

1 [Administrative Code - Airport Concessions Financial Disclosure]

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3 **Draft Ordinance amending Section ___ of the San Francisco Administrative to by adding**
4 **Chapter 12I, encompassing Sections 12I.1 To 12Z.6 to require disclosure of essential**
5 **financial information by airport concessions tenants and subtenants; and making**
6 **environmental findings and findings of consistency with general plan (where**
7 **applicable; delete this field after editing).**

8 NOTE: Additions are *single-underline italics Times New Roman*;
9 deletions are ~~*strike-through italics Times New Roman*~~.
10 Board amendment additions are double-underlined;
Board amendment deletions are ~~strike through normal~~.

11 Be it ordained by the People of the City and County of San Francisco:

12 Section 1. Findings

13 Whereas the San Francisco International Airport provides a unique market environment
14 for concessionaires catering to travelers; and

15 Whereas concessions leases have become a major source of operating revenues for
16 the Airport; and

17 Whereas the City and County has an interest in ensuring that concessions contracts
18 provide for appropriate levels of revenue sharing between the Airport and tenant enterprises;

19 Therefore the City and County of San Francisco provides for the following conditions
20 for future Airport concession leases.

21 Section 2. The San Francisco Administrative Code is hereby amended by adding
22 Section 12I, to read as follows:

23 **SEC 12I.1. TITLE.**

24 *This Chapter shall be known as the “Financial Disclosure Ordinance.”*

25 **SEC. 12I.2. AUTHORITY.**

1 This Chapter is adopted pursuant to the powers vested in the City and County of San Francisco
2 ("the City") under the laws and Constitution of the State of California and the City Charter including,
3 but not limited to, the police powers vested in the City pursuant to Article XI, Section 7 of the
4 California Constitution and Section 1205(b) of the California Labor Law.

5 **SEC. 12I.3. DEFINITIONS.**

6 "Airport" shall mean the San Francisco International Airport.

7 "Airport Property" means real property that is owned by the City or of which the City has
8 exclusive use, if such property is under the jurisdiction of the San Francisco Airport Commission.

9 "Concessions Lease" shall mean a written agreement (including, without limitation, any lease,
10 concession or license) in which the City gives to another party the exclusive use of Airport Property for
11 a term exceeding twenty-nine (29) consecutive days in any calendar year, whether by single or
12 cumulative instruments, for the purpose of selling foods, beverages, or retail items. If cumulative
13 instruments cause the term of the agreement to exceed twenty-nine (29) consecutive days, the
14 agreement in question shall be subject to this Chapter only on and after the effective date of the
15 instrument which causes the term to exceed twenty-nine (29) consecutive days. For the purposes of this
16 definition and the definition of Sublease, "exclusive use" means the right to use or occupy real
17 property to the exclusion of others, subject to the rights reserved by the party granting such exclusive
18 use. "Lease" includes "Lease Amendment." Notwithstanding the foregoing, the term "Lease" does not
19 include the following:

20 1. Agreements granting a franchise or easement;

21 2. Agreements entered into pursuant to settlement of legal proceedings;

22 3. Revocable at-will use or encroachment permits for the use of or encroachment on Airport
23 Property, regardless of the ultimate duration of such permits;

24 "Lease Amendment" shall mean a modification to a Lease that extends the term or materially
25 changes any other provision of the Lease.

1 “Sublease” shall mean any agreement with any person or entity for the exclusive right to
2 occupy or use all or any portion of Airport Property covered by a Concessions Lease.

3 “Tenant” shall mean any person or entity that enters into a Concessions Lease with the City.

4 “Subtenant” shall mean any person or entity that enters into a Concessions Sublease.

5 “Essential Financial Information” shall mean financial statements which disclose, at minimum:

6 1. Total revenues;

7 2. Total expenses;

8 3. Total compensation, including salaries, wages, bonuses, commissions, or other forms of
9 remuneration, to executives, shareholders, or members of the Tenant or Subtenant.

10 4. Net income.

11 **SEC. 12I.4. FINANCIAL DISCLOSURE REQUIREMENT.**

12 Any person or entity that enters into a Concessions Lease or Concessions Sublease after the
13 effective date of this Chapter shall agree to disclose Essential Financial Information to the Airport at
14 least once per fiscal quarter.

15 Such Essential Financial Information must be disclosed to any member of the public, upon
16 request, under the provisions of Chapter 67, Sec. 67.24, and shall not be withheld for any reason.

17 **SEC. 12Z.5. EFFECTIVE DATE.**

18 This Chapter shall become effective thirty (30) days after it is adopted. This Chapter is
19 intended to have prospective effect only.

20 **SEC. 12Z.6. SEVERABILITY.**

21 If any part or provision of this Chapter, or the application of this Chapter to any person or
22 circumstance, is held invalid, the remainder of this Chapter, including the application of such part or
23 provisions to other persons or circumstances, shall not be affected by such a holding and shall continue
24 in full force and effect. To this end, the provisions of this Chapter are severable.

1 APPROVED AS TO FORM:
2 DENNIS J. HERRERA, City Attorney

3 By: _____
4 ATTORNEY'S NAME
5 Deputy City Attorney
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