File No. 120689

Committee Item No. 1
Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

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Completed by: Victor Young Date August 31, 2012
Completed by: Victor Young Date 9-6-12

[Administrative Code - Aviation Support Services/Airport Leases]

Ordinance amending the San Francisco Administrative Code Section 2A.173 to authorize the Airport Commission to enter into leases with entities providing aviation support services without competitive bidding for a term not to exceed 10 years.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Administrative Code is hereby amended by Section 2A.173, to read as follows:

SEC. 2A.173. LEASES AND CONCESSIONS ON AIRPORT PROPERTY.

The Airport Commission shall have power to negotiate and execute leases of airport lands and space in airport buildings, without necessity for competitive bidding, to any person, firm, or corporation engaged in air transportation, *aviation support services,* or the provision of utility services to the public (including, but not limited to, the provision of: telecommunications, electricity, water, gas or sewerage), or *to any* agency of government, for such purposes only; provided, that the original term of any such lease shall not exceed 50 years, nor shall any extension of such lease exceed a period of 50 years, *except that a lease for aviation support services shall not exceed 10 years*. *Aviation support service leases shall be granted only to those entities performing a service which the Airport Commission determines is necessary to provide direct support to one or more air transportation providers. Such services include* ~~*but are not limited to:*~~ *servicing, cleaning and provisioning of aircraft; handling, transfer and temporary storage of cargo and mail; inspection, maintenance and repair of aircraft and ground service equipment; handling of passengers and baggage; operations support and crew administration; loading and unloading of*

passengers, baggage and cargo; fueling of aircraft and other ramp support services; and/or checkpoint screening and perimeter control. Construction, demolition, or development shall not be considered an aviation support service. The Commission shall also have sole power, subject to a competitive process and award to the highest or best responsible bidder or proposer to lease out any concession wherein the concessionaire is to be given an exclusive right to occupy space on or in airport lands or buildings. There shall be no requirement for a competitive process in the award by the Commission of any concession in an instance where no exclusive right is given the concessionaire to occupy space on or in airport lands or buildings.

The Airport Commission shall also have exclusive power to lease lands now devoted to airport purposes or lands that may hereafter be acquired and devoted to airport purposes for a period not to exceed 50 years. Section 23.6-3 of this Code shall not be applicable to leases referred to in this paragraph; provided, however, that no lease of airport lands or agreement which divests the City and County of the right to manage, operate or control the aircraft landing field, the entire part of the airport not devoted to the aircraft landing field, or the entire airport shall be made without the approval of the Board of Supervisors by ordinance and referral and submission to a vote of the electors of the City and County at the election next ensuing not less than 60 days after the adoption of such ordinance, and such ordinance shall not go into effect until ratified by a majority of voters voting thereon.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Sheryl L. Bregman
Deputy City Attorney

FILE NO. 120689

LEGISLATIVE DIGEST

[Administrative Code - Aviation Support Services/Airport Leases]

Ordinance amending the San Francisco Administrative Code Section 2A.173 to authorize the Airport Commission to enter into leases with entities providing aviation support services without competitive bidding for a term not to exceed 10 years.

Existing Law

Existing law provides that the Airport Commission shall have power to negotiate and execute leases of airport lands and space in airport buildings, without necessity for competitive bidding, to any person, firm, or corporation engaged in air transportation or the provision of utility services to the public. Concession leases must be competitively procured.

Amendments to Current Law

The proposed amendment would authorize the Airport Commission without competitive bidding to award leases to entities providing aviation support services to one or more air transportation providers. Such leases would be limited to a term not to exceed 10 years. Aviation support services would be limited to direct support services for airport transportation including but not limited to: servicing, cleaning and provisioning of aircraft; handling, transfer and temporary storage of cargo and mail; inspection, maintenance and repair of aircraft and ground service equipment; handling of passengers and baggage; operations support and crew administration; loading and unloading of passengers, baggage and cargo; fueling of aircraft and other ramp support services; and/or checkpoint screening and perimeter control. Construction, demolition, or development would not be considered an aviation support service.

Background Information

Air transportation providers (passenger airlines and cargo carriers such as FedEx) contract for a variety of aviation support services. Those support service providers typically require cargo facility or other Airport (usually airfield) space to perform their services. Some airlines/air carriers lease facilities from the Airport to sublease to their service providers. In other cases, the Airport has accommodated aviation service providers through temporary permits. The Airport would prefer a more stable arrangement by lease agreement. Leases to aviation support service providers would facilitate Airport airfield facility planning and operation, and increase the long-term revenue base. A competitive lease procurement is impracticable because the airlines select their own aviation service providers.

