



San Francisco International Airport

**MEMORANDUM**

October 16, 2018

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Eleanor Johns  
Hon. Richard J. Guggenhome  
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Award of the Terminal 3 Boarding Area F Coffee and Quick Serve  
Concession Lease to Elevate Gourmet Brands – SