grant or authorize the granting of any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport. Provided, however, subject to the terms and provisions of this

Agreement, Concessionaire shall have the right to exclusive possession of the Leased Premises described by Section 2.01 hereinabove.

### **3.38 Non-waiver of Rights**

No failure by County to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent or fees during the continuance of such breach, shall constitute a waiver of any such breach or of any such covenant, agreement, term or condition. No covenant, agreement, term or condition of the Agreement to be performed or complied with by Concessionaire, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by County. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

No receipt of monies by County from Concessionaire after the termination of this Agreement, or after the giving of any notice of the termination of this Agreement (unless such receipt cures the event of default which was the basis for the notice), shall reinstate, continue or extend the Term or affect any notice theretofore given to Concessionaire, or operate as a waiver of the right of County to enforce the payment of Rent or fees payable by Concessionaire hereunder or thereafter falling due, or operate as a waiver of the right of County to recover possession of the Leased Premises by proper remedy. It is expressly agreed that after the service of notice to terminate this Agreement or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Leased Premises, County may demand, receive and collect any monies due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such monies collected being deemed payments on account of the use and occupation of the Leased Premises or, at the election of County, on account of Concessionaire's liability hereunder.

### **3.39 Notice of Claims and Suit**

County and Concessionaire shall each give the other prompt and timely written notice of any personal injury or other accident claim for or in excess of One Thousand Dollars and 00/100ths (\$1,000.00), and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the Leased Premises, the operations of Concessionaire hereunder, or the construction or operation of the Airport by County which in any way, directly, indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Agreement.

Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of either party, and if given within ten (10) calendar days following the date of service of process upon either party with respect to any such lawsuit.

### **3.40 No Warranty re Airport**

County does not warrant that Airport will continue to be used as an airport during the Term of this Agreement. In the event that such Airport use is terminated, whether temporarily or permanently, Concessionaire shall neither claim nor have entitlement to any damages whatsoever from County.

### **3.41 Nuisance and Waste**

Concessionaire shall not conduct any operation or activity on the Leased Premises, or elsewhere in the Airport, in which the sound emitting therefrom is of such volume, frequency or intensity at such time as to constitute a nuisance. Concessionaire shall not erect, nor permit to be erected, any nuisance on the Leased Premises, or permit any waste thereof. Concessionaire shall not permit any trash or garbage to accumulate on or about the Airport and

other common areas in or around the terminals. The County shall have the sole and exclusive authority to determine what constitutes a nuisance and waste.

### **3.42 Patents and Trademarks**

Concessionaire represents that it is the owner of or is fully authorized to use any and all services, processes, machines, articles, marks, names and slogans used in its operations under this Agreement. Concessionaire agrees to save and hold harmless the County, its officers, employees, agents and representatives from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright arising from any alleged or actual unfair competition or other similar claim arising out of the operations of Concessionaire under this Agreement.

### **3.43 Performance Standards**

Concessionaire shall comply with the Performance Standards as shown on EXHIBIT I. The County may, throughout the Term of this Agreement, amend the Performance Standards with prior written notice. The County shall provide Concessionaire with the amended Performance Standards and written notice of the effective date of any such amended Performance Standards prior to the effective date.

### **3.44 Prior Damages and Vested Rights**

None of the provisions of this Article shall operate to preclude either party from obtaining judgment for any monies due and unpaid prior to termination or for any amounts required to be paid by one of the parties on account of the other party or paid to protect the property interests of one of the parties because of the acts of the other.

### **3.45 Prohibition of Liens**

Concessionaire shall pay promptly, as due, all persons supplying labor and materials for any alteration of or improvement to the Leased Premises, and shall permit no lien or claim to be filed or prosecuted against County on account of such labor and materials furnished.

### **3.46 Records and Reports**

Concessionaire shall prepare and maintain an adequate set of records, in a format and detail acceptable to the County, documenting all of Concessionaire's Gross Revenues at the Airport pursuant to this Agreement. All such reports required of Concessionaire shall be prepared in accordance with generally accepted accounting principles and reported on a cash basis.

#### **A. Monthly Report**

Concessionaire shall submit a monthly report concurrent with each monthly submittal of Percentage Rent payments to the County Accounting Division at the address specified in Section 2.07. Concessionaire shall submit a written report and an electronic Monthly Report, in a format and detail as required by the County, of all Concessionaire's Gross Revenues at the Airport under this Agreement during the preceding calendar month. Such report shall show Gross Revenues for each concession location leased by Concessionaire under this Agreement and shall include a summary of all activities of the previous month. Both the written and electronic Monthly Reports shall be submitted no later than the fifteenth (15th) day of the following month in which such Gross Revenues were generated at Airport. Said Monthly Report shall be submitted whether or not monthly Percentage Rent payments are due.

#### **B. Delinquent Monthly Report**

If Concessionaire is delinquent in furnishing to the County any monthly report required under this Agreement, Concessionaire shall pay the County a Ten Dollars and 00/100ths (\$10.00) late fee for each day, that the monthly report is delinquent, as

liquidated damages for the additional administrative costs incurred by the County in processing, reviewing, and demanding the delinquent monthly report. The parties have agreed that this is a fair and reasonable estimate of the County's costs incurred in processing a delinquent monthly report. Imposition of such a late fee shall not constitute a waiver of any other remedies available to the County due to Concessionaire's failure to timely provide the monthly reports or pay the report late fee.

**C. Annual Report**

Concessionaire shall submit to the County at the address specified for Airport Accounting in Section 2.07, for the approval of the County, an Annual Report for each Agreement Year throughout the Term of this Agreement not later than sixty (60) calendar days following the last day of each Agreement Year.

Said Annual Report shall be prepared by an independent CPA or by Concessionaire's Chief Financial Officer and shall be in a format and in detail satisfactory to the County. This Annual Report shall serve as a certified annual financial statement setting forth all business transacted at the Airport by Concessionaire under the terms of this Agreement during the preceding Agreement Year, and excluding any other business transacted by Concessionaire. Such Annual Report shall include, but not necessarily be limited to, Concessionaire's Gross Revenues, Rent and other payments due to the County, the CPA's audit or by Concessionaire's Chief Financial Officer and examination of source documents from which Monthly Reports are based, and a certified opinion as to the accuracy of Concessionaire's submitted Monthly Reports. Concessionaire shall bear the entire cost of such reports.

**D. Delinquent Annual Report**

If Concessionaire is delinquent for ten (10) days or more in furnishing to the County any annual report required under this Agreement, Concessionaire shall pay the County a One Hundred Dollars and 00/100ths (\$100.00) late fee for each month, or partial month, that the annual report is delinquent, as liquidated damages for the additional administrative costs incurred by the County in processing, reviewing, and demanding the delinquent annual report. The parties have agreed that this is a fair and reasonable estimate of the County's costs incurred in processing a delinquent annual report. Imposition of such a late fee shall not constitute a waiver of any other remedies available to the County due to Concessionaire's failure to timely provide the monthly or annual reports or pay the report late fee.

**3.47 Regulations and Restrictions**

This Agreement, and the rights herein granted, shall be subject to any and all applicable federal, State and County rules, regulations, orders and restrictions which are now in force or which may hereafter be adopted by any duly authorized governmental agency with respect to Concessionaire's operation at the Airport. In the use of the Leased Premises, Concessionaire agrees to observe, obey and abide by all ordinances, field rules and other regulations of County applicable thereto. In addition to the foregoing, Concessionaire shall comply immediately with any and all directives issued by the County.

**3.48 Release of Liability**

County shall not be liable for, and is hereby released from any and all liability to Concessionaire, to Concessionaire's insurance carrier or to anyone claiming under or through Concessionaire, for any loss or damage whatsoever to the property or effects of Concessionaire resulting from the discharge of water or other substance from pipes, sprinklers, conduits, containers, appurtenances thereof, or fixtures thereto, and from any damage resulting from the discharge or failure of electric current, regardless of cause or origin, except in the case of active negligence of County, its employees or agents.

**3.49 Retention of Records**

Concessionaire shall keep available, for a period of three (3) years after each Agreement Year of operation, the books and records of account of Concessionaire for such year, showing the Concessionaire’s Gross Revenues from business conducted under this Agreement, the deductions therefrom, and other pertinent information required by the provisions pursuant to this Agreement. Such books and records of account shall be made available to County or its duly authorized agents or auditors during the regular business hours of County at the Airport for the purpose of verifying the information set forth in any Annual Report or Monthly Report statement of Gross Receipts or for the purpose of verifying compliance by Concessionaire with the terms of this Agreement.

**3.50 Right of Access**

County, its officers, agents, and employees shall have the right, without limitation, throughout the Term of this Agreement, to enter upon the Leased Premises for any lawful purpose, including the repair, replacement, or improvement of facility-related items, and including the purpose of determining whether Concessionaire is complying with its obligations hereunder. The County will make reasonable effort not to interfere with Concessionaire’s operation within the Leased Premises.

Such entry by County shall not be deemed to excuse Concessionaire’s performance of any promise, term, condition, or covenant required of it by this Agreement, and shall not be deemed to constitute waiver thereof by County.

Prior to entering on the Leased Premises, County shall give reasonable notice of its intent to enter. However, such notice requirement shall not apply in cases of emergency, when the Concessionaire has abandoned or surrendered the Leased Premises, or where Concessionaire, or Concessionaire’s agent, consents to such entry. Notice under this Section may be given by any means, including oral notice to an owner, officer, or employee of Concessionaire or by posting a written notice upon the Leased Premises. Twenty-four (24) hours notice shall be deemed reasonable in absence of evidence that a shorter notice period is reasonable.

An entry obtained by County by any of the foregoing means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of the Leased Premises, or an eviction of Concessionaire from the Leased Premises or any portion thereof. Additionally, exercise of any right of entry by County under this Section shall not impose any obligation on County in addition to those assumed in this Agreement.

County may, during the progress of any work on the Leased Premises, take all necessary materials and equipment onto the Leased Premises without the same constituting an eviction, nor shall Concessionaire be entitled to any abatement of Rent while such work is in progress nor to any damages by reason of loss or interruption of business or otherwise.

**3.51 Right to Nonexclusive Use of Airport**

Concessionaire, throughout the Term hereof, shall have the right to the nonexclusive use, in common with others, of the Airport parking area, appurtenances and improvements thereon; the right of ingress to and egress from the Leased Premises, which right shall extend to Concessionaire’s employees, guests, invitees and patrons; and the right, in common with others so authorized, to use common areas of the Airport, including roadways and other conveniences, provided, however, Concessionaire shall not impair ingress or egress to other leased or public areas of the Airport.

**3.52 Rights Upon Termination by Concessionaire**

In the event this Agreement is canceled for any of the reasons outlined in Section 3.2, County shall pay to Concessionaire liquidated damages, as follows:

- a. The depreciated value of Tenant Improvements, plus a premium of two percent (2%) per year of said depreciated value for the unexpired Term of the Agreement.

b. The depreciated value shall be computed at the rate used by Concessionaire for federal income tax purposes, based on actual original cost of the Tenant Improvements placed on the Leased Premises.

c. Original cost of the Tenant Improvements shall be based on the cost of construction statement provided to the County by Concessionaire as required in Section 3.2 K., verified by actual bills and receipts pertaining to original construction and improvements, subject to the approval in writing by County.

Upon payment by County to Concessionaire of said liquidated damages, all such Tenant Improvements shall become the sole property of the County. Concessionaire may, at its option, remove its Tenant Improvements in lieu of accepting the depreciated value. In this event, only the premium of two percent (2%) per year, as aforesaid, shall be payable to Concessionaire by the County. Concessionaire shall be entitled to no further damages upon termination.