Item 1 File 12-0689	Department: Airport

EXECUTIVE SUMMARY

Legislative Objective

- The proposed ordinance would amend the Administrative Code to add language to allow Airport leases for aviation support services to be exempt from competitive bidding for any lease not exceeding 10 years (Administrative Code Section 2A.173).

Key Points

- Airlines select firms to provide aviation support services to the respective airlines. As written in the proposed ordinance, "Such (aviation support) services include but are not limited to (a) servicing, cleaning, and provisioning of aircraft, (b) handling, transfer, and temporary storage of cargo and mail, inspection, maintenance, and repair of aircraft and ground service equipment, (c) handling of passengers and baggage, (d) operations support and crew administration, (e) loading and unloading of passengers, baggage, and cargo, (f) fueling of aircraft and other ramp support services, and (g) checkpoint screening and perimeter control." Currently, airlines either (1) sublease space to the aviation support services providers under their existing lease and use agreements with the Airport, or (2) have the Airport issue temporary permits to the aviation support services providers for use of Airport space. Rental rates for aviation support service providers are either (1) negotiated as part of the existing lease and use agreements between the Airport and the respective airlines; or (2) set by the *Summary of Airport Charges*, approved each year by the Airport Commission.
- The proposed ordinance would allow the Airport to directly enter into lease agreements for up to 10 years with aviation support services providers without undergoing a competitive bid process. According to the Airport, the Airport should not be required to competitively bid aviation support services leases because the aviation support services providers are selected by the respective airlines for whom they provide services. Rental rates for any leases between the Airport and the aviation support services providers would be set by the Airport's approved annual *Summary of Airport Charges.*

Fiscal Impact

- According to Ms. Cathy Widener, Governmental Affairs Manager for the Airport, because existing rental rates charged to aviation support services providers, either under temporary permits or existing lease and use agreements with airlines,a re generally the same as the rates contained in the Airport's approved *Summary of Airport Charges,* the Airport does not anticipate that approval of the proposed ordinance, in which the Airport would directly enter into leases with aviation support services providers without undergoing a competitive bidding process, will result in a decrease in rental revenues to the Airport. The Airport estimates $13,461,740 in aviation support services providers sublease and permit revenues in FY 2012-13.

- According to Ms. Widener, the proposed ordinance would also result in more stable aviation support services lease revenues and more efficient use of cargo, warehouse, and other space by allowing the Airport to execute leases with aviation support service providers for up to ten years, rather than award temporary permits. Ms. Wideners states that the ability to enter into leases directly with aviation support services providers would allow for greater predictability in revenues and better management for the use and occupancy of these spaces.

Policy Consideration

- The proposed ordinance states that aviation support services include, *but are not limited to*, the specific types of services defined in the ordinance. Because the proposed ordinance waives competitive bidding for leases for specific types of aviation support services, the types of aviation support services for which competitive bidding for leases is waived should be specifically defined.

Recommendations

- Amend the proposed ordinance to delete "but are not limited to".
- Because the proposed ordinance would waive competitive bidding procedures for aviation support services leases, approval of the proposed ordinance as amended is a policy decision for the Board of Supervisors.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with Section 2.105 of the City's Charter, any amendments to the Administrative Code must be approved by ordinance of the Board of Supervisors.

Background

The Administrative Code currently requires that all leases that are expected to generate more than $2,500 a month in revenue be awarded in accordance with competitive procedures[1], with certain exceptions (Administrative Code Section 23.33). One such exception is for certain leases and concessions on Airport property. The Administrative Code allows the Airport to negotiate and execute leases without a competitive bidding process of Airport airfield[2] and building space with any person, firm, or corporation engaged in air transportation or the provision of utility services to the public (including but not limited to telecommunications, water, gas, or sewerage), or government agency, provided that the original lease term and any lease extension not exceed 50 years (Administrative Code Section 2A.173).

Aviation support service providers are not currently exempt from competitive bidding procedures for Airport leases.

