

File No. 120160

Committee Item No. 2  
Board Item No. 16

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance SUB-Committee

Date: March 7, 2012

Board of Supervisors Meeting

Date 3-13-12

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget & Legislative Analyst Report          |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ethics Form 126                              |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |

#### OTHER

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Completed by: Victor Young

Date: March 2, 2012

Completed by: Victor Young

Date: 3-8-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Airport Concession Lease Amendment - Boarding Area B and C Books and News Store -  
2 Gateway Concessions, LLC]

3  
4 **Resolution retroactively approving Amendment No. 1 to Boarding Area B and C Books  
5 and News Store Lease No. 04-0231 between Pacific Gateway Concessions, LLC, and  
6 the City and County of San Francisco, acting by and through its Airport Commission.**

7  
8 WHEREAS, Pursuant to Airport Commission ("Commission") Resolution No. 04-0231  
9 adopted on December 7, 2004, the Airport entered into the Boarding Areas B and C Books  
10 and News Stores Lease ("Lease") with DeLaVe, Inc., for a term of seven years with two one-  
11 year options to extend the term; and

12 WHEREAS, Pursuant to Resolution No. 05-0150 adopted August 2, 2005, the  
13 Commission consented to assign the Lease to Pacific Gateway Concessions, LLC ("PGC,  
14 LLC"); and

15 WHEREAS, The Airport wishes to exercise its right under Section 1.2 of the Lease and  
16 reclaim Space No. T1.2.057 in Boarding Area C measuring approximately 3,183 square feet,  
17 for the expansion of the Boarding Area C security checkpoint; now, therefore, be it

18 RESOLVED, This Commission hereby approves Amendment No. 1 to Boarding Areas  
19 B and C Books and News Store Lease No. 04-0231, which (1) decreases the Leased  
20 premises to approximately 1,482 square feet, (2) reduces the Minimum Annual Guarantee  
21 ("MAG") to \$69,960, (3) approves the calculation of future annual MAG adjustments using an  
22 initial MAG of \$69,960, (4) decreases the annual promotional charge, (5) decreases the initial  
23 promotional charge used when calculating the future promotional charge adjustments, and (6)  
24 approves a reimbursement to Pacific Gateway Concessions, in an amount not to exceed  
25 \$59,047.00, for the unamortized cost of its build-out in the form of a rental credit; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors hereby retroactively approves,  
2 to October 1, 2011, Amendment No. 1 to the Boarding Areas B and C Books and News  
3 Stores Lease No. 04-0231, copies of which are contained in Board of Supervisors' File No.  
4 120160.

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Item 2  
File 12-0160

Department:  
San Francisco International Airport (Airport)

## EXECUTIVE SUMMARY

### Legislative Objectives

- Resolution approving the First Amendment to the Boarding Area B and C Books and News Store Lease between the Airport and Pacific Gateway Concessions, LLC (PGC), which would authorize the Airport to (a) reclaim 3,183 square feet of space, reducing the leased space from 4,665 square feet to 1,482 square feet; (b) reduce the Minimum Annual Guarantee (MAG) by \$150,040 from \$220,000 to \$69,960 based on the reduction in square footage, (c) reduce the Airport's annual promotional charge from \$4,665 to \$1,482, and (d) reimburse PGC \$59,047 for unamortized tenant improvement costs of \$807,695.

### Key Points

- On June 21, 2005, the Board of Supervisors approved a lease between the Airport and DeLaVe, Inc. for the Terminal 1 Boarding Areas B and C Books and News Stores, which was subsequently assigned to Pacific Gateway Concessions, LLC (PGC) (File 05-0617). The existing lease is for a term of seven years from July 1, 2005 through June 30, 2012 with one two-year option to extend the lease from July 1, 2012 through June 30, 2014.
- On October 1, 2011, the Airport reclaimed, from PGC, the Boarding Area C Books and News Store space, consisting of 3,183 square feet. PGC will continue to lease the Boarding Area B Books and News Store space, consisting of 1,482 square feet. According to Mr. John Reeb, Airport Senior Property Manager, the Airport reclaimed the space in order to expand the Boarding Area C Security Checkpoint at the request of the U.S. Transportation Security Administration.
- According to Mr. Reeb, the TSA notified the Airport in July of 2011 that the TSA needed to expand the Boarding Area C checkpoint area before Thanksgiving. The Airport Commission approved the First Amendment to the lease on August 16, 2011. Due to a number of other Airport leases and the recess of the Board of Supervisors, Mr. Reeb stated the Airport inadvertently delayed submitting the proposed resolution to the Board of Supervisors.