### **3.53 Risk Reduction**

Concessionaire shall neither use nor permit the use of the Leased Premises in such a manner as to increase the rate of insurance thereon in excess of that in existence at the commencement of the Term hereof.

### **3.54 Signs**

Concessionaire shall not erect, maintain, or display any Sign on the Leased Premises, or elsewhere at the Airport, without the prior written consent of the County. Concessionaire shall comply with the provisions of the Airport Tenant Design Manual specified in EXHIBIT J, which may be modified by the County from time to time, for all of its Signs at the Airport. Concessionaire shall request the County's approval by submitting a written request, accompanied by a detailed rendering or drawing of each proposed Sign.

### **3.55 Statement Regarding a Certified Access Specialist**

Pursuant to California Civil Code §1938, the County states that the Leased Premises:

- Have not undergone an inspection by a Certified Access Specialist (CASp).
- Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards and a disability access inspection certificate has been issued pursuant to California Civil Code §55.51 et seq.
- Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

### **3.56 Successors and Assigns**

The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns and personal representatives of the parties hereto.

**3.57 Surrender of Leased Premises**

County is not required to give Concessionaire any notice to quit possession of the Leased Premises upon expiration or sooner termination of this Agreement. Concessionaire covenants and agrees it shall peaceably surrender possession of the Leased Premises upon expiration or sooner termination of this Agreement in good condition, reasonable wear and tear, acts of God, fire and other casualties excepted, and County shall have the right to take possession of the Leased Premises.

**3.58 Taxes**

Concessionaire shall, at its sole cost and expense, pay any and all taxes for which it is responsible, or which may be assessed against it.

**A. Possessory Interest and Property Taxation**

Under this Agreement, a possessory interest subject to property taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6 and Government Code Section 53340.1, notice is hereby given that such property interest may be subject to property taxation and special taxation pursuant to Chapter 25, Division 2 of the Government Code (Mello Roos Community Facilities Act of 1982), and that the party in whom the possessory interest is vested may be subject to the payment of property taxes and special taxes levied on such interest.

Concessionaire shall pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon Concessionaire’s interest as herein may be created, improvements, operations, or right to use the Leased Premises.

**B. Right to Contest Taxes**

Concessionaire shall have the right to contest in its own name, or, to the extent reasonably necessary, in County’s name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the surface of Airport property and Concessionaire’s operations thereon.

In the event Concessionaire initiates such contest, County shall reasonably cooperate with Concessionaire, provided that such contest will not subject any part of the surface of Airport property to forfeiture or loss; and provided, further, that if Concessionaire contests any assessment made by the Assessor of County, such contest shall not be initiated in the name of County, and County shall not be obligated to cooperate therewith.

If, at any time, payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, Concessionaire shall timely pay such tax or assessment to prevent such forfeiture or loss.

**3.59 Time of the Essence**

Time is of the essence in performance of this Agreement.

**3.60 Title to the Leased Premises**

Fee title to the Leased Premises is and shall remain vested in the County. Nothing in this Agreement contained or any action or inaction by County shall be deemed or construed to mean that County has granted to Concessionaire any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of County in the Leased Premises.

**3.61 Transportation of Products and Other Items within the Terminals**

Concessionaire shall ensure that all products and other items necessary for Concessionaire’s operations authorized under this Agreement that are being transported to and from storage and the Leased Premises within the terminals are handled with care and do not interfere with the traveling public and normal airline terminal operations. All such products and



other items should be packaged within containers that prevent damage or leakage during transportation and that enable X-ray inspection if required.

In transporting such products and other items associated with operating Concessionaire's business, Concessionaire shall use only those delivery and receiving routes established by the County. Pallet jacks, if used, may only be utilized on the lower level of the terminal in the shipping and receiving areas and storage areas. If delivery and receiving routes are carpeted, any carts used must be equipped with wheels suitable for operating on carpets without causing damage to them. Concessionaire may only transport products and other items in those service elevators designated for delivery. Under no circumstances may deliveries be taken onto the escalators. Concessionaire must always refrain from transporting operating materials, such as office supplies, inventory, merchandise, recyclables, and trash through the public common areas of the Airport whenever service corridors and delivery tunnels are available.

The County reserves the express right to further regulate the delivery and servicing activities of the Concessionaire and its suppliers to the Airport and the Leased Premises and Concessionaire agrees to abide by such further regulations of the County.

### **3.62 *Trash and Garbage***

Concessionaire shall, at its sole cost and expense, provide a complete and proper arrangement for the adequate sanitary handling and disposal away from the Airport of all trash, dry and wet garbage, and other refuse resulting from, or in any way associated with, Concessionaire's use of the Leased Premises. Concessionaire shall take appropriate action in the handling of waste materials to prevent the presence of rodents and other vermin. Such arrangements shall include, but not be limited to, the use of suitable covered metal receptacles at the Leased Premises for the temporary storage of all such garbage, trash, and other refuse. Concessionaire shall keep all garbage materials in durable, fly-proof and rodent-proof, fireproof containers that are easily cleaned. The containers shall have tight-fitting lids, doors, or covers, and shall be kept tightly covered when material is not being deposited in them. Concessionaire shall clean the containers, as necessary, to prevent odors. Concessionaire shall not allow boxes, cartons, barrels, or other similar items to remain within view of public. Concessionaire shall not deposit any of its trash or other refuse in any containers except those designated for Concessionaire's trash.

The County may provide this service for a fee and reserves the right to direct Concessionaire's route for garbage and other refuse removal. Concessionaire shall also be required to participate in any County re-cycling programs at the Airport.

### **3.63 *Vehicle and Equipment Parking***

Vehicular and equipment parking by Concessionaire, its employees, agents, subtenants, licensees, suppliers, and subcontractors shall be restricted to such areas at the Airport as are designated by the County. Such parking shall be subject to the payment of such parking fees and charges as may from time to time be in effect for such designated areas.

**3.64 Execution of Agreement**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

COUNTY OF SACRAMENTO, a political  
subdivision of the State of California

“COUNTY”

Date: \_\_\_\_\_

By: \_\_\_\_\_  
John Wheat, Director of Airports  
on behalf of the Board of Supervisors  
of the County of Sacramento, California

COMPANY NAME

“CONCESSIONAIRE”

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Name) \_\_\_\_\_  
(Title) \_\_\_\_\_

(SEAL)

REVIEWED AND APPROVED:

By: \_\_\_\_\_  
County Counsel

## **EXHIBIT A**

### **Concessionaire's Proposal**

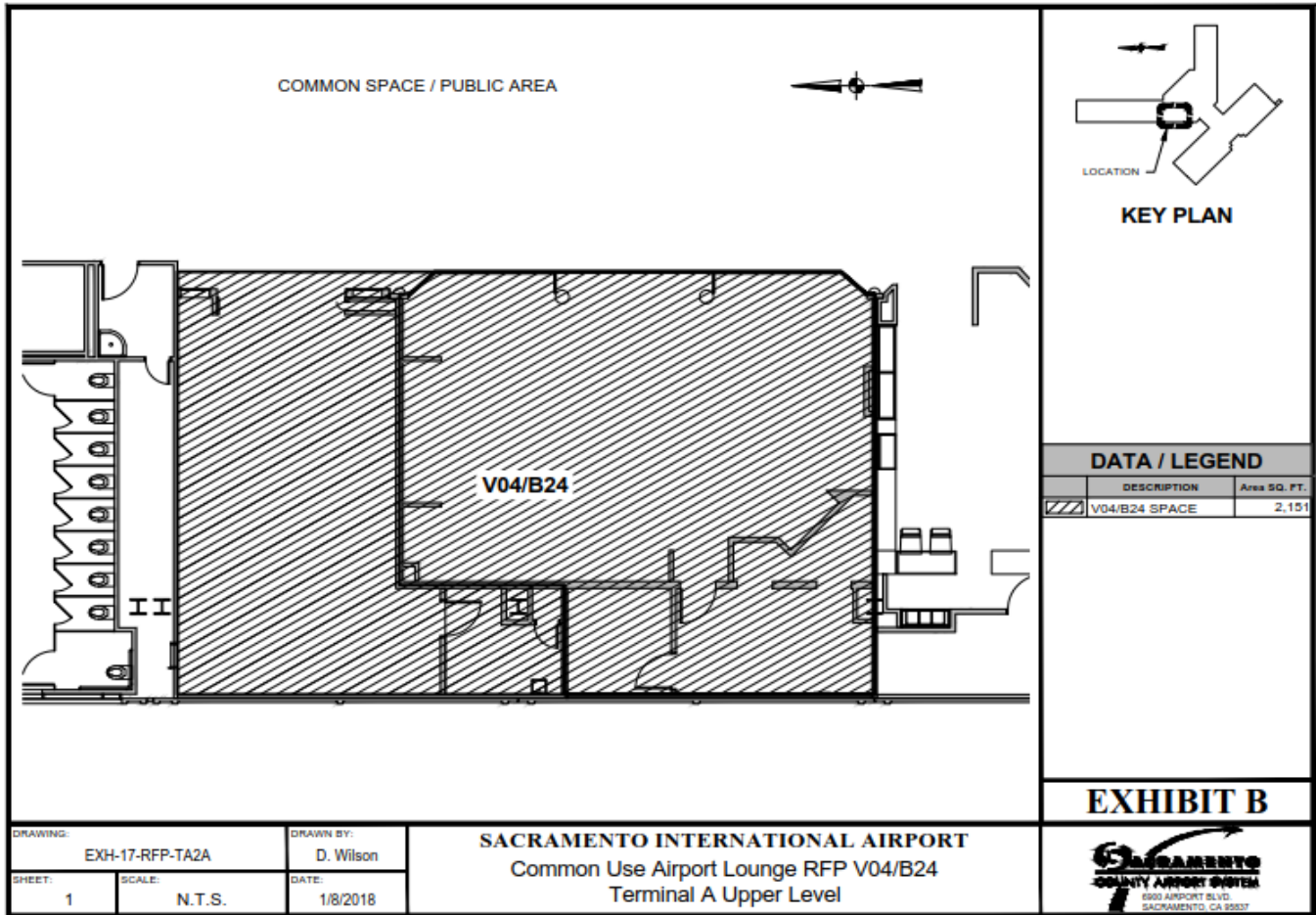
Concessionaire's XXXXX XX, 2018 Proposal is maintained in the  
Sacramento County Department of Airports Properties and  
Business Development office located at  
6900 Airport Boulevard, Sacramento, CA 95837

# EXHIBIT B

## Leased Premises

### Terminal A

Updated: 1/8/2018 - Printed: 1/8/2018 7:31:52 AM By: Marcyuk, Paul  
 File: V:\Facility\SMPL\Lease\Property\EXH-17-RFP-TA2a.dwg (Tab: RFP V04-B24)