[1] Competitive procedures include a request for proposals, request for qualifications, or other publicly noticed competitive solicitation with specified criteria for selection.
[2] An airfield is an area of land set aside for the takeoff, landing, and maintenance of aircraft at the Airport.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would revise the Administrative Code to add language to allow Airport leases for aviation support services to be exempt from competitive bidding for any lease not exceeding 10 years (Administrative Code Section 2A.173).

Under the proposed ordinance, Administrative Code Section 2A.173 would be amended and expanded to include any person, firm, or corporation engaged in aviation support services to be exempt from the competitive bidding requirement for leases of Airport airfield space and space in Airport buildings. Any lease executed for aviation support services could not exceed 10 years. The exemption would only be granted with the Airport Commission's approval and determination that the aviation support services provided are necessary.

As written in the proposed ordinance, "Such (aviation support) services include but 'are not limited to':

- Servicing, cleaning, and provisioning of aircraft.
- Handling, transfer, and temporary storage of cargo and mail.
- Inspection, maintenance, and repair of aircraft and ground service equipment.
- Handling of passengers and baggage.
- Operations support and crew administration.
- Loading and unloading of passengers, baggage, and cargo.
- Fueling of aircraft and other ramp support services.
- Checkpoint screening and perimeter control."

Specifically excluded from the aviation support services definition is construction, demolition, or development of structures on Airport property.

Ms. Cathy Widener, Governmental Affairs Manager for the Airport, advises that, historically, airlines, who are not subject to competitive bidding requirements for leases at the Airport, request cargo or warehouse space from the Airport's Aviation Management Division (Admin. Code 2A.173) for aviation support services purposes. The Airport typically works with airlines and their aviation support services providers to provide needed warehouse/cargo and other space, usually on a temporary permit basis, to the aviation support services provider, and sometimes under a direct lease to the airline, which then subleases the space to the aviation support services provider. The terms of the temporary permits vary, depending on the purpose for the permit, and can be terminated on 30-days' notice by either party.

Ms. Widener advises that, recently, airlines have increasingly expressed a preference to the Airport that their third-party aviation support services providers lease space directly from the Airport. However, under existing Administrative Code provisions, the Airport would be required to go through a competitive bidding process in order to do so (Administrative Code Section 23.33). According to Ms. Widener, the Airport should not be required to competitively bid aviation support services leases because the aviation support services providers are selected by the respective airlines for whom they provide services under contract to the airlines. In addition, replacing the current informal, temporary permit process with leases lasting up to 10

years would provide more stable lease revenues and allow the Airport to renovate existing cargo and warehouse facilities and develop new facilities.

FISCAL IMPACT

Fiscal Impact of the Proposed Ordinance is Likely to be Insignificant

The Airport Commission approves the *Summary of Airport Charges*, each fiscal year, for use of Airport property. The FY 2012-13 *Summary of Airport Charges* has the following rates for warehouse/cargo space:

Facility	FY 2012-13 Rate per Square Foot per Year
Warehouse Rate I (Buildings 648 and 900)	$22.05
Warehouse Rate II (All other buildings)	$20.45

For space occupied by aviation support services providers, the Airport currently charges (1) the rates contained in the *Summary of Airport Charges* to temporary permits, and (2) negotiated rates to the airlines that sublease space to their aviation support services providers under their respective lease and use agreements.

Under the proposed ordinance, the Airport will directly enter into longer-term leases for up to 10 years, rather than award temporary permits, with all aviation support services providers. The Airport will charge the aviation support services providers the rates established each year by the Airport Commission in the Airport's approved *Summary of Airport Charges*[3]. Existing lease and use agreements between the Airport and airlines, in which the airlines sublease space to aviation support services providers, will remain in effect until their expiration date.[4]

According to Ms. Widener, the Airport plans to increase warehouse rental rates in FY 2013-14 and FY 2014-15, resulting in a single rate charged for all warehouse space, as follows:

Rate per square foot per year	FY 2012-13	FY 2013-14	FY 2014-15
Warehouse Rate I (Buildings 648 and 900)	$22.05	$22.60	$23.00
Warehouse Rate II (All other buildings)	$20.45	$21.70	$23.00

According to Ms. Widener, because existing rates charged to aviation support services providers, either under temporary permits or existing lease and use agreements with airlines, are generally the same as the rates contained in the Airport's approved *Summary of Airport Charges,* the Airport does not anticipate that approval of the proposed ordinance, in which the Airport would directly enter into leases with aviation support services providers without

[3] The Airport Commission approved warehouse rate-setting procedures in May 2012, in which the Airport sets rental rates for warehouse space based on total warehouse revenues that the Airport needs to receive in order to pay operating, maintenance, and capital improvement expenses for the warehouse space.

[4] The Airport has five lease and use agreements with airlines, in which the airlines sublease space to their respective aviation service providers: (1) Asiana Airlines, with an expiration date of May 4, 2016; (2) China Airlines, with an expiration date of April 8, 2016; (3) Federal Express, with an expiration date of May 31, 2014; (4) Singapore Airlines, with an expiration date of February 28, 2015; and (5) United Airlines, with an expiration date of June 20, 2021.

undergoing a competitive bidding process, will result in a decrease in rental revenues to the Airport. The Airport estimates $13,461,740 in aviation support services providers lease and permit revenues in FY 2012-13, as shown in the table below.

Table: FY 2012-13 Airport Lease and Permit Revenues for Aviation Support Services

Lease or Permit	FY 2012-13 Rent
Asiana Airlines	$874,503
China Airlines	839,327
Federal Express	3,552,273
Singapore Airlines	1,435,738
United Airlines	1,811,442
Subtotal Lease Revenues	8,513,283
22 Temporary Permits (Estimated)	4,948,457
Total Aviation Support Services Permit or Lease Revenues	**$13,461,740**

Source: The Airport

According to Ms. Widener, the proposed ordinance would also result in more stable aviation support services lease revenues and more efficient use of cargo and warehouse space,a s well as other locations typically occupied by aviation support service providers, by allowing the Airport to execute leases with aviation support service providers for up to ten years, rather than temporary permits.. Ms. Wideners states that the ability to enter into leases directly with aviation support services providers would allow for greater predictability in revenues and better management for the use and occupancy of these spaces.

POLICY CONSIDERATION

According to Ms. Widener, in order to ensure that the Airport does not lose revenues because the aviation support services leases are not competitively bid, the Airport has included three specific limitations for aviation support services leases:

1. Aviation support services leases would be granted only to those entities performing a service which the Airport Commission determines is necessary to provide direct aviation support to one or more air transportation providers.
2. Aviation support services are a specific type of service, which are limited in nature.
3. The lease terms are limited to 10 years to facilitate turnover of the leases.

However, the proposed ordinance states that aviation support services include, *but are not limited to*, the specific types of services defined in the ordinance. Because the proposed ordinance waives competitive bidding for leases for specific types of aviation support services, the types of aviation support services for which competitive bidding is waived should be specifically defined. Therefore, the Budget and Legislative Analyst recommends that the words "but are not limited to" be deleted from the proposed ordinance and the amendment to Section 2A.173 of the Administrative Code to allow for aviation support services, as specifically defined, to be included and excepted from competitive bidding requirements.

RECOMMENDATIONS

1. Amend the proposed ordinance by deleting "but are not limited to" from the proposed ordinance.
2. Because the proposed ordinance would waive competitive bidding procedures for aviation support services leases, approval of the proposed ordinance as amended is a policy decision for the Board of Supervisors.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 12-0080

AUTHORIZATION TO REQUEST AN AMENDMENT TO SAN FRANCISCO ADMINISTRATIVE CODE SECTION 2A.173 TO ALLOW LEASES WITH PROVIDERS OF AVIATION SUPPORT SERVICES WITHOUT COMPETITIVE BIDDING

WHEREAS, Section 2A.173 of the San Francisco Administrative Code includes leases with providers of air transportation, such as passenger airlines and cargo carriers, within the category of property leases at the San Francisco International Airport (the "Airport") that are not subject to competitive bidding; and

WHEREAS, many air carriers at the Airport contract out support services to third-party service providers on a nationwide basis; and

WHEREAS, many air carriers lease cargo and warehouse space at the Airport for their third-party service providers to use; and

WHEREAS, due to changes in aviation industry practices, many airlines are not renewing their leases for cargo and warehouse space at the Airport and are now requesting that their support service contractors lease such support space directly from the Airport;

WHEREAS, under existing law, the Airport is unable to replace the expiring leases with the airlines, with leases with their aviation service providers, who must operate under 30-day permits instead; and

WHEREAS, the financial stability of the Airport and its ability to renovate and replace cargo and warehouse facilities, would be enhanced by being able to enter into longer-term leases (up to ten (10) years) directly with aviation support service providers without the need for a competitive process; and

WHEREAS, under the proposed amendment to the Administrative Code, aviation support service leases would be granted only to those entities performing a service which the Airport Commission determines is necessary to provide direct support to one or more air transportation providers; such services include but are not limited to servicing, cleaning and provisioning of aircraft; handling, transfer and temporary storage of cargo and mail; inspection, maintenance and repair of aircraft and ground service equipment; handling of passengers and baggage; operations support and crew administration; loading and unloading of passengers, baggage and cargo; fueling of aircraft and other ramp support services; and/or checkpoint screening and perimeter control; construction, demolition, or development shall not be considered an aviation support service; now therefore, be it

RESOLVED, that this Commission requests that the San Francisco Board of Supervisors amend San Francisco Administrative Code Section 2A.173 to include leases for aviation support services among Airport property leases not subject to competitive bidding.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of APR 03 2012

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Jean Caramatti

Secretary

San Francisco International Airport

MEMORANDUM
April 3, 2012

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

12-0080
APR 03 2012

FROM: Airport Director

SUBJECT: Inclusion of Aviation Support Service Providers in Existing Limited Category of Airport Leases Not Subject to Competitive Bidding

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION REQUESTING THAT THE BOARD OF SUPERVISORS AMEND ADMINISTRATIVE CODE SECTION 2A.173 TO INCLUDE LEASES FOR AVIATION SUPPORT SERVICE PROVIDERS AMONG AIRPORT PROPERTY LEASES NOT SUBJECT TO COMPETITIVE BIDDING.

Executive Summary

Currently, San Francisco Administrative Code Section 2A.173 provides that the Airport Commission may enter into leases without competitive bidding with certain entities, including those engaged in air transportation. The proposed resolution would authorize the Airport Director to request the Board of Supervisors to amend the Administrative Code to also allow leases with providers of aviation support services without the need for competitive bidding.

Background

Under Administrative Code Section 2A.173, the Airport Commission is authorized to enter into leases of Airport facilities with entities engaged in air transportation, such as passenger airlines and air cargo carriers, without the need for a competitive process. This authority is in harmony with federal requirements that the Airport be available for use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial air transportation services at the Airport.

Airlines have historically leased cargo and warehouse space outside of the terminal complex for functions such as cargo handling, aircraft and ground service equipment maintenance, storage, and aircraft parts warehousing. In most instances, individual airlines outsource many such aviation support services to third-party providers, often on a nationwide basis. The Airport has no control over which providers are selected by the airlines, but requires that such aviation service providers obtain operating and space permits in order to operate at the Airport and use the cargo and warehouse space leased by the airlines they service. In addition, the Airport Commission implemented its

THIS PRINT COVERS CALENDAR ITEM NO. 12

updated Quality Standards Program ("QSP") in 2009 as part of its Rules and Regulations, in order to enhance security and safety at the Airport, and to establish minimum hiring, training, equipment and compensation standards for such providers.

With recent trends in the airline industry, airlines now prefer not to renew their leases for cargo and warehouse space at the Airport, and are requesting instead that their third-party service providers lease such space directly from the Airport. In the last year, the following examples illustrate this trend:

- Nippon Cargo Airlines requested that their handler, Total Air Services, lease space in Building 900.
- EVA Airlines requested that their handler, Menzies, lease space in Building 612.
- Japan Airlines requested that their handler, MAC, lease space in Building 944.
- Korean Airlines requested that their handler, Trux, lease space in Building 900.
- Virgin America requested that their aircraft maintenance contractor, AAS, be provided a hangar to lease for aircraft maintenance.

Under Administrative Code Section 2A.173, the Airport may enter into a lease only with an entity engaging in air transportation, but not with its service provider, without a competitive process. Since these service providers are selected by individual airlines without Airport participation, the Airport cannot impose a competitive selection process. As airline leases for various spaces throughout the Airport expire over time, staff anticipates that more airlines will request that their service providers lease the same facilities directly from the Airport. However, under the current statutory framework, the Airport is only able to enter into short-term 30-day permits with these service providers for use of these facilities.

Airport staff therefore recommends that the Airport Commission authorize the Airport Director to request that the Board of Supervisors amend Admin. Code Section 2A.173 to allow leases with aviation support service providers, who provide the following outsourced services to the airlines:

- servicing, cleaning and provisioning of aircraft (including cleaning the interior and exterior of aircraft, replenishing water tanks with drinking water, cleaning and replenishing lavatories, providing heating and cooling to aircraft, provisioning of cabin equipment items, and loading and unloading food and beverages);
- handling, transfer and temporary storage of cargo and mail (including handling mail and distribution of documentation in accordance with the regulations of the US Postal Service and the International Air Transport Association, handling of import/export cargo, breakdown and build up of cargo shipments, document processing and US Customs control, and preparing transfer cargo for onward carriage);
- inspection, maintenance and repair of aircraft and ground service equipment (including routine and non-routine inspection, maintenance and repair of aircraft and ground service equipment, and warehousing of parts);

- handling of passengers and baggage (including passenger check-in, skycap services, examination of tickets and other documents, assignment of seats, receipt and dispatch of baggage, issuance of tickets, and handling of claims for lost or damaged passenger articles and bags);
- operations support and crew administration (including conveying and delivering flight documents, load sheets, balance charts and manifests, providing meteorological documentation and aeronautical flight information, preparing operational flight plans, and maintaining trip files);
- loading and unloading of passengers, baggage and cargo (including providing equipment and personnel to load and unload passengers, cargo and baggage from aircraft);
- fueling of aircraft and other ramp support services (including marshalling staff and equipment for aircraft arrival and departure, positioning and parking of aircraft and equipment, towing in and pushing out aircraft from the gates, controlling the quality of aviation fuel, and delivering such fuel into aircraft);
- checkpoint screening and perimeter control (including security clearance of passengers and unchecked baggage prior to boarding aircraft, and access control of the Airport Operations Area).

The ability to enter into longer-term leases with such service providers will enhance the financial stability of the Airport and will allow the Airport to renovate antiquated cargo and warehouse facilities, and develop new ones. The Airport will also be able to provide space to local companies wishing to increase their airline servicing business at the Airport.

The proposed amendments to Section 2A.173 would limit the leases for aviation support services to ten (10) years, and require that such leases be granted only to those entities performing a service which the Airport Commission determines is necessary to provide direct support to one or more air transportation providers. The proposed amendments would also exclude construction, demolition and development from aviation support service providers.

Recommendation

I recommend that the Airport Commission approve a request to the San Francisco Board of Supervisors to amend the Administrative Code to authorize leases with aviation support service providers without the need for competitive bidding.

Tryg McCoy for

John L. Martin
Airport Director

Prepared by: Leo Fermin
Deputy Airport Director
Business and Finance

SFO

San Francisco International Airport

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
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June 25, 2012

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: **Ordinance amending Section 2A.173 of the San Francisco Administrative Code to authorize the Airport Commission to enter into leases with entities providing aviation support services without competitive bidding for a term not to exceed 10 years.**

Dear Ms. Calvillo:

Pursuant to Charter Section 2.105, I am forwarding for the Board of Supervisors' approval a proposed amendment to Section 2A.173 to allow the Airport Commission to enter into leases with entities providing aviation support services to one or more air transportation providers without competitive bidding. Such leases would be limited to a term not to exceed 10 years. Existing law provides that the Airport Commission shall have power to negotiate and execute leases of airport lands and space in airport buildings, without necessity for competitive bidding, to any person, firm, or corporation engaged in air transportation or the provision of utility services to the public. This proposed administrative change would allow the Airport to enter into leases with aviation support service companies providing services to our airline tenants. Many of these support service providers are local San Francisco/Bay Area businesses.

Five sets of the following documents are enclosed for review:

- Proposed Board of Supervisors Ordinance
- City Attorney's Office Legislative Digest
- Approved Airport Commission Resolution No. 12-0080
- Airport Commission Memorandum

Please contact Cathy Widener, Airport Governmental Affairs Manager, at (650) 821-5023 if you have questions or concerns regarding this matter.

Very truly yours,

Jean Caramatti

Jean Caramatti
Commission Secretary

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE, *MAYOR* | LARRY MAZZOLA, *PRESIDENT* | LINDA S. CRAYTON, *VICE PRESIDENT* | ELEANOR JOHNS | RICHARD J. GUGGENHIME | PETER A. STERN | JOHN L. MARTIN, *AIRPORT DIRECTOR*

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