### Fiscal Impacts

- PGC has paid the Airport \$35,721 in MAG and promotional charges for the six month period from October 2011 through March 2012, instead of \$112,331 that PGC would have paid under the original terms of the lease, a reduction of \$76,610.

### Policy Considerations

- If the Airport exercises the option to extend the lease for two years, the Airport should amend the lease to specify that the MAG will be adjusted annually based on the CPI for All Urban Consumers-Not Seasonally Adjusted-San Francisco/Oakland/San Jose, California Index, which is the Airport's standard index, rather than the U.S. Department Store Inventory Price Index.
- The revenues generated from the proposed concessions lease are considered in the Airport's residual rate setting methodology (breakeven policy), which sets the schedule of all rental rates, landing fees, and related fees to a level which ensures that Airport revenues received from the airlines, plus the non-airline concession and other revenues received by the Airport, are equal to the Airport's total annual costs, including debt service and operating expenditures.

### Recommendations

- Amend the resolution to state that the proposed First Amendment is retroactive to October 1, 2011.
- Approve the proposed resolution, as amended.
- If the Airport exercises the option, under the existing lease, to extend the lease from July 1, 2012 through June 30, 2014, the Budget and Legislative Analyst recommends that the Airport amend the lease to specify that the MAG will be adjusted annually based on the CPI for All Urban Consumers-Not Seasonally Adjusted-San Francisco/Oakland/San Jose, California Index, in order to be consistent with the Airport's other leases.

## 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

On June 21, 2005, the Board of Supervisors approved a lease between the Airport and DeLaVe, Inc. for the Terminal 1 Boarding Areas B and C Books and News Stores, which was subsequently assigned to Pacific Gateway Concessions, LLC (PGC) (File 05-0617). The existing lease is for a term of seven years from July 1, 2005 through June 30, 2012 with one two-year option to extend the lease from July 1, 2012 through June 30, 2014.

The Boarding Area B Books and News Store consists of 1,482 square feet, and the Boarding Area C Books and News Store consists of 3,183 square feet, for a total of 4,665 square feet. Both Books and News Stores sell similar products in each of the two boarding areas.

The existing lease allows the Airport to reclaim from PGC all or part of the leased space. On October 1, 2011, the Airport reclaimed the Boarding Area C Books and News Store space, consisting of 3,183 square feet. According to Mr. John Reeb, Airport Senior Property Manager, at the request of the U.S. Transportation Security Administration (TSA), the Airport reclaimed the space in order to expand the Boarding Area C Security Checkpoint area to provide more space for foot traffic to move through that section of Terminal 1.

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the First Amendment to the existing lease between the Airport and PGC for the Books and News Stores in Boarding Areas B and C. The First Amendment:

- (a) Decreases PGC's leased space in Terminal 1 by 3,183 square feet, from 4,665 square feet to 1,482 square feet, thus eliminating the Boarding Area C Books and News Store, leaving the Boarding Areas B Books and News Store with the remaining 1,482 square feet;
- (b) Reduces the Minimum Annual Guarantee (MAG) from \$220,000 to \$69,960 based on the reduction of square footage; and approves the calculation of annual Consumer Price Index (CPI) adjustments based on the reduced MAG of \$69,960;
- (c) Reimburses PGC \$59,047 for the unamortized portion of the tenant improvement costs of \$807,695; and

(d) Decreases the annual promotional charge from \$4,665 (\$1 per square foot for 4,665 square feet) to \$1,482 (\$1 per square foot for 1,482 square feet), and approves the reduced promotional charge of \$1,482 as the basis for future promotional charge adjustments.

PGC would continue to lease the Boarding Area B News and Books Store, consisting of 1,482 square feet.

**FISCAL IMPACTS**

Under the existing lease, rent paid by Pacific Gateway Concessions, LLC (PGC) to the Airport, is the higher of (a) the Minimum Annual Guarantee (MAG) of \$220,000, (b) or percentage rent, which was set by the Airport, at

- 12 percent of gross revenues up to and including \$500,000, plus
- 14 percent of gross revenues from \$500,001 up to and including \$1,000,000, plus
- 16 percent of gross revenues over \$1,000,000.

The proposed First Amendment would reduce the MAG by \$150,040, from \$220,000 to \$69,960, based on a reduction of 3,183 in square feet. The percentage rent would remain the same.