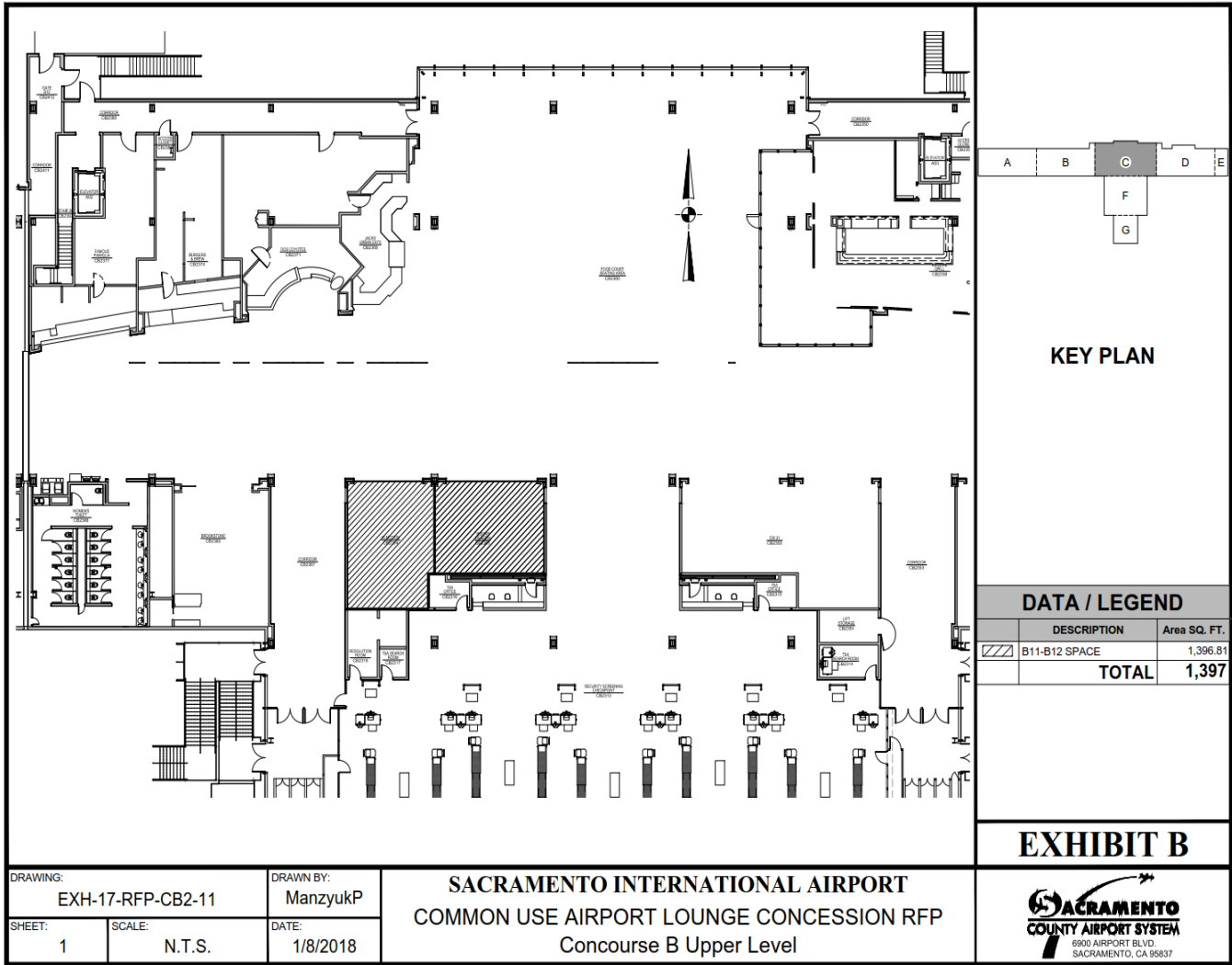


# EXHIBIT B

## Leased Premises

### Terminal B

File: V:\Facility\SMFL\Lease\Property\EXH-17-RFP-CB2-11 (Exhibit RFP 5-6) Updated: 1/8/18 Printed: 1/8/18-8:46am By: ManzyukP

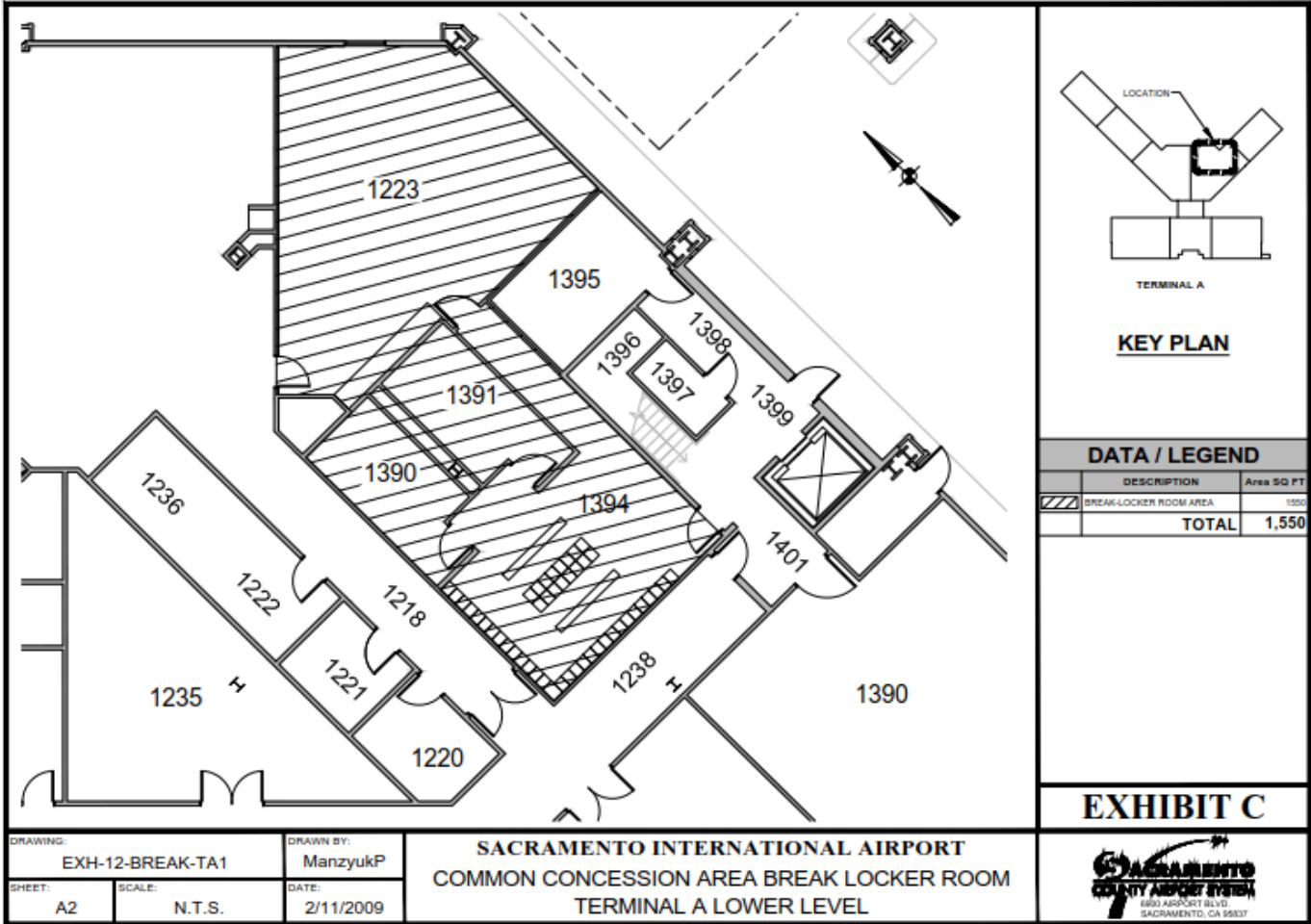


# EXHIBIT C

## Lower Level Common Use Areas

### Terminal A

Updated: 10/2/12 - Printed: 12/15/2-13pm By: ManzyukP  
 File: V:\Facility\SMF\Lease\BREAKROOMSEXH-12-BREAK-TA1.dwg (Tab: Exhibit C)



DRAWING: EXH-12-BREAK-TA1		DRAWN BY: ManzyukP
SHEET: A2	SCALE: N.T.S.	DATE: 2/11/2009

**SACRAMENTO INTERNATIONAL AIRPORT**  
**COMMON CONCESSION AREA BREAK LOCKER ROOM**  
**TERMINAL A LOWER LEVEL**



## EXHIBIT D

### Products and Services List

Concessionaire will offer the products and services listed below:

## EXHIBIT E

### Utility Responsibilities

Concessionaire, at Concessionaire's sole cost and expense, in accordance with the Airport Tenant Design Manual, pay for all charges assessed for any and all of its utilities, including but not limited to:

1.	Electrical Power
2.	Water
3.	Sanitary Sewer
4.	Trash/Garbage Collection and Disposal
5.	Telephone and Communication Services
6.	Internet Services
7.	Any other utility service used at the Leased Premises

Concessionaire shall be responsible for any utility service or other service supplied to or used on the Leased Premises, including any and all connection and metering charges, as billed directly to Concessionaire by utility companies furnishing such services or as billed by County. If billed by County, Concessionaire shall pay County such costs and charges based upon such standard Airport rates and charges as may be established from time to time by County, and meter readings, if any, for amounts used by Concessionaire, within fifteen (15) days following the date of such billing. Concessionaire agrees that any and all such charges for any and all such services shall be paid before their delinquency and that County shall be protected and held harmless by Concessionaire therefrom.

County shall not be liable to Concessionaire for any interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute a constructive eviction or grounds for Rent abatement in whole or in part herein. Concessionaire acknowledges that County has no authority over the utility service providers. County shall take all reasonable steps to assist Concessionaire in Concessionaire's efforts to gain access to the utilities discussed herein.



## EXHIBIT F

### Maintenance Responsibilities

#### A. Responsibility of County

County shall, without additional expense to Concessionaire, provide or cause to be provided maintenance of the items designated as the County's responsibility within the attached Preventative/Corrective Maintenance Responsibility Matrix (Matrix).

Except as otherwise expressly provided herein, the Leased Premises are leased to Concessionaire in an "As Is" condition from the turnover date throughout the Term of this Agreement.

County or its authorized agents may, at any time, without notice, enter upon the Leased Premises to determine if housekeeping and maintenance satisfactory to County is being performed. If it is determined that said housekeeping or maintenance is not satisfactory, County shall so notify Concessionaire in writing. If said housekeeping or maintenance is not performed by Concessionaire within fifteen (15) days after receipt of written notice, County, or its agents, shall have the right to enter upon the Leased Premises and perform the maintenance. The cost, plus 15% of the cost for administrative charges, for the performance of any such maintenance by County shall be borne by Concessionaire. Any maintenance required to avoid harm to the building, its contents, other tenants or persons shall be performed immediately without need of written notice or County may, upon verbal notice to Concessionaire's manager, itself perform such maintenance at Concessionaire's expense.

#### B. Responsibility of Concessionaire

Throughout the Term of this Agreement, Concessionaire shall, at its sole cost and expense, provide the preventative and corrective maintenance designated as the Concessionaire's responsibility on the attached Matrix.

Except as otherwise expressly provided herein, Concessionaire, at all times, shall at its sole cost and expense, maintain the Leased Premises in first class condition, order and repair and in strict compliance with all applicable governmental regulations, laws and codes, County's rules and regulations, and insurance company standards, rules and regulations. Concessionaire shall be obligated, without cost to County, to maintain the Leased Premises in accordance with the Performance Standards as described in EXHIBIT I.

Concessionaire shall notify County prior to performing corrective work (beyond lamp changes) on equipment or fixtures integral to the Airport structure/infrastructure, such as light fixtures, HVAC, fire alarm, plumbing, etc.

Concessionaire shall do nothing, and shall permit nothing to be done, that could interfere with the drainage or sewage systems, fire hydrants, HVAC systems, electrical systems, domestic hot water or cold water, gas, fire suppression systems, fire alarm system, or plumbing on the Leased Premises or elsewhere at the Airport, without the advance written permission of the County.

Concessionaire shall be responsible for immediately notifying County of any malfunction, problem, fault, or not-in-operation for any item for which County is responsible under this EXHIBIT F. If Concessionaire fails to promptly notify County, Concessionaire waives County's obligation to perform such maintenance, repair or testing.

Concessionaire agrees to take good care of the Leased Premises and to return the same at the termination of this Agreement in as good order as when received, excepting ordinary wear and tear and natural decay.

Concessionaire shall keep the Leased Premises free of debris, trash, and hazardous conditions, shall keep public areas around the Leased Premises free of hazardous conditions originating from Concessionaire's operations and shall orally notify the County promptly of other hazardous conditions in the public areas outside the Leased Premises upon actual knowledge of any such hazardous condition.

