

Items 3 Files 11-1289	Department: San Francisco International Airport (Airport)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> The proposed resolution would approve the First Amendment to the Boarding Area F Newsstand Lease between the Airport and Pacific Gateway Concessions, LLC that would result in the early termination of the subject lease. 	
Key Points	
<ul style="list-style-type: none"> On November 23, 2004, the Board of Supervisors approved a resolution (File 04-1452) awarding the Boarding Area “F” Newsstand Lease to Soto and Sanchez, later to become part of Pacific Gateway Concessions, LLC. On August 18, 2009, the Airport Commission adopted resolution 09-0201, exercising the one two-year option under the lease, which is currently set to expire on February 28, 2012. On May 24, 2011, the Board of Supervisors approved the amendment of a separate lease between the Airport and J. Avery Enterprises for the premises known as Klein’s Deli to relocate their two locations due to Airport construction (File 11-0542). 	
Policy Consideration	
<ul style="list-style-type: none"> According to Mr. Matt McCormick, Principal Property Manager at the Airport, the earliest that Pacific Gateway Concessions could vacate the premises for Klein’s Deli (J. Avery Enterprises) to take over the space would be the end of January, 2012. Given that the existing lease with Pacific Gateway Concessions expires on February 28, 2012, which is only one month later, the Airport requests that the proposed resolution be tabled. 	
Recommendation	
<ul style="list-style-type: none"> Table the proposed resolution, as requested by the Airport. 	

MANDATE STATEMENT / BACKGROUND

Mandate Statement

In accordance with City Charter Section 9.118(c), any lease exceeding ten years and/or having anticipated revenue of \$1,000,000 or greater is subject to the Board of Supervisors approval.

Background

Pacific Gateway Concessions

On November 23, 2004, the Board of Supervisors approved awarding the Boarding Area “F” Newsstand Lease to Soto and Sanchez, later to become part of Pacific Gateway Concessions, LLC (File 04-1452). This lease consisted of 1,050 square feet of space in Terminal 3, Boarding Area F and extended through February 28, 2010 with one option to extend the lease for an additional two years, or through February 28, 2012.

On August 18, 2009, the Airport Commission and Pacific Gateway Concessions exercised the option to extend the lease for two additional years (Airport Resolution 09-0201), or through February 28, 2012.

Klein's Deli

On December 9, 2003, the Board of Supervisors approved a resolution (File 03-1710) authorizing the Airport to enter into a ten-year lease with J. Avery Enterprises for two concessions (a) Klein's Deli comprising 518 square feet in Terminal 1, Boarding Area B, and (b) Klein's Deli comprising 642 square feet in Terminal 3, Boarding Area E. On May 24, 2011, due to construction at the Airport, the Board of Supervisors approved an amendment to the lease between the Airport and J. Avery Enterprises to relocate both of Klein's Delis (File 11-0542). However, the Airport later identified the space currently occupied by Pacific Gateway Concession as a better potential space for one of Klein's Delis.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would allow the Airport to terminate the lease of Boarding Area "F" Newsstand Lease with Pacific Gateway Concessions as of a date to be determined by the Airport Director to allow the space to be renovated and leased to J. Avery Enterprises for a proposed new Klein's Deli.

POLICY CONSIDERATION

According to Mr. Matt McCormick, Principal Property Manager at the Airport, given various delays, the earliest that Pacific Gateway Concessions could vacate their subject space would be January 31, 2012. However, as noted above, the proposed lease with Pacific Gateway Concessions currently expires on February 28, 2012, or only one month later. Therefore, the Airport requests that the subject resolution be tabled.

RECOMMENDATION

Table the proposed resolution, as requested by the Airport.