According to Mr. Reeb, FY 2010-11 PGC gross sales for these two leased locations in Terminal 1, Boarding Areas B and C, totaled \$562,316. PGC paid the Airport the MAG of \$220,000. Of the total \$562,316 in gross sales, the Boarding Area C News and Books Store, consisting of 3,183 square feet, which has been reclaimed by the Airport, generated sales of \$341,247 and the Boarding Area B News and Books Store, consisting of 1,482 square feet, which would remain under the lease, generated gross sales of \$221,069.

The Airport has charged PGC the reduced MAG of \$69,960, and the reduced annual promotional charge of \$1,482 based on the remaining 1,482 square feet since October of 2011. As shown in the Table below, PGC has paid the Airport \$35,721 in rent and promotional charges for the six month period from October 2011 through March 2012, instead of \$112,331 that PGC would have paid under the original terms of the lease, a reduction of \$76,610.

**Table: Original and Proposed Amended Terms of the Lease**

	Original Terms of the Lease			Proposed Terms (already in effect)		
	MAG Rent (per month)	Promotional Charges (per month)	Total Monthly Rent and Charges	MAG Rent (per month)	Promotional Charges (per month)	Total Monthly Rent and Charges
Oct. '11	\$18,333	\$388.75	\$18,721.75	\$5,830	\$123.50	\$5,953.50
Nov. '11	18,333	388.75	\$18,721.75	5,830	123.50	\$5,953.50
Dec. '11	18,333	388.75	\$18,721.75	5,830	123.50	\$5,953.50
Jan. '12	18,333	388.75	\$18,721.75	5,830	123.50	\$5,953.50
Feb. '12	18,333	388.75	\$18,721.75	5,830	123.50	\$5,953.50
Mar. '12	18,333	388.75	\$18,721.75	5,830	123.50	\$5,953.50
	<b>Total: \$112,331</b>			<b>Total: \$35,721</b>		

Under the proposed First Amendment to the lease, the Airport will reimburse PGC \$59,047 for unamortized tenant improvement costs of \$807,695<sup>1</sup>. PGC owes \$17,861 in rent and promotional charges for the remaining three months of the lease from April 1, 2012 through June 30, 2012<sup>2</sup>. According to Mr. Reeb, the Airport will apply the balance of rent credits of \$41,186<sup>3</sup> to the rents owed by PGC if the Airport exercises the option to extend the lease for two years from July 1, 2012 through June 30, 2014. If the Airport does not exercise the option to extend the lease, the Airport will apply the balance of rent credits to another lease between the Airport and PGC.

## POLICY ISSUES

### *CPI Adjustment*

The subject lease has a provision to adjust the MAG annually based on the CPI for the U.S. "Department Store Inventory Price Index". According to Mr. Reeb, the Department Store Inventory Price Index has not increased since the beginning of the current lease in 2005, and therefore, the MAG of \$220,000 has not increased. In contrast to the subject lease Mr. Reeb states that the Airport has standardized CPI adjustments in new leases, using the "All Urban Consumers-Not Seasonally Adjusted-San Francisco/Oakland/San Jose, California Index" to annually adjust the MAG.

If the Airport exercises the option, under the existing lease, to extend the lease from July 1, 2012 through June 30, 2014, the Budget and Legislative Analyst recommends that the Airport amend the lease to specify that the MAG will be adjusted annually based on the CPI for All Urban Consumers-Not Seasonally Adjusted-San Francisco/Oakland/San Jose, California Index, in order to be consistent with the Airport's other leases.

### *Retroactivity*

According to Mr. Reeb, the TSA notified the Airport in July of 2011 that the TSA needed to expand the Boarding Area C checkpoint area before Thanksgiving. The Airport Commission approved the First Amendment to the lease on August 16, 2011. Due to a number of other Airport leases and the recess of the Board of Supervisors, Mr. Reeb stated the Airport inadvertently delayed submitting the proposed resolution to the Board of Supervisors.

### *Break Even Policy*

The Airport uses a "breakeven policy" known as the residual rate setting methodology to set the schedule of all rental rates, landing fees, and related fees to a level which ensures that Airport revenues received from the airlines, plus the non-airline revenues (such as concession revenues) received by the Airport, are equal to the Airport's total costs, including debt service and operating expenditures. According to this methodology, the amount needed to balance the Airport's budget then becomes the basis for calculating, by a formula specified in the leases

<sup>1</sup> \$807,695 amortized over 84 months equals \$9,615.42 per month or \$86,538.75 for nine months. \$86,538.75 x 68.23% (reduction in leased space) equals approximately \$59,047.

<sup>2</sup> \$5,953.50 (\$5,832 MAG rent and \$123.50 Promotional Charges) x 3 months equals \$17,860.50.