**C. Failure to Maintain or Repair**

If Concessionaire refuses or neglects to undertake the prompt maintenance or repair, which is Concessionaire's responsibilities under this Agreement, the County shall have the right to make such repairs on behalf of and for Concessionaire. Such work shall be paid for by Concessionaire within ten (10) calendar days following written demand by the County for said payment at the County's standard rates, plus the County's overhead, and the delinquency charge on the amount paid by the County from the date the funds were expended. If the work is performed by a contractor hired by the County, the County shall be reimbursed the County's actual cost, including but not limited to, County administrative costs and the delinquency charge on the amount paid by the County from the date the funds were expended.

Concessionaire shall be solely responsible for the cost of any repair or maintenance to the Leased Premises resulting from the negligent acts or omissions of Concessionaire, its officers, agents, employees, subtenants, invitees, suppliers, or contractors. In the event of such damage, County may elect to perform such repair or maintenance itself, at Concessionaire's sole cost and expense plus County administrative costs, or require Concessionaire to perform the same at Concessionaire's sole cost and expense.

Provided, however, if such repair or maintenance is not of an emergency nature, as determined by the County, in its sole discretion, County shall give Concessionaire fifteen (15) days advance written notice of its election in such matter.

Preventive/Corrective Maintenance Responsibility Matrix

Sacramento International Airport

#	Equipment	County Responsibility	Concessionaire Responsibility	Not Applicable
1	<b>Electrical</b>			
2	Infrastructure (within leased premises or exclusively serving leased premises)		X	
3	Transformer - Concessionaire Electrical Service	X		
4	Transformer(s) - other than main service		X	
5	Panels		X	
6	Time Clocks		X	
7	Receptacles		X	
8	Switches		X	
9	UPS Systems (within leased premises or exclusively serving leased premises)		X	
10	Testing		X	
11	Repair		X	
12	Maintenance		X	
13	Lighting - Interior within the leased premises		X	
14	Lamps		X	
15	Ballasts		X	
16	Light Fixtures		X	
17	Common area lighting - Lighting located in common areas illuminating common use areas	X		
18	Lamps	X		
19	Ballasts	X		
20	Fixtures	X		
21	Tenant area lighting - Lighting located in common areas illuminating leased premises		X	
22	Lamps		X	
23	Ballasts		X	
24	Fixtures		X	
25	Signage - lighted		X	
29	Aircraft ramp lighting			X
30	Hangar lighting			X
31	Power Monitoring and Control System - (Tenant utility metering equipment)	X		
32				
33	<b>Plumbing</b>			
34	Infrastructure	X		
35	P-Traps	X		
36	Trap primers	X		
37	Sewer Lines	X		
38	Water Pipe	X		
39	Vents	X		
40	Floor sinks		X	
41	Toilets			X
42	Grease Traps		X	
43	Mop sinks		X	
44	Tenant laterals to building sanitary sewer lines		X	
45	Backflow preventers	X		
46				
47	<b>Fire Suppression System</b>			
48	Fire Alarm Detection (including 24-hour monitoring)	X		
49	Fire Suppression System (Building Wide System)	X		
50	Fire Suppression Equipment Exclusive to the Leased Premises (i.e. Fire Extinguishers, etc.)		X	
51				
52	<b>Tenant Building Interior</b>			
53	Signage - non-lighted		X	
54	Wall finishes (including store front)		X	
55	Cabinetry - repair		X	
56	Cabinetry - new		X	
57	Doors (Including locks, hinges and closers)		X	
58	Interior leased space doors		X	
59	County space/leased space doors		X	
60	Fire doors		X	
61	Roll up Doors		X	
62	Bag belt Systems			X
63	Restrooms fixtures (towel/soap dispensers, mirrors, partitions, etc.)			X
64	Floor Tile		X	
65	Ceiling (tiles and grid)		X	
66	Display cases (within Leased Premises)		X	
67	Art work (within leased premises)		X	
68				
69	<b>Building Exterior</b>			
70	Pavement			X
71	Repair and Patch Roof	X		
72	Clean and Clear Gutters			X
73	Structural Maintenance and/or repairs	X		
74	Exterior Walls, Roof and Foundation	X		
75	Landscaping			X
76				
77	<b>HVAC</b>			
78	UPS System HVAC (common to building HVAC)	X		
79	UPS System HVAC (leased space HVAC)		X	
80	Kitchen ventilation systems			X
81	Exhaust Fans			X
82	Common to building HVAC	X		
83	Ceiling Vents		X	
84	Thermostats		X	
85	Leased space HVAC		X	
86				
87	<b>Miscellaneous</b>			
88	Pest Control (as necessary to maintain a pest and vermin free condition)		X	
89	Equipment and Improvements installed by Tenant (weather authorization was given or not)		X	
90	Janitorial		X	
91	Trash Removal		X	
92	Trash Removal		X	

# EXHIBIT G

## ASSURANCES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION

## EXHIBIT H

### **Insurance Requirements for the Retail Concession Agreement between the COUNTY OF SACRAMENTO, hereinafter referred to as “County,” and Company Name hereinafter referred to as “Concessionaire”**

#### **INSURANCE REQUIREMENTS**

Without limiting Concessionaire’s indemnification, Concessionaire shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Concessionaire, its officers, agents, representatives, employees, subtenants, guests, patrons, contractors, subcontractors, licensees, invitees, and suppliers. County shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the County Risk Manager, insurance provisions in these requirements do not provide adequate protection for County and for members of the public, County may require Concessionaire to obtain insurance sufficient in coverage, form and amount to provide adequate protection. County’s requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

#### **Verification of Coverage**

Concessionaire shall furnish the County with certificates evidencing coverage required below. **Copies of required endorsements must be attached to provided certificates.** The County Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately protected. All certificates, evidences of self-insurance, and additional insured endorsements are to be received and approved by the County before performance commences. The County reserves the right to require that Concessionaire provide complete, certified copies of any policy of insurance including endorsements offered in compliance with these specifications.

#### **Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. GENERAL LIABILITY: Insurance Services Office’s Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, Contractual, Liquor Liability and Personal & Advertising Injury, without additional exclusions or limitations, unless approved by the County Risk Manager.
2. AUTOMOBILE LIABILITY: Insurance Services Office’s Commercial Automobile Liability coverage form CA 0001.
  - a. Commercial Automobile Liability: auto coverage symbol “1” (any auto) for corporate/business owned vehicles. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply.
  - b. Personal Lines automobile insurance shall apply if vehicles are individually owned.

3. WORKERS' COMPENSATION: Statutory requirements of the State of California and Employer's Liability Insurance.
4. UMBRELLA or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverages that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Commercial Automobile Liability, Employers' Liability, and any other liability coverage (other than Professional Liability) designated under the Minimum Scope of Insurance.

**Minimum Limits of Insurance**

Concessionaire shall maintain limits no less than:

1. General Liability shall be on an Occurrence basis (as opposed to Claims Made basis). Minimum limits and structure shall be:

General Aggregate:	\$2,000,000
Products Comp/Op Aggregate:	\$2,000,000
Personal & Adv. Injury:	\$1,000,000
Each Occurrence:	\$1,000,000
Fire Damage:	\$ 100,000 (or replacement value of portion of building you lease, whichever is greater.)
Liquor Liability:	\$1,000,000

Building Trades Contractors and Contractors engaged in other projects of construction shall have their general liability Aggregate Limit of Insurance endorsed to apply separately to each job site or project, as provided for by Insurance Services Office form CG-2503 Amendment-Aggregate Limits of Insurance (Per Project).

2. Automobile Liability:
  - a. Commercial Automobile Liability for Corporate/business owned vehicles including non-owned and hired, \$1,000,000 Combined Single Limit.
  - b. Personal Lines Automobile Liability for Individually owned vehicles, \$250,000 per person, \$500,000 each accident, \$100,000 property damage.
3. Workers' Compensation: Statutory.
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

**Deductibles and Self-Insured Retention**

Any deductibles or self-insured retention that applies to any insurance required by this Agreement must be declared and approved by the County.

**Other Insurance Provisions**

The insurance policies required in this Agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

**All Policies**

1. ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than **A-:VII**. The County Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately protected.

2. MAINTENANCE OF INSURANCE COVERAGE: The Concessionaire shall maintain all insurance coverages in place at all times and provide the County with evidence of each policy's renewal ten (10) days in advance of its anniversary date. Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be canceled except after thirty (30) days' written notice for cancellation or non-renewal has been given to the County. For non-payment of premium ten (10) days prior written notice of cancellation is required.

### **Commercial General Liability and/or Commercial Automobile Liability**

1. ADDITIONAL INSURED STATUS: The County, its officers, directors, officials, employees, and volunteers are to be endorsed as additional insureds as respects: liability arising out of activities performed by or on behalf of the Concessionaire; products and completed operations of the Concessionaire; premises owned, occupied or used by the Concessionaire; or (commercial) automobiles owned, leased, hired or borrowed by the Concessionaire. The coverage shall contain no endorsed limitations on the scope of protection afforded to the County, its officers, directors, officials, employees, or volunteers.

2. CIVIL CODE PROVISION: Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an Agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

3. PRIMARY INSURANCE: For any claims related to this Agreement, the Concessionaire's insurance coverage shall be endorsed to be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, directors, officials, employees, or volunteers shall be excess of the Concessionaire's insurance and shall not contribute with it.

4. SEVERABILITY OF INTEREST: The Concessionaire's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5. SUBCONTRACTORS: Concessionaire shall be responsible for the acts and omissions of all its subcontractors and shall require all its subcontractors to maintain adequate insurance.

### **Professional Liability**

**PROFESSIONAL LIABILITY PROVISION:** Any professional liability or errors and omissions policy required hereunder shall apply to any claims, losses, liabilities, or damages, demands and actions arising out of or resulting from professional services provided under this Agreement.

### **Workers' Compensation**

**WORKERS' COMPENSATION WAIVER OF SUBROGATION:** The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by the Concessionaire.

### **Property**

**COURSE OF CONSTRUCTION (COC) WAIVER OF SUBROGATION:** Any Course of Construction (COC) policies maintained by the Concessionaire in performance of the Agreement shall contain the following provisions:

1. The County shall be named as loss payee.
2. The insurer shall waive all rights of subrogation against the County.

**INLAND MARINE WAIVER OF SUBROGATION:** Any Inland Marine insurance policies maintained by the Concessionaire in performance of the Agreement shall be endorsed to state that the insurer shall waive all rights of subrogation against the County.

### **Notification of Claim**

If any claim for damages is filed with Concessionaire or if any lawsuit is instituted against Concessionaire, that arise out of or are in any way connected with Concessionaire's performance under this Agreement and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect County, Concessionaire shall give prompt and timely notice thereof to County. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.



## EXHIBIT I

### Performance Standards

Concessionaire is required to provide the highest product and services quality, customer services, and facilities to the Airport patrons at all times. The County and Concessionaire agree that Concessionaire shall observe the following Performance Standards in addition to those contained elsewhere in the Agreement.

#### A. Hours of Operation

The Leased Premises shall be open for business seven (7) days a week, including holidays, except as may be otherwise be approved in writing by the Director. The Director shall approve all hours of operation and shall have the option to make changes to the Concessionaire's hours of operations with twenty-four (24) hour prior written notice. The hours of operation must be conspicuously posted at the Leased Premises in a manner approved by the Director.

#### B. Operation of Concession and Leased Premises

1. Concessionaire shall furnish all services provided hereunder on a fair and reasonable basis to all users of the Airport and the general public, who have paid for access to the lounge. The Concessionaire's operations must be conducted in a safe, clean, orderly, and inviting condition at all times and service shall be prompt, courteous and efficient satisfactory to the County.

