

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0395

AWARD OF THE TERMINAL 1 RETAIL CONCESSION LEASE NO. 3 – SPECIALTY RETAIL TO EMPORIO RULLI, INC.

- WHEREAS, on June 19, 2018, the Airport Commission adopted Resolution No. 18-0190, authorizing Staff to commence the competitive selection process and issue a Request for Proposals for the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail; and
- WHEREAS, on September 4, 2018, the Commission adopted Resolution No. 18-0285, authorized Staff to accept proposals for the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail; and
- WHEREAS, on October 17, 2018, Staff received two proposals for the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail, where one was deemed non-responsive; and
- WHEREAS, a four-member panel evaluated the remaining proposal and determined Emporio Rulli, Inc. to be responsible and responsive to the Request for Proposals for the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail; now, therefore, be it
- RESOLVED, that this Commission hereby awards the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail to Emporio Rulli, Inc. on the terms set forth in the Staff memorandum on file with the Commission Secretary, which include, but are not limited to, a lease term of seven years and a Minimum Annual Guarantee of \$150,000.00 for the first year of the lease term; and, be it further
- RESOLVED, that this Commission hereby directs the Commission Secretary to forward the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of*

DEC 18 2018


Secretary



San Francisco International Airport

MEMORANDUM

December 18, 2018

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

18-0395

DEC 18 2018

FROM: Airport Director

SUBJECT: Award of the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail to Emporio Rulli, Inc.

DIRECTOR’S RECOMMENDATION: (1) AWARD THE TERMINAL 1 RETAIL CONCESSION LEASE NO. 3 – SPECIALTY RETAIL TO EMPORIO RULLI, INC.; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

Executive Summary

The competitive selection process for the Terminal 1 Retail Concession Lease No. 3 – Specialty Retail (“Lease”) has concluded and Staff recommends award of the Lease to the sole proposer, Emporio Rulli, Inc. (“Emporio Rulli”) using the concept “G.R. Chocolate Boutique.”

Background

On June 19, 2018, the Airport Commission (“Commission”) adopted Resolution No. 18-0190, authorizing Staff to commence the competitive selection process and issue a Request for Proposals (“RFP”) for the Lease. Staff conducted an informational conference on July 25, 2018 at which Staff presented the Lease to interested parties and gathered their feedback. There were no substantive comments or recommendations offered by the interested parties so no changes were made to the minimum qualification requirements or lease specifications.

On September 4, 2018, the Commission adopted Resolution No. 18-0285, approving the lease specifications and authorizing Staff to accept proposals for the Lease. In response to the RFP, the Airport received two proposals by the October 17, 2018 submittal deadline. The proposal submitted by Aristolan, LLC based in Burlingame, was deemed non-responsive for failure to submit an original proposal bond.

Staff convened a four-member panel to evaluate the proposal. The panel consisted of the following: an SFO Airport Duty Manager, a private sector architect, the Director of Concessions at Los Angeles International Airport, and the Transbay Joint Powers Authority Facility Manager.

THIS PRINT COVERS CALENDAR ITEM NO. 1

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR LARRY MAZZOLA PRESIDENT LINDA S. CRAYTON VICE PRESIDENT ELEANOR JOHNS RICHARD J. GUGGENHIME PETER A. STERN IVAR C. SATERO AIRPORT DIRECTOR

The evaluation panel's score is presented below:

PROPOSER	CONCEPT NAME	SCORE
Emporio Rulli, Inc.	G.R. Chocolate Boutique	88.75

The Minimum Annual Guarantee ("MAG") for the first lease year is \$150,000.00. Base rent is the greater of the MAG (adjusted annually) or the following tiered percentage rent:

- 12% of Gross Revenues achieved up to and including \$500,000.00; plus
- 14% of Gross Revenues achieved from \$500,000.01 up to and including \$1,000,000.00; plus
- 16% of Gross Revenues achieved over \$1,000,000.01.

The term is for seven years.

Emporio Rulli currently operates four cafés in the San Francisco Bay Area, two of which are located in Terminal 3, Boarding Area F of the Airport operating as Emporio Rulli and Emporio Rulli Gran Caffé. The GR Chocolate Boutique proposed to be located in Terminal 1 under the Lease will feature a wide array of artisanal chocolates made in small batches in Emporio Rulli's Larkspur kitchen.

Recommendation

I recommend the Commission: (1) award the Lease to Emporio Rulli, Inc. for a term of seven years and a Minimum Annual Guarantee for the first lease year of \$150,000.00; and (2) direct the Commission Secretary to request approval of the Lease from the Board of Supervisors.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachments

Attachment 1

Proposed Terminal 1 Retail Concession Lease No. 3 – Specialty Retail

