

1 [COVID-19 Lease Extension Program for Certain Airport Food and Beverage, Retail, and
2 Service Concessions Tenants]

3 **Resolution approving the COVID-19 Lease Extension Program for Certain Airport Food**
4 **and Beverage, Retail, and Service Concession Tenants, allowing the Airport to offer**
5 **lease extensions of up to three and one-half years to eligible concessionaires.**

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7 WHEREAS, Flight and passenger activity immediately and dramatically declined after
8 the March 11, 2020, COVID-19 pandemic declaration by the World Health Organization; and

9 WHEREAS, COVID-19 was declared a national emergency by President Donald
10 Trump on March 13, 2020, and public health officials in six Bay Area Counties, including San
11 Francisco and San Mateo, issued a Shelter-In-Place order on March 17, 2020; and

12 WHEREAS, The number of food and beverage, retail, and service concession locations
13 in operation at the Airport dropped from 149 to 27 within days of the Shelter-In-Place order;
14 and

15 WHEREAS, All concessions locations have opened, however, passenger activity was
16 still down 18.2% at the end of Fiscal Year 2023 as compared to Fiscal Year 2019, the last full
17 fiscal year before the pandemic began; and

18 WHEREAS, Concessionaires received financial relief in the form of Minimum Annual
19 Guarantee, rent, and fee waivers for a portion of the period since the pandemic began, funded
20 by federal stimulus and grant programs; and

21 WHEREAS, The concessionaires entered into their leases based upon a projected pre-
22 pandemic level of enplanements, and while the federal relief given provided valuable near
23 term relief, it did not address the four to five-year recovery period which has placed leases in
24 a different financial position than what was originally underwritten by the concessionaires; and

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1 WHEREAS, Lease extensions are an appropriate means to help concessions tenants
2 mitigate business losses incurred during and after the pandemic by allowing a longer period
3 for the amortization of tenant improvement costs, and providing an opportunity for recouping
4 businesses losses in the latter years of their leases when enplanements are projected to be
5 higher; and

6 WHEREAS, On September 5, 2023, by Resolution No. 23-0224, the Airport
7 Commission authorized the Airport Director to implement the COVID-19 Lease Extension
8 Program (Program), which will offer lease extensions of up to three and one-half years to
9 Eligible Concessionaires, as listed on Attachments A, B, and C of this Resolution; and

10 WHEREAS, Eligible Concessionaires in operation at the start of the pandemic will be
11 offered a three and one-half year lease extension; and

12 WHEREAS, Eligible Concessionaires who were not in operation at the start of the
13 pandemic but who subsequently commenced operation during the COVID-19 pandemic will
14 be offered a lease extension equal to the number of months they operated during the
15 pandemic, defined for the purposes of the Program as March 2020 through August 2023; and

16 WHEREAS, As a condition of participating in the Program and receiving lease
17 extensions, Eligible Concessionaires will also be required to comply with (i) updated City and
18 County of San Francisco contracting requirements; (ii) the Airport’s revised Rule 12.3
19 (Prevailing Wage Requirements – Covered Tenant Construction); and (iii) the Airport’s revised
20 Rule 12.1 (Labor Peace/Card Check Rule); now, therefore, be it

21 RESOLVED, That this Board of Supervisors approves the COVID-19 Lease Extension
22 Program and the execution of appropriate amendments to extend the terms of leases with
23 certain food and beverage, retail, and service concession tenants that had an active lease
24 during the COVID-19 pandemic or opened during the pandemic and which are currently
25 operating at the Airport, as listed on Attachments A, B, and C attached to this Resolution, and

1 the Airport Director's memorandum which accompanies this Resolution, which is included in
2 Board of Supervisors in File No. 240049; and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the amendments being fully
4 executed by all parties, the Commission shall provide the final amendments to the Clerk of the
5 Board for inclusion into the official file.

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