

1 [Redevelopment of San Francisco Airport Plot 9.]

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3 **Resolution urging San Francisco Airport Commission to undertake a comparative**
4 **financial analysis of the costs and benefits of the Airport redeveloping Plot 9 using its**
5 **own financing versus redevelopment by an outside developer under a Lease**
6 **Disposition and Development Agreement and Lease of Plot 9; further urging the**
7 **Commission to present its comparative financial analysis to the Finance Committee of**
8 **the Board of Supervisors; and further urging the commission to undertake a new**
9 **Request for Qualifications/Proposals process for redevelopment of Plot 9 that will**
10 **assure City residents that the selection process truly serves the best financial interests**
11 **of the Airport and of the City.**

12
13 WHEREAS, San Francisco Board of Supervisors recently disapproved File No.
14 031716, a resolution approving the Lease Disposition and Development Agreement and
15 Lease of Plot 9 between Airis SFO, LLC and the City and County of San Francisco; and

16 WHEREAS, The Finance Committee of the Board of Supervisors had earlier tabled this
17 same item after hearing extensive testimony suggesting the inadequacy of the information
18 supporting the agreement; and

19 WHEREAS, Questions were raised by the Budget Analyst of the Board of Supervisors
20 concerning the adequacy of information to support the decision of the San Francisco Airport
21 Commission to enter into said agreement; and

22 WHEREAS, The Budget Analyst recommended to the Board of Supervisors that the
23 resolution approving said lease be disapproved by the board; and

1 WHEREAS, It is rare for the Budget Analyst to conclude that the information supporting
2 an agreement is so lacking that he would recommend disapproval of the item to the Board of
3 Supervisors rather than concluding that it is a policy matter for the Board; and

4 WHEREAS, One reason for the negative recommendation of the Budget Analyst was
5 the lack of any financial analysis by the Airport, reviewed by an appropriately qualified and
6 independent third party, showing the comparative costs and benefits between the Airport
7 redeveloping Plot 9 itself using its own financing, and redevelopment by an outside developer;
8 and

9 WHEREAS, Another reason for the negative recommendation of the Budget Analyst
10 was the discrepancy between the higher rating by the Airport's review panels and the original
11 recommendation of the Airport Director of the proposal by AMB Property Corporation, on the
12 one hand, and the subsequent selection by the Airport Commission of Airis Holdings, LLC, on
13 the other hand; and

14 WHEREAS, the San Francisco Airport Liaison Office, representing twenty (20) Airlines,
15 called on the Board of Supervisors to reject the Lease Disposition and Development
16 Agreement and Lease of Plot 9 presented by the Airport Commission for many of the same
17 reasons that raised concerns for the Budget Analyst; and

18 WHEREAS, the San Francisco Airport Liaison Office also opposed the proposed lease
19 on the grounds that it would result in unnecessarily higher rental rates that would drive the
20 airlines' on-Airport cargo operations off-Airport, result in relocation of cargo operations to other
21 cities and cause the loss of jobs and other economic activities to the City; and

22 WHEREAS, the disapproval by the Board of Supervisors of File No. 031716 was based
23 in significant part of the deficiencies identified in the report of the Budget Analyst, and on
24 deficiencies identified in communications from the airlines; and
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1 WHEREAS, five members of the Board of Supervisors have requested of the Airport
2 Commission that they “consider and recommend to the Board a revised Lease Disposition
3 and Development Agreement for Plot 9”; therefore be it

4 RESOLVED, That the Board of Supervisors urges the Airport Commission to develop a
5 comparative financial analysis, reviewed by an appropriately qualified and independent third
6 party, showing the comparative costs and benefits between the Airport redeveloping Plot 9
7 itself using its own financing, and redevelopment by an outside developer under a Lease
8 Disposition and Development Agreement and Lease of Plot 9; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors respectfully requests that the
10 Airport present its comparative financial analysis to the Board of Supervisor Finance and
11 Audits Committee prior to moving forward with any new or amended Lease Disposition and
12 Development Agreement for Plot 9; and be it

13 FURTHER RESOLVED, That if, based on the Airport’s comparative financial analysis,
14 the Airport Commission determines that third party development of Plot 9 is the best financial
15 option for the City, the Board of Supervisors urges the Airport Commission to undertake a new
16 Request for Qualifications/Proposals process before entering into such an agreement.