

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 20-0048

**AWARD OF THE HARVEY MILK TERMINAL 1 AIRPORT LOUNGE LEASE TO
ALD DEVELOPMENT GROUP DBA AIRPORT DIMENSIONS**

- WHEREAS, in anticipation of the opening of Phase 3 of the newly renovated Harvey Milk Terminal 1 scheduled to occur in May 2021, Staff prepared a Request for Proposals (RFP) for a post-security Airport Lounge Lease (Lease); and
- WHEREAS, on September 10, 2019, by Resolution No. 19-0074, the Airport Commission (Commission) authorized Staff to commence the RFP process for the Lease; and
- WHEREAS, on October 9, 2019, Staff conducted an informational conference, at which six different companies were represented; and
- WHEREAS, Staff reviewed the comments and suggestions submitted by the interested parties and recommended no changes to the lease specifications, minimum qualifications or proposal requirements; and
- WHEREAS, on December 3, 2019, by Resolution No. 19-0291, the Commission authorized Staff to accept proposals for the Lease; and
- WHEREAS, on January 22, 2020, Staff received two proposals for the Airport Lounge Lease from ALD Development Group and Plaza Premium Group; and
- WHEREAS, a panel reviewed the qualifying proposals and determined ALD Development Group to be the highest-ranking, responsive, and responsible proposer; now, therefore, be it
- RESOLVED, that this Commission hereby awards the Harvey Milk Terminal 1 Airport Lounge Lease to ALD Development Group dba Airport Dimensions, under the conditions set forth in the Staff memorandum on file with the Commission Secretary, including, but not limited to, rent equal to \$3,100,915.50 for the first year of the Lease, calculated at \$248.75 per square foot per year according to Category II - VIP and Club Lounge Terminal Area Rental Rates, and a lease term of 12 years with two 1-year options to extend, exercisable at the sole and absolute discretion of the Commission; 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*

MAR 17 2020


Secretary



San Francisco International Airport

MEMORANDUM

March 17, 2020

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

20-0048

MAR 17 2020

FROM: Airport Director

SUBJECT: Award of the Harvey Milk Terminal 1 Airport Lounge Lease to ALD Development Corporation dba Airport Dimensions

DIRECTOR'S RECOMMENDATION: (1) AWARD THE HARVEY MILK TERMINAL 1 AIRPORT LOUNGE LEASE TO ALD DEVELOPMENT CORPORATION DBA AIRPORT DIMENSIONS, AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

Executive Summary

The proposal evaluation process for the Harvey Milk Terminal 1 Airport Lounge Lease (Lease) has concluded and Staff recommends award of the Lease to ALD Development Corporation dba Airport Dimensions.

Background

On September 10, 2019, by Resolution No. 19-0224, the Airport Commission (Commission) authorized Staff to commence the request for proposals (RFP) process for the Lease. The Lease is for an Airport lounge located in Boarding Area B in Harvey Milk Terminal 1, with a term of 12 years with two 1-year options exercisable at the sole discretion of the Commission.

On October 10, 2019, Airport staff conducted an informational conference for the Interested Parties and solicited comments regarding the RFP Documents.

No revisions to the lease specifications, minimum qualifications or proposal requirements were recommended by Staff. On December 3, 2019, by Resolution No. 19-0291, the Commission authorized Staff to accept proposals for the Lease.

On January 22, 2020, Staff received two proposals for the Lease from ALD Development Group dba Airport Dimensions and the other from Plaza Premium Group, both of which met the minimum qualifications. A four-member evaluation panel was convened to review and score the

THIS PRINT COVERS CALENDAR ITEM NO. 4

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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IVAR C. SATERO
AIRPORT DIRECTOR

qualifying proposals. The panel consisted of the following: an Administrative Services Manager from Guest Services at San Francisco International Airport (SFO), a Station Manager from JetBlue, which operates out of the new Harvey Milk Terminal 1, a Senior Aviation Consultant, and a Senior Administrative Analyst from the Finance Division at SFO. The evaluation panel's selection for the highest-ranking, responsive, and responsible proposer is identified below, along with the one other qualifying proposer for the Lease.

PROPOSER	CONCEPT	SCORE
<u>Highest Ranking:</u> ALD Development Group	Airport Dimensions	97.27
Plaza Premium Group	Premium Lounge (San Francisco) LLC	83.73

The Base Rent is set at \$3,100,915.50 for the first year of the Lease, calculated at \$248.75 per square foot per year according to Category II - VIP and Club Lounge Terminal Area Rental Rates. The term is 12 years with two 1-year options to extend, exercisable at the sole and absolute discretion of the Commission.

Recommendation

I recommend the Commission (1) award the Harvey Milk Terminal 1 Lounge Lease to ALD Development Corporation dba Airport Dimensions; and (2) direct the Commission Secretary to request approval of the Leases from the Board of Supervisors pursuant to Section 9.118 of Charter of the City and County of San Francisco.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachments

HARVEY MILK TERMINAL 1 AIRPORT LOUNGE LEASE

