

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 19-0247

AWARD OF THE TERMINAL 3 BOARDING AREA F GOURMET GRAB AND GO MARKET LEASE TO ELEVATE GOURMET BRANDS–SC GROUP, A JOINT VENTURE BETWEEN ELEVATE GOURMET BRANDS AND SKYVIEW CONCESSIONS, INC.

WHEREAS, on April 2, 2019, by Resolution No. 19-0070, the Airport Commission (Commission) authorized Staff to commence the competitive selection process and issue a Request for Proposals (RFP) for the Terminal 3 Boarding Area F Gourmet Grab and Go Market Lease (Lease); and

WHEREAS, on June 18, 2019, by Resolution No. 19-0152, the Commission approved the revised lease specifications, and authorized Staff to accept proposals for the Lease; and

WHEREAS, on July 24, 2019, Staff received three qualified proposals for the Lease from the following proposers: Elevate Gourmet Brands–SC Group; ProperFood SFO Airport, LLC; and Taste, Inc.; and

WHEREAS, a three-member panel reviewed the qualifying proposals and determined Elevate Gourmet Brands–SC Group, a joint venture, to be the highest-ranking, responsive, and responsible proposer; now, therefore, be it

RESOLVED, that this Commission hereby awards the Terminal 3 Boarding Area F Gourmet Grab and Go Market Lease to Elevate Gourmet Brands–SC Group, a joint venture between Elevate Gourmet Brands and Skyview Concessions, Inc., under the conditions set forth in the Staff memorandum on file with the Commission Secretary, including, but not limited to, a lease term of 10 years and a Minimum Annual Guarantee of \$250,000.00 for the first lease year of the lease term; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request approval of the Lease by Resolution of the Board of Supervisors 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 **OCT 01 2019**


Secretary



MEMORANDUM

October 1, 2019

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenlime
Hon. Malcolm Yeung

19-0247

OCT 01 2019

FROM: Airport Director

SUBJECT: Award of the Terminal 3 Boarding Area F Gourmet Grab and Go Market Lease to Elevate Gourmet Brands-SC Group, a joint venture between Elevate Gourmet Brands and Skyview Concessions, LLC

DIRECTOR'S RECOMMENDATION: (1) AWARD THE TERMINAL 3 BOARDING AREA F GOURMET GRAB AND GO MARKET LEASE TO ELEVATE GOURMET BRANDS-SC GROUP, A JOINT VENTURE BETWEEN ELEVATE GOURMET BRANDS AND SKYVIEW CONCESSIONS, LLC; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

Executive Summary

The competitive proposal evaluation process for the Terminal 3 Boarding Area F Gourmet Grab and Go Market Lease (Lease) has concluded, and Staff recommends awarding the Lease to Elevate Gourmet Brands-SC Group, a joint venture between Elevate Gourmet Brands and Skyview Concessions, LLC.

Background

On April 2, 2019, by Resolution No. 19-0070, the Airport Commission (Commission) authorized Staff to commence the competitive proposal evaluation process through a Request for Proposals (RFP) for the Lease. The Lease is for a gourmet market located near Gate 84 in Boarding Area F of Terminal 3 and has a lease term of 10 years.

On May 8, 2019, Staff conducted an informational conference where terms of the Lease were presented, which was attended by 75 business entities and over 90 individuals interested in the opportunity (Interested Parties). Staff gathered feedback from potential proposers. One interested party requested lowering the Minimum Annual Guarantee (MAG) from \$330,000.00 to \$250,000.00. Staff recommended revising the MAG accordingly.

On June 18, 2019, by Resolution No. 19-0152, the Commission approved the revised MAG amount, and authorized Staff to accept proposals. In response to the RFP, the Airport received three proposals by the July 24, 2019 Submittal Deadline.

THIS PRINT COVERS CALENDAR ITEM NO. 6

Staff determined the three proposals met the RFP’s minimum qualifications and convened a four-member evaluation panel to review and score the proposals. The panel consisted of the following: an Airport Business Development Manager, a Senior Aviation Consultant, a Manager of San Francisco Terminal Equipment Company and a San Francisco International Airport Project Manager.

The evaluation panel’s selection for the highest-ranking, responsive, and responsible proposer is identified below, along with all other qualifying proposers for the Lease.

PROPOSER	CONCEPT	SCORE
<u>Highest Ranking:</u>		
Elevate Gourmet Brands–SC Group	Pronto	74.27
Taste, Inc.	Oakville Grocery	67.20
ProperFood SFO Airport, LLC	Proper Food	66.13

The MAG for the first lease year is \$250,000.00. Base rent is the greater of the MAG (adjusted annually) or the following tiered percentage rent: 6% of Gross Revenues achieved up to and including \$1,000,000.00; plus, 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00; plus, 10% of Gross Revenues achieved over \$1,500,000.00. The lease term is 10 years.

Elevate Gourmet Brands-SC Group is a joint venture partnership between Elevate Gourmet Brands and Skyview Concessions, LLC. This will be Elevate Gourmet Brands’ fourth lease with the Airport. They currently operate two Green Beans Coffee locations: one in Boarding Area C of Terminal 1 and the second location in the International Terminal pre-security. Elevate Gourmet Brands will open their third Green Beans Coffee location in Terminal 3 and a new concept, San Francisco Mac & Cheese Kitchen, in 2020. Skyview Concessions, LLC is a woman-owned and certified Airport Concession Disadvantaged Business Enterprise, operating in three airports in California.

Recommendation

I recommend the Commission: (1) award the Terminal 3 Boarding Area F Gourmet Grab and Go Market Lease to Elevate Gourmet Brands–SC Group, a joint venture between Elevate Gourmet Brands and Skyview Concessions, LLC; and (2) direct the Commission Secretary to request approval of the Lease by Resolution from the Board of Supervisors.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachments

Attachment 1

TERMINAL 3 BOARDING AREA F GOURMET GRAB AND GO MARKET LEASE