<sup>3</sup> \$59,047 unamortized tenant improvement costs to be reimbursed less \$17,861 (see Footnote 2 in rent amount by PGC) equals \$41,186.

with the airlines, the rental rates, landing fees, and related fees charged to airlines operating at the Airport in the upcoming year, such that the total revenues paid to the Airport by all airlines in the upcoming year is sufficient to balance the Airport's budget. At the end of the fiscal year, any budget shortfall or surplus is carried forward into the following fiscal year and is used in the calculation of the new rental rates, landing fees, and related fees charged to the airlines.

The revenues generated from both the previous and proposed leases are considered in the Airport's residual rate setting methodology, such that the Airport's budget will remain fully balanced by the revenues paid by the airlines to the Airport, after considering the Airport's budgeted expenditures and all non-airline revenues.

## RECOMMENDATIONS

1. Amend the resolution to state that the proposed First Amendment is retroactive to October 1, 2011.
2. Approve the proposed resolution, as amended.
3. If the Airport exercises the option, under the existing lease, to extend the lease from July 1, 2012 through June 30, 2014, the Budget and Legislative Analyst recommends that the Airport amend the lease to specify that the MAG will be adjusted annually based on the CPI for All Urban Consumers-Not Seasonally Adjusted-San Francisco/Oakland/San Jose, California Index, in order to be consistent with the Airport's other leases.



AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 11-0185

**APPROVAL OF AMENDMENT NO. 1 TO PACIFIC GATEWAY CONCESSIONS, LLC'S BOARDING AREAS "B" AND "C" BOOKS AND NEWS STORES LEASE NO. 04-0231**

WHEREAS, pursuant to Airport Commission (the "Commission") Resolution No. 04-0231 adopted on December 7, 2004, the Airport entered into the Boarding Areas "B" and "C" Books and News Stores Lease (the "Lease") with DeLaVe, Inc., for a term of seven years with two one-year options to extend the term; and

WHEREAS, pursuant to Resolution No. 05-0150 adopted August 2, 2005, the Commission consented to assign the Lease to Pacific Gateway Concessions, LLC ("PGC, LLC"); and

WHEREAS, the Airport wishes to exercise its right under Section 1.2 of the Lease and reclaim Space No. T1.2.057 in Boarding Area "C" measuring approximately 3,183 square feet, for the expansion of the Boarding Area "C" security checkpoint; now, therefore, be it

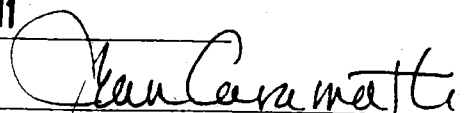
RESOLVED, this Commission hereby approves Amendment No. 1 to Boarding Areas "B" and "C" Books and News Stores Lease No. 04-0231, which (1) decreases the Leased premises to approximately 1,482 square feet, (2) reduces the Minimum Annual Guarantee ("MAG") to \$69,960, (3) approves the calculation of future annual MAG adjustments using an initial MAG of \$69,960, (4) decreases the annual promotional charge, (5) decreases the initial promotional charge used when calculating the future promotional charge adjustments, and (6) approves a reimbursement to Pacific Gateway Concessions, in an amount not to exceed \$59,047.00, for the unamortized cost of its build-out in the form of a rental credit; and, further be it

RESOLVED, that this Commission directs the Commission Secretary to seek approval of this Lease Amendment No. 1 from the Board of Supervisors.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* \_\_\_\_\_

**AUG 16 2011**



Secretary

**AMENDMENT NO. 1 TO  
BOARDING AREAS B and C BOOKS AND NEWS STORE LEASE NO. 04-0231  
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS AMENDMENT NO. 1 TO BOARDING AREAS B and C BOOKS AND NEWS STORE LEASE NO. 04-0231 AT THE SAN FRANCISCO AIRPORT ("Amendment No. 1"), dated as of \_\_\_\_\_, for reference purposes only, is entered by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), acting by and through the SAN FRANCISCO AIRPORT COMMISSION ("Airport"), as landlord, and PACIFIC GATEWAY CONCESSIONS, LLC, as tenant ("Tenant").

**RECITALS**

A. The Airport entered into the Boarding Areas B and C Books and News Stores Lease ("Lease") with DeLaVe, Inc., for a term of seven years with two one-year options to extend the term.

B. The premises are comprised of two locations measuring approximately 4,665 square feet, with 1,482 square feet in Terminal 1, Boarding Area B, and 3,183 square feet in Terminal 1, Boarding Area C.

C. The Airport Commission approved the assignment of the Lease to Pacific Gateway Concessions, LLC by Resolution No. 05-0150, adopted August 2, 2005.