2. No loud or inappropriate music will be played at the Leased Premises. Concessionaire's employees must conduct themselves in a professional manner and shall provide the highest level of service possible to all Airport patrons.

3. In the event the Leased Premises are operated as a name brand facility by Concessionaire pursuant to a license or franchise, Concessionaire shall fully comply with all the standards of the licensor or franchisor, perform all of the terms and conditions of such license or franchise and keep such license or franchise in full force and effect.

4. Concessionaire shall strictly comply with all applicable building codes, zoning regulations, municipal, county, State or federal laws, ordinances and regulations, including all health department regulations and ordinances, and all Airport rules, regulations and orders. Concessionaire shall maintain continuously the necessary licenses required to operate the Leased Premises.

5. Concessionaire shall conduct its operations in an orderly and proper manner so as not to commit any nuisance or waste in the Leased Premises.

6. Customer Complaints - Concessionaire shall respond in writing to all written complaints within forty-eight (48) hours of receipt and shall provide copies of all associated written correspondence to the Airport Director.

7. At no time shall the Leased Premises be left unattended or temporarily closed while employees go on break, receive deliveries, or for other such reasons unless otherwise previously approved by the Director in writing.

8. Concessionaire's service shall be timely, attentive, and friendly. Processing of payments from customers shall be prompt. Receipts shall be properly itemized, shall reflect the date of sale, and shall present individual prices, total, and taxes. All customers shall be thanked for patronage.
9. Concessionaire shall operate its business at Airport under the trade name set forth in the Agreement so long as: (1) the same shall not be held to be in violation of any applicable law; and (2) shall not change the advertised name or character of the business operated in the Leased Premises without the prior written approval of the County, which approval may be withheld at the County's absolute discretion.
10. Concessionaire shall not give samples, approach customers or otherwise solicit business in the common areas or any other part of the Airport other than the Leased Premises. Concessionaire shall not distribute any handbills or other advertising matter in the common areas or any other part of the Airport other than in the Leased Premises. In the event that the Concessionaire violates the foregoing, Concessionaire shall, at Concessionaire's sole cost and expense, be responsible for immediately clearing the area of any such materials.
11. At the Director's request, Concessionaire shall meet with the Director to review any complaints or concerns and shall promptly correct any deficiencies. The Director's determination as to quality of operation or services shall be conclusive and curative measures shall be implemented by Concessionaire as expeditiously as possible.
12. Concessionaire shall at all times observe prudent cash-handling procedures, and it shall immediately implement any new procedures, or revise any existing procedures in such a manner, as the Director may reasonably require from time to time, provided that the Director gives written notice thereof to Concessionaire.
13. The Director may monitor, test, or inspect Concessionaire's service at any time through the use of a responsible shopping service or by other commercially reasonable means that do not unduly interfere with Concessionaire's business.
14. The Director, in his sole discretion, reserves the right to require Concessionaire to add additional staff, if the customer service requirements set forth in this Agreement are not being met. Concessionaire should anticipate peak travel seasons such as Spring Break, Thanksgiving, Christmas, and other holidays, and add additional staff accordingly.
15. The Concessionaire will display only signage that has been previously approved by the Director in writing. The Director, in his sole discretion, shall have the right to require Concessionaire to immediately remove any displays that are determined to be inappropriate for the Airport. Handwritten signage is expressly prohibited from being displayed at any time.
16. Concessionaire shall comply with all local Department of Health sanitation rules and regulations and must maintain the Leased Premises in a clean manner. Copies of all Department of Health facilities inspections shall be submitted to the Director within five (5) business days upon completion of inspection. Concessionaire shall notify the Director immediately upon receiving any failing inspection.

17. Tip cups or jars are allowed, but must be approved by the Director in advance. Employees shall not solicit patrons for tips. Any public fund raising conducted by Concessionaire is not allowed without prior express written consent of the Director.

18. The operation and management of the Leased Premises shall be under the constant and direct supervision of a well-trained, qualified, and experienced manager employed by Concessionaire.

### **C. Personnel**

1. Manager - Concessionaire's manager on-site at the Leased Premises shall be a full-time active, qualified, experienced, and competent Manager with the complete responsibility and authority to respond quickly and decisively to the Director in all matters affecting the operation of the Leased Premises. Concessionaire shall at all times ensure, in the absence of the Manager, that a qualified supervisor is available and empowered to act quickly and decisively in response to any need arising from the operation of the Leased Premises during normal business hours as well as in the evenings and/or in the event of an emergency.

2. Staffing - Concessionaire shall provide an adequate number of employees on each shift to ensure the highest standards of public service and satisfactory operation and maintenance of the Leased Premises at all times. Concessionaire shall provide appropriate staffing levels to accommodate changes in peak periods of passenger activity and shall add an appropriate number of employees to respond to increased levels in potential customers resulting from changes in the airline schedules or relocation of airline gates. Concessionaire shall recruit, train, supervise, direct and deploy the number of employees necessary to provide prompt service to all customers.

3. Deportment - Concessionaire shall require its employees in all circumstances to observe a strict impartiality as to quantities and services, to provide fast service, to exercise courtesy and consideration in dealing with the public and to give directions and make change cheerfully. Employees will acknowledge, greet and/or welcome customers and provide assistance to customers as needed or requested. Concessionaire's employees shall be proficient in customer service and sales techniques. Employees shall not eat or drink within view of customers or in the store selling space during business hours and shall not chew gum while in the Leased Premises. Personal belongings shall not be within view of customers at the Leased Premises.

4. Training - Concessionaire's employees shall conduct themselves in accordance with the rules and precepts taught in Concessionaire's training program or programs. Each employee shall be trained in retail service selling skills and shall be knowledgeable about the products and services offered at the Leased Premises. Concessionaire shall certify to the Director, if requested, that such training has been completed.

5. Uniforms & Badges - All employees of Concessionaire who come in contact with the public shall be clean and well groomed, neat, professional, courteous, and shall wear professional uniforms that must be kept neat and clean. If Concessionaire does not have a standard uniform all Concessionaire employees shall be appropriately attired. All Concessionaire employees must wear the official Airport identification badge and Concessionaire's identification name tag at all times, subject to the Director's approval, which clearly state Concessionaire's company name and the individual employee's name. If the Leased Premises are operated pursuant to a license or franchise, the franchisor/licensor's uniform shall be acceptable.

**D. Store Merchandising**

Displays must conform to the Airport Tenant Design Manual, as may be amended from time to time. The County shall have the right to require Concessionaire to immediately remove any displays that do not conform to the Airport Tenant Design Manual or that the Director, in his sole discretion, determines are inappropriate for the Airport.

**E. Sales and Dignified Use**

No public or private auction, fire, going out of business, bankruptcy or similar types of sales shall be conducted in or from the Leased Premises. The Leased Premises shall be used only in a dignified and ethical manner, consistent with the general high operation standards at the Airport.

**F. High Traffic Areas Refurbishment**

Concessionaire shall maintain the Leased Premises in a first-class, well-maintained condition at all times during the term of this Agreement. Concessionaire shall repaint or refinish, at Concessionaire's own cost, high traffic areas within the Leased Premises subject to greater than normal wear on a schedule to be specified by Concessionaire, or as may be required by the Director, if Concessionaire fails to specify a reasonable refurbishment schedule and complete such refurbishment. All Tenant Improvements, and other furnishings that become worn, chipped, dented, gouged or otherwise damaged, shall be repaired or replaced by Concessionaire, at Concessionaire's sole expense as soon as reasonably possible.

**G. Maintenance and Leased Premises Upkeep**

1. Concessionaire must keep and maintain the Leased Premises and any fixtures, furniture, and equipment contained within the Leased Premises in good condition and repair.
2. Concessionaire shall perform all maintenance, repairs, or replacements using quality materials equal to the original, and, if materially changed from the original, shall be subject to the prior written approval of the Director.
3. Concessionaire shall provide complete and adequate arrangements for the sanitary handling of all trash, garbage, and other refuse generated in connection with the use of the Leased Premises.
4. Concessionaire shall not allow the accumulation of boxes, pallets, cartons, barrels, carts, equipment, or other similar items in public or common areas.

5. Concessionaires may be required, at its own expense, to keep a floor mat to all rear (back of house) entrances and exits to their Leased Premises as a means to prevent debris and water from permeating common areas.

5. Concessionaire shall be responsible for the complete control of all rodents and insects or other pests within the Leased Premises.

6. Concessionaire's fixtures and/or equipment installed in, affixed to, or served by, roof vents or other similar air openings serving the Leased Premises, shall be kept free of grease accumulation, dirt, and other foreign matter by Concessionaire at all times throughout the term of the Agreement. Concessionaire shall furnish and service any and all filters or similar equipment considered necessary by the County, monthly or as often as necessary.

7. Concessionaire shall implement approved daily, weekly, monthly, and annual equipment maintenance and facility cleaning logs and shall submit such logs as requested by the Director. Concessionaire shall strictly adhere to such cleaning and maintenance schedules and provide equipment inspection certifications as required by Director.

#### **H. Sanctions for Violation of Concessionaire Operating Standards**

1. Upon Concessionaire's violation of the operating standards listed in the table below, Concessionaire may be sanctioned for such violations in the amounts identified. Sanctions may accrue immediately and without notice upon violation.

2. Violations must be cured at the earliest possible date. If condition of violation continues for more than two (2) calendar days after the County has given Concessionaire notice of the violation, additional sanctions may be applied.

3. Each violation occurrence shall be cumulative and expire 365 days from notification. Effects of violation shall be applied for 365 days from date of notification.

4. After five (5) violations in Section A or three (3) violations in Section B within one calendar year (365 days) of the chart herein below, the Director reserves the right, at its sole option, not to impose the sanction and instead to seek any other remedies available under Section 3.2 of the Agreement, including termination of this Agreement.

5. If Concessionaire believes that there were unforeseen circumstances beyond Concessionaire's reasonable control that caused Concessionaire to violate the operating standards described in this EXHIBIT I, Concessionaire may request that the County take such mitigating circumstances into consideration by submitting to the Director a written request which outlines and explains the mitigating circumstance in detail. The Director will review such request before imposing a sanction or taking any other action that it is entitled to take under this Agreement.

**Schedule of Sanctions**

<p><b>Section A Violations:</b>  Hours of Operation  Operations, Service Standards and Employee Standards  Pricing  Quality  Signage  Interference with Utilities  Deliveries and Vendor Access</p>	<p><b>Occurrence</b>  1  2  3  4  5</p>	<p><b>Amount of Sanction</b>  Written Notification  \$200 Sanction  \$400 Sanction  \$750 Sanction  \$1,000 per occurrence thereafter or default under Section 3.23 of the Agreement</p>
<p><b>Section B Violations:</b>  Maintenance and Repairs  Sanitation  Hygiene and Cleanliness  Waste Disposal &amp; Recycling  Health Code Violations</p>	<p><b>Occurrence</b>  1  2  3</p>	<p><b>Amount of Sanction</b>  \$250 Sanction  \$500 Sanction  \$1,000 per occurrence thereafter or default under Section 3.2 of the Agreement</p>

**EXHIBIT J**

**Airport Tenant Design Manual**

**See Attached**

## ATTACHMENT B

### *Facility Build-Out Investment Proposal Form*

Proposer: \_\_\_\_\_

### Facility Build-Out Investment

Type of Unit	Total Minimum Required Investment per Square Foot (1)	Proposed Investment per Square Foot Hard Costs	Proposed Investment per Square Foot Soft Costs	Total Proposed Investment per Square Foot	Total Proposed Investment
Terminal A Lounge	\$350.00				
Terminal B Lounge	\$350.00				
<b>Total</b>					

(1) Proposer is required to allocate not less than 85% of the Proposed Facility Build-Out Investment on construction "hard costs" of materials, direct labor, equipment, finishes, signage, lighting, HVAC, and other construction costs exclusive of "soft costs" of design, engineering, construction supervision, permitting, specialist consultants, overheads, corporate construction administration, and other fees.



## **ATTACHMENT C**

### ***Rent***

Describe the proposed rent payable to the County and include any additional information in order to support the proposed rent structure and amount paid.

## ATTACHMENT D

### *Addenda Acknowledgment Form*

Proposer acknowledges receipt of the following Addenda to the Request for Proposals:

Addendum Number	Signature	Date
1.		
2.		
3.		
4.		
5.		

# ATTACHMENT E

## *Letter to the Board of Supervisors*

Date: \_\_\_\_\_, 2018

TO: Honorable Board of Supervisors  
County of Sacramento, California

SUBMITTED BY:

Proposer: \_\_\_\_\_

Proposer's Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

SUBJECT: PROPOSAL FOR COMMON USE AIRPORT LOUNGE CONCESSION  
AGREEMENT AT SACRAMENTO INTERNATIONAL AIRPORT

I, the undersigned, acknowledge that I have: carefully read and understand and examined the RFP, the attached draft Agreement and the proposed location for the proposed lounge operation; guarantee our Proposal meets or exceeds specifications contained in this RFP document; and warrant that if the Proposal is accepted, we will contract with the County of Sacramento in the form of a Common Use Airport Lounge Concession Agreement in the form attached and comply with the requirements of the RFP and the executed Agreement. Any exceptions are described in detail and all requested information has been submitted as requested.

I also affirm that I am duly authorized to execute the Agreement contemplated herein; that this company, corporation, firm, partnership, or individual has not prepared this Proposal in collusion with any other Proposer and that the contents of this Proposal as to rent, terms or conditions of said Proposal have not been communicated by the undersigned nor any employee or agent to any other Proposer or to any other person(s) engaged in this type of business prior to the official opening of the Proposal.

\_\_\_\_\_  
Print Name                      Print Title                      Signature

\_\_\_\_\_  
Print Name                      Print Title                      Signature

\_\_\_\_\_  
Print Name                      Print Title                      Signature

(If the Proposal is submitted by a corporation, the corporate seal must be affixed to the Proposal.)

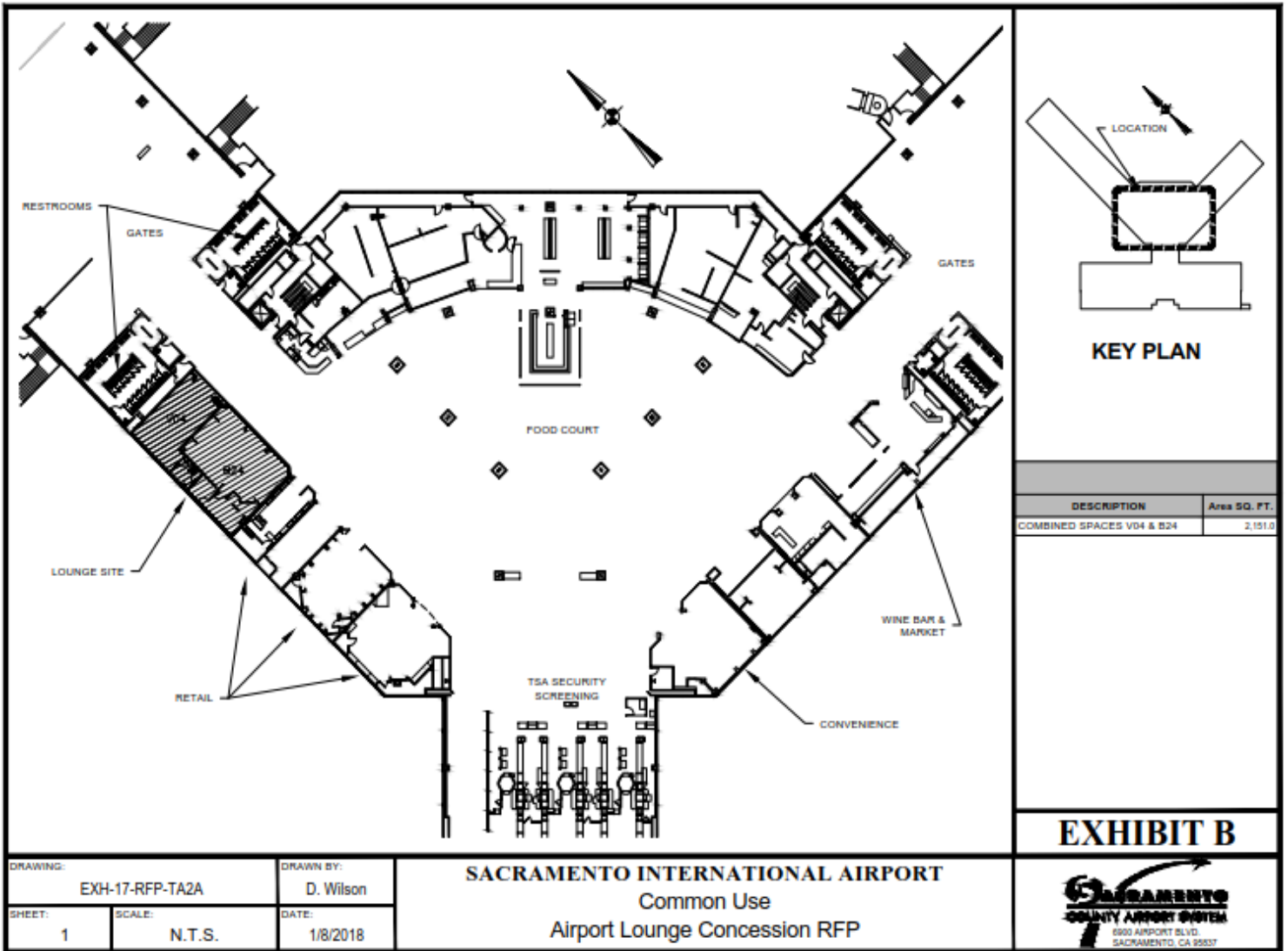
Seal

# ATTACHMENT F

## Available Concession Space Map

### Terminal A

Updated: 1/8/2018 - Printed: 1/8/2018 8:15:10 AM By: Marzyuk Paul  
 File: V:\Facility\SMF\Lease\Property\EXH-17-RFP-TA2a.dwg (Tab: Exhibit B)



DRAWING: EXH-17-RFP-TA2A		DRAWN BY: D. Wilson	
SHEET: 1	SCALE: N.T.S.	DATE: 1/8/2018	

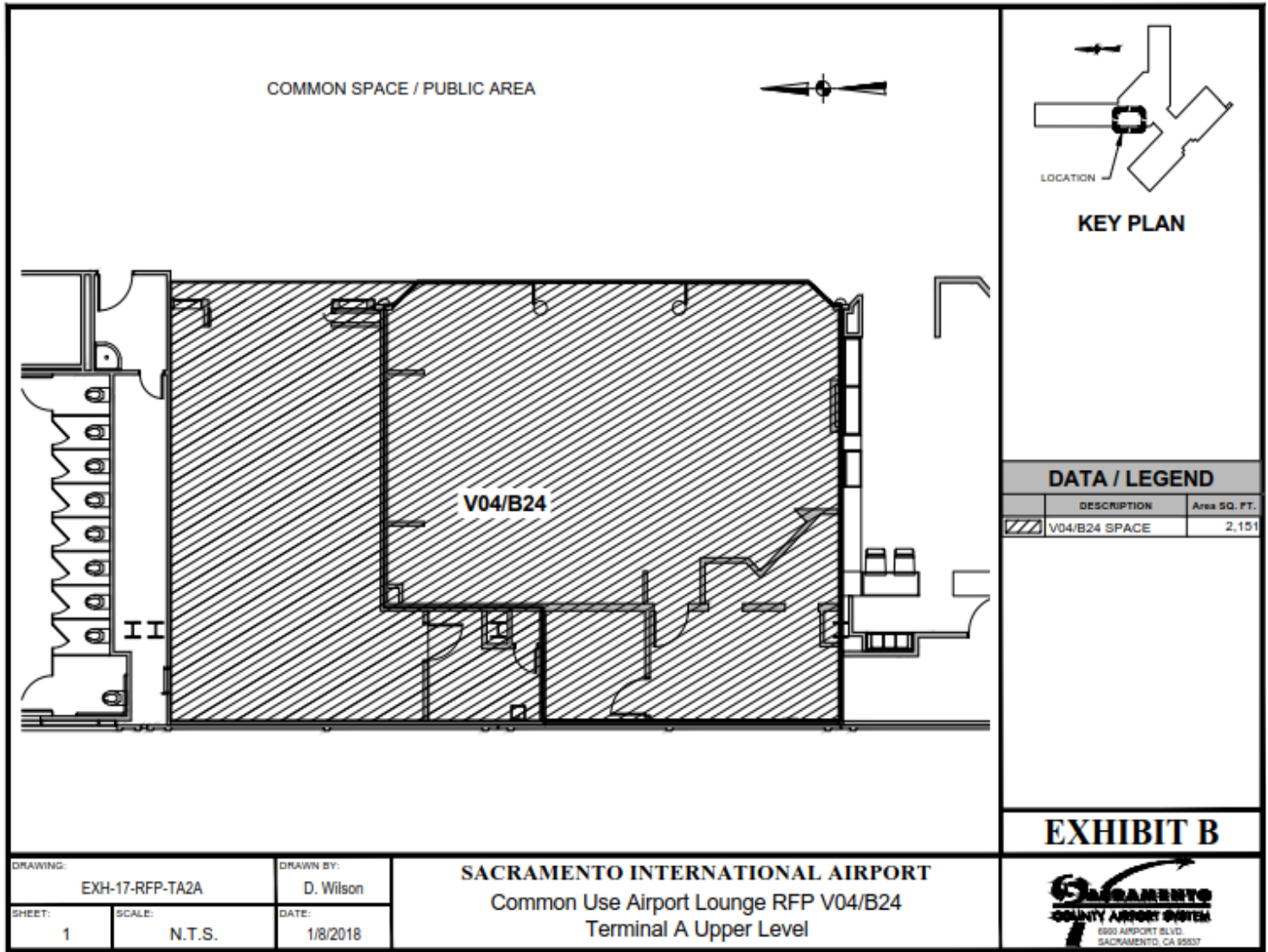
**SACRAMENTO INTERNATIONAL AIRPORT**  
 Common Use  
 Airport Lounge Concession RFP

**EXHIBIT B**



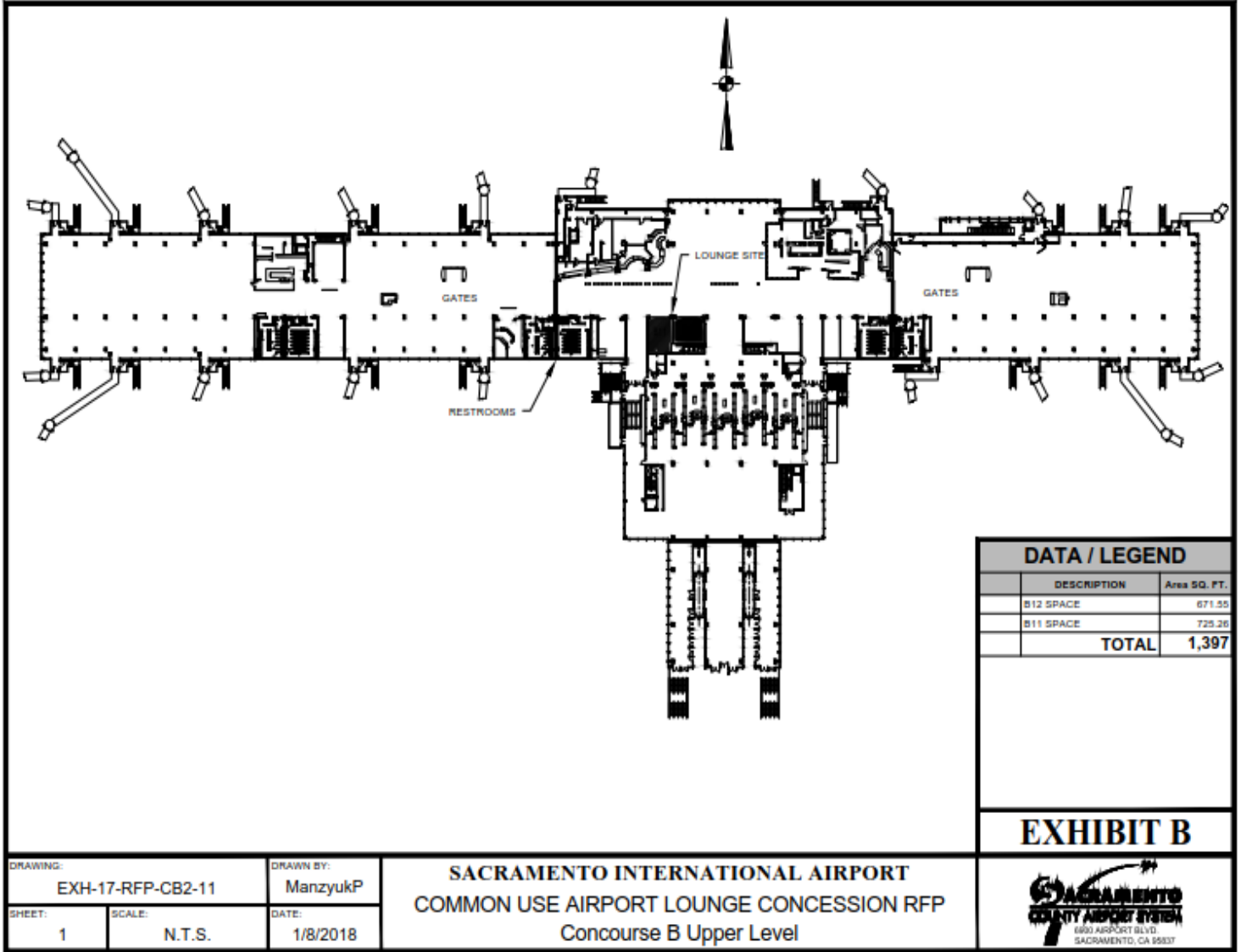
# Terminal A

Updated: 1/8/2018 - Printed: 1/8/2018 7:31:52 AM By: Marzyuk, Paul  
 File: V:\Facility\SMPL\Lease\Property\EXH-17-RFP-TA2a.dwg (Tab: RFP V04-B24)



# Terminal B

File: V:\Facility\SMF\Lease\Property\EXH-17-RFP-CB2-11 (Exhibit B) Updated: 1/8/18 Printed: 1/8/18 8:44am By: ManzyukP



DRAWING: EXH-17-RFP-CB2-11		DRAWN BY: ManzyukP
SHEET: 1	SCALE: N.T.S.	DATE: 1/8/2018

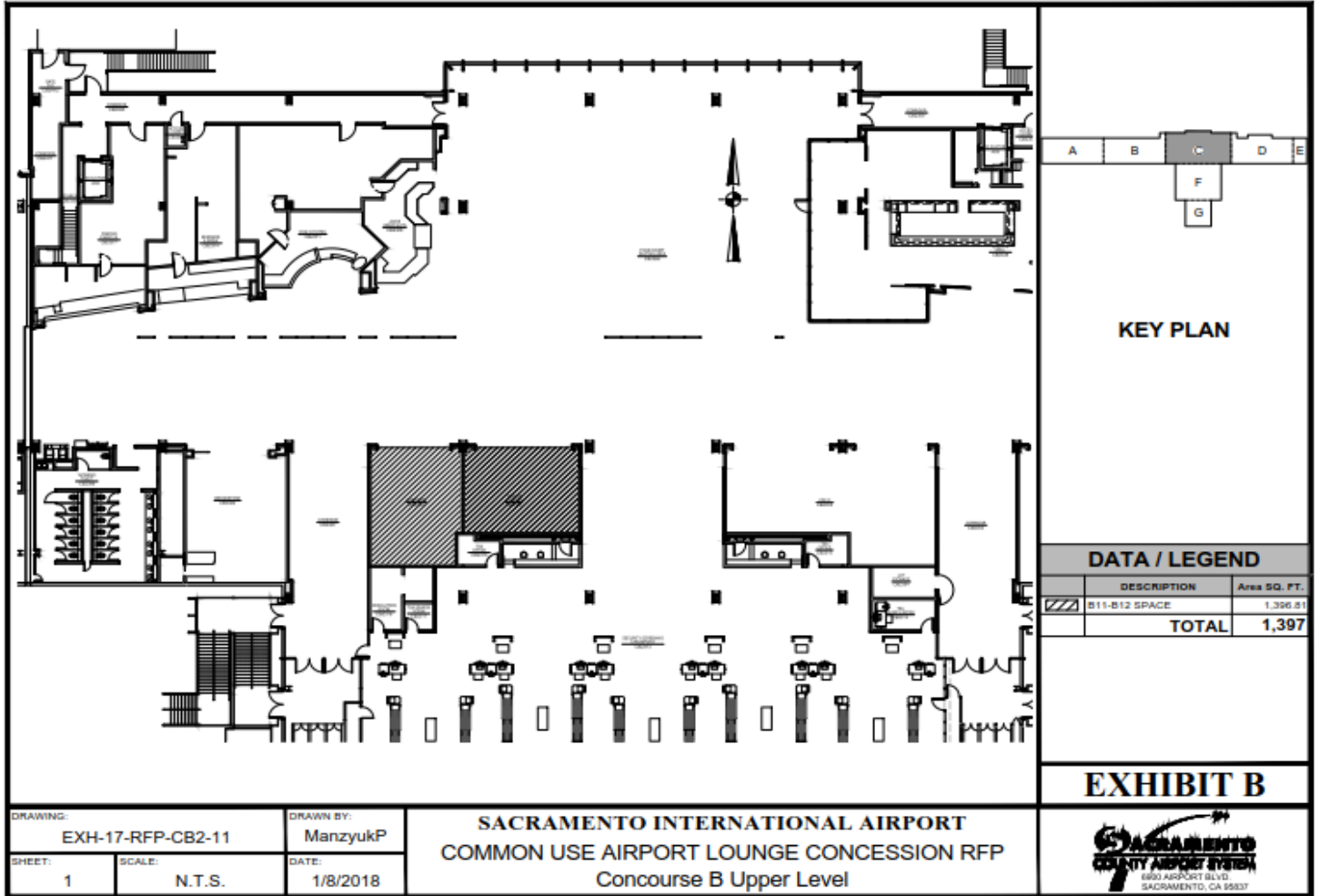
**SACRAMENTO INTERNATIONAL AIRPORT**  
**COMMON USE AIRPORT LOUNGE CONCESSION RFP**  
**Concourse B Upper Level**

**EXHIBIT B**

**SACRAMENTO COUNTY AIRPORT SYSTEM**  
 6900 AIRPORT BLVD.  
 SACRAMENTO, CA 95837

# Terminal B

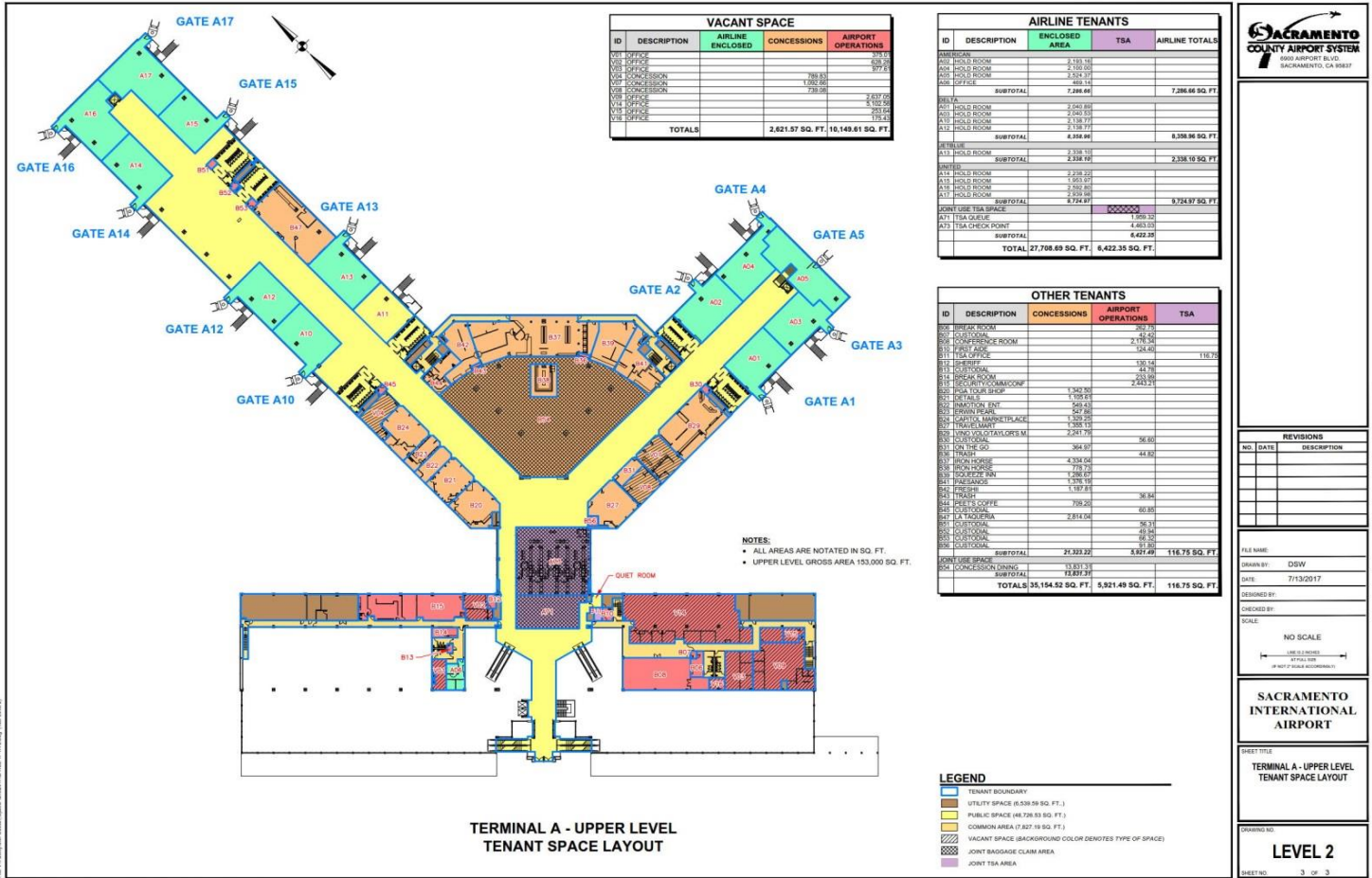
File: V:\Facility\SMF\Lease\Property\EXH-17-RFP-CB2-11 (Exhibit RFP 5-6) Updated: 1/8/18 Printed: 1/8/18-8:46am By: ManzyukP



# ATTACHMENT G

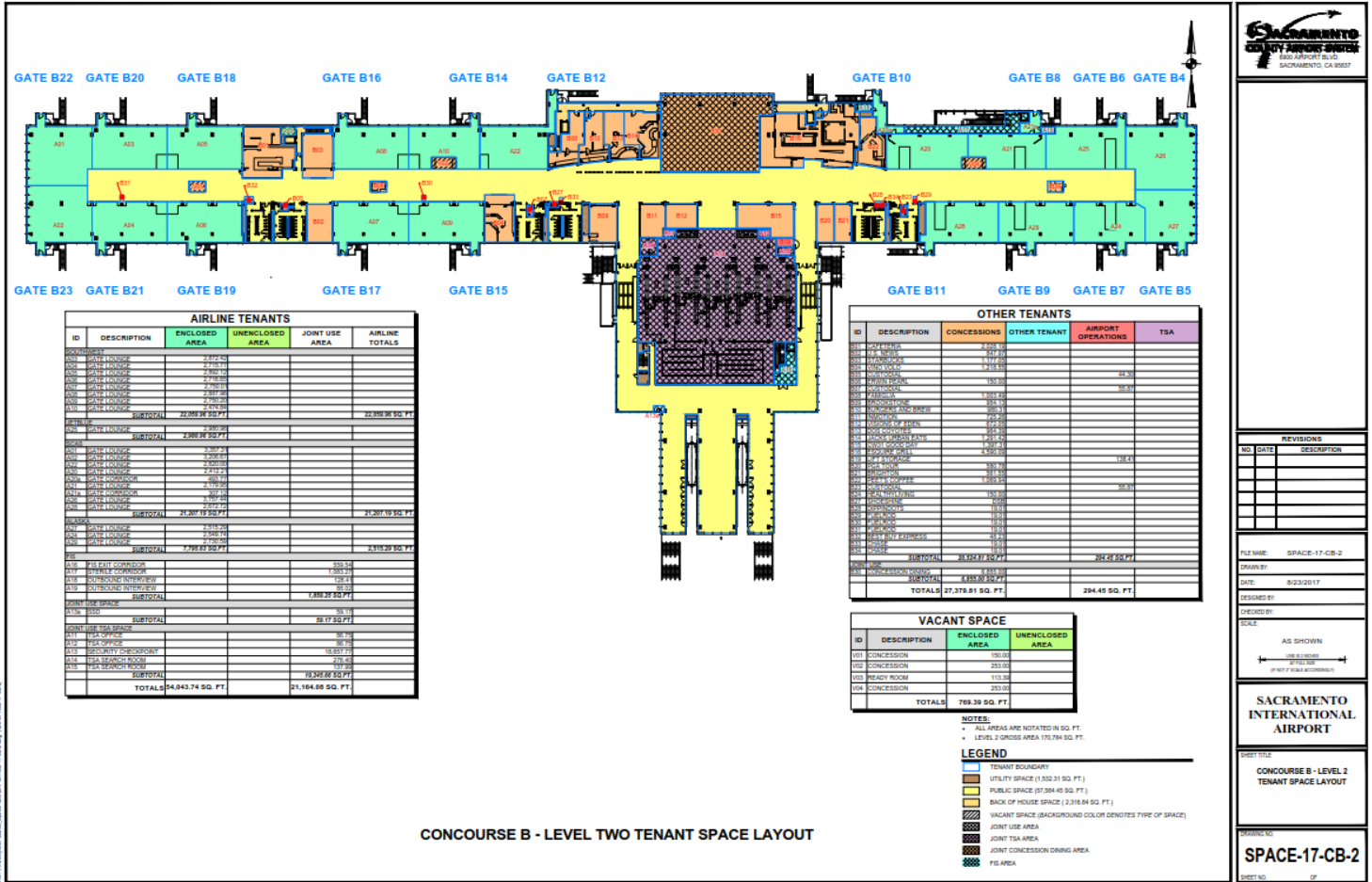
## Concession Program Space Map

### Terminal A



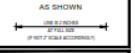


# Terminal B



REVISIONS	
NO.	DESCRIPTION

FILE NAME: SPACE-17-CB-2  
 DRAWN BY: [Name]  
 DATE: 6/23/2017  
 DESIGNED BY: [Name]  
 CHECKED BY: [Name]  
 SCALE:



**SACRAMENTO INTERNATIONAL AIRPORT**

PROJECT TITLE: **CONCOURSE B - LEVEL 2 TENANT SPACE LAYOUT**

DRAWING NO.: **SPACE-17-CB-2**  
 SHEET NO.: 02

**ATTACHMENT H**  
**Concession Program Sales**

**Terminal A and B**

<b>Annual Sales</b>	<b>FY 17/16</b>	<b>FY 16/15</b>	<b>FY 15/14</b>
Terminal A Retail	\$7,248,177.00	\$6,682,480.94	\$5,084,161.61
Terminal A Food & Beverage	\$12,455,667.26	\$10,848,484.11	\$8,451,892.67
Terminal B Retail	\$11,294,556.97	\$10,928,455.12	\$11,059,000.75
Terminal B Food & Beverage	\$23,425,868.43	\$20,617,216.09	\$19,953,880.92

## ATTACHMENT I

### *Pro-forma Operating Statement*

Proposers are required to submit a Pro-forma Operating Statement using the format shown on the following page modifying the categories as appropriate for proposed operation:

# Pro-Forma Operating Statment

Proposer: \_\_\_\_\_

GROSS RECEIPTS (SALES)	Year 1		Year 2		Year 3		Year 4		Year 5	
		% of sales		% of sales		% of sales		% of sales		% of sales
Sales (Terminal A):										
Sales (Terminal B):										
		%		%		%		%		%
		%		%		%		%		%
<b>Total Gross Receipts</b>	<b>\$ -</b>	<b>100%</b>	<b>\$ -</b>	<b>100%</b>	<b>\$ -</b>	<b>100%</b>	<b>\$ -</b>	<b>100%</b>	<b>\$ -</b>	<b>100%</b>
		% of sales		% of sales		% of sales		% of sales		% of sales
Cost of Goods Sold (COGS)		%		%		%		%		%
Gross Profit		%		%		%		%		%
Other Income (please list):										
		%		%		%		%		%
		%		%		%		%		%
<b>Total Income net of COGS</b>		%		%		%		%		%
<b>OPERATING EXPENSES</b>										
Payroll		%		%		%		%		%
Payroll taxes and employee benefits		%		%		%		%		%
Percentage rent		%		%		%		%		%
Franchise or license fees		%		%		%		%		%
Repairs and Maintenance		%		%		%		%		%
Support Space rent		%		%		%		%		%
Office, storage, distribution expenses		%		%		%		%		%
Utilities		%		%		%		%		%
Insurance		%		%		%		%		%
Credit card fees		%		%		%		%		%
Licenses and permits		%		%		%		%		%
Administrative & General		%		%		%		%		%
Other operating expenses (please list):		%		%		%		%		%
		%		%		%		%		%
		%		%		%		%		%
		%		%		%		%		%
		%		%		%		%		%
		%		%		%		%		%
		%		%		%		%		%
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>
<b>EBITDA</b>										
		% of sales		% of sales		% of sales		% of sales		% of sales
Earnings before Interest, Taxes, Depreciation and Amortization	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>
		% of sales		% of sales		% of sales		% of sales		% of sales
Interest, Depreciation, & Amortization Expenses		%		%		%		%		%
<b>NET PROFIT OR LOSS BEFORE TAXES</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>	<b>\$ -</b>	<b>%</b>
Annual Gross Sales per sq ft	\$		\$		\$		\$		\$	
Annual Gross Sales per Enplaned Passenger in Terminal B	\$		\$		\$		\$		\$	
Annual percent change in Gross Sales from prior year			%		%		%		%	

## ATTACHMENT J

### *Project Cost Analysis Form*

COST CATEGORY	AMOUNT
Planning and Development (design, construction, inspection, etc.)	\$
Furniture, Fixtures and Equipment	\$
Opening Inventory	\$
Working Capital	\$
Miscellaneous Opening Expenses (deposits, licenses, airport employee badging, etc.)	\$
Pre-Opening Payroll & Training Expenses	\$
Reserve/Contingency	\$
Other (please list):	\$
	\$
	\$
<b>Total Estimated Project Cost</b>	<b>\$</b>

Sources of Funding	Amount
<b>Total Funds Available</b>	<b>\$</b>

## ATTACHMENT K

### *Proposal Checklist*

Proposers to indicate Tab No. or other location in Proposal	Reference to RFP	Proposal Forms	Airport Checklist (Airport use only)
	<b>Section 6.B.1</b>	<ul style="list-style-type: none"> <li>Cover Letter</li> </ul>	
	<b>Section 6.B.2.</b>	<ul style="list-style-type: none"> <li>Executive Summary</li> </ul>	
	<b>Section 6.B.3.</b>	<ul style="list-style-type: none"> <li>Executed Addenda Acknowledgement Form (Attachment D)</li> </ul>	
	<b>Section 6.B.4.</b>	<ul style="list-style-type: none"> <li>Executed Letter to the Board of Supervisors (Attachment E)</li> </ul>	
	<b>Section 6.B.5.</b>	<ul style="list-style-type: none"> <li>Description of Proposer's experience, including references</li> </ul>	
	<b>Section 6.B.6.</b>	<ul style="list-style-type: none"> <li>Description</li> </ul>	
	<b>Section 6.B.7.a.</b>	<ul style="list-style-type: none"> <li>Preliminary rendering of lounge</li> </ul>	
	<b>Section 6.B.7.b.</b>	<ul style="list-style-type: none"> <li>Layout/space plan for lounge</li> </ul>	
	<b>Section 6.B.7.c.</b>	<ul style="list-style-type: none"> <li>Materials Board for lounge</li> </ul>	
	<b>Section 6.B.7.d.</b>	<ul style="list-style-type: none"> <li>Projected timeline/plan</li> </ul>	
	<b>Section 6.B.8.a</b>	<ul style="list-style-type: none"> <li>Proposed staffing</li> </ul>	
	<b>Section 6.B.8.b.</b>	<ul style="list-style-type: none"> <li>Labor and Training Practices</li> </ul>	
	<b>Section 6.B.8.c.</b>	<ul style="list-style-type: none"> <li>Maintenance Plan</li> </ul>	
	<b>Section 6.B.8.d.</b>	<ul style="list-style-type: none"> <li>Operating Plan</li> </ul>	
	<b>Section 6.B.8.e.</b>	<ul style="list-style-type: none"> <li>Customer Service Plan</li> </ul>	
	<b>Section 6.B.8.f.</b>	<ul style="list-style-type: none"> <li>Pricing Plan</li> </ul>	
	<b>Section 6.B.9.</b>	<ul style="list-style-type: none"> <li>Facility Build-Out Investment Proposal Form (Attachment B)</li> </ul>	
	<b>Section 6.B.10.</b>	<ul style="list-style-type: none"> <li>Pro-forma Operating Statement(s) (Attachment I) with supporting assumptions</li> </ul>	
	<b>Section 6.B.11.</b>	<ul style="list-style-type: none"> <li>Project Cost Analysis Form (Attachment J)</li> </ul>	
	<b>Section 6.B.12.a.</b>	<ul style="list-style-type: none"> <li>Financial Statements</li> </ul>	
	<b>Section 6.B.12.b.</b>	<ul style="list-style-type: none"> <li>Balance Sheet and Income Statements If closely held corporation, Schedule C</li> </ul>	
	<b>Section 6.B.12.c.</b>	<ul style="list-style-type: none"> <li>Description of ownership of Proposer</li> </ul>	
	<b>Section 6.B.12.d.</b>	<ul style="list-style-type: none"> <li>Business and financial references</li> </ul>	
	<b>Section 6.B.13.</b>	<ul style="list-style-type: none"> <li>Proposal deposit</li> </ul>	