D. The base term of the Lease will expire on June 30, 2012.

E. The Airport wishes to exercise its right under Section 1.2 of the Lease and reclaim Space No. T1.2.057 in Boarding Area C measuring approximately 3,183 square feet, for the expansion of the Boarding Area C security checkpoint

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to amend the Lease as follows:

**AGREEMENT**

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. **Effective Date.** The effective date of the modifications to the Lease contained herein shall be November 1, 2011.

3. **Premises.** Exhibit A of the Lease is hereby amended to delete the premises in Boarding Area C, referred to as Space No. C.2.057.

4. **Minimum Annual Guarantee.** The Minimum Annual Guarantee shall be adjusted to \$69,890.00 to reflect the contraction of the Boarding Area C Space No. C.2.057.
5. **Annual Promotional Charge.** Effective upon the date the space reverts to the Airport, the Promotional Charge will decrease to reflect the new square footage after contraction.
6. **Entire Agreement.** This Amendment No. 1 contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Amendment No. 1 are superseded in their entirety by this Amendment No. 1. No prior drafts of this Amendment No. 1 or changes between those drafts and the executed version of this Amendment No. 1 shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment No. 1.
7. **Miscellaneous.** This Amendment No. 1 shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment No. 1 is made for the purpose of setting forth certain rights and obligations of Tenant and the Airport, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise.

Each party hereto shall execute, acknowledge and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment No. 1. This Amendment No. 1 may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment No. 1 that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. Time is of the essence of this Amendment No. 1. This Amendment No. 1 shall be governed by the laws of the State of California. Neither this Amendment No. 1 nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

8. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

///

///

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**TENANT:** Pacific Gateway Concessions, LLC,  
a limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_  
(type or print)

Title: \_\_\_\_\_

**CITY:** CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,  
acting by and through its Airport Commission

\_\_\_\_\_  
John L. Martin  
Airport Director

AUTHORIZED BY AIRPORT  
COMMISSION

Resolution No. 11-0185  
Adopted: August 16, 2011

Attest: \_\_\_\_\_  
Secretary  
Airport Commission

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

By: \_\_\_\_\_  
Deputy City Attorney



San Francisco International Airport

January 24, 2012

Ms. Angela Calvillo  
Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

*File 120160*

Subject: Approval of Amendment No. 1 to Boarding Areas B and C Books and News Store Lease No. 04-0231, between Pacific Gateway Concessions LLC and the City and County of San Francisco, acting by and through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval the Amendment No. 1 to Boarding Area B and C Books and News Store Lease No. 04-0231 between Pacific Gateway Concessions LLC and City and County of San Francisco, acting by and through its Airport Commission. The Airport Commission approved this Amendment 1 by its Resolution No. 11-0185 adopted on August 16, 2011.

The following is a list of accompanying documents (five sets):

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 11-0185;
- Ethics Forms SFEC-126; and
- Copy of Amendment No. 1 to Boarding Area B and C Books and News Store Lease No. 04-0231.

You may contact Cheryl Nashir of Airport Revenue Development and Management at 650.821.4500 regarding this matter.

Very truly yours,

*Jean Caramatti*  
Jean Caramatti  
Commission Secretary

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 FEB 14 PM 2:01

Enclosures

cc: Cheryl Nashir

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

EDWIN M. LEE  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN  
AIRPORT DIRECTOR

*120160*

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, SF Board of Supervisors	City elective office(s) held: Members, SF Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: Pacific Gateway Concessions, LLC (company comprised of Soto & Sanchez and Delave, Inc.)	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer, and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored by controlled by the contractor. Use additional pages as necessary.</i>	
Patricia Lee, President, Soto & Sanchez Debbie Seanez, Vice President, Soto & Sanchez Manuel Soto, CFO, Soto & Sanchez Frank de la Cruz, Delave, Inc. Managing Member Javier Vega, Founder, Delave, Inc.	
Contractor address: 13701 Cimarron Avenue, Gardena, CA 90249-2463	
Date that contract was approved:	Amount of contract: MAG was \$220,000; now it is \$69,890.
Describe the nature of the contract that was approved: operation of books and news stores in Boarding Areas B and C	
Comments: Awarded through a Request for Proposal process Percentage rent calculated at 12% up to \$500,000 + 14% up to \$1M + 16% over \$1M	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form  
 a board on which the City elective officer(s) services San Francisco Board of Supervisors  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits.

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Clerk of the SF Board of Supervisors, Angela Calvillo	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., SF, CA 94102	E-mail: bos.legislation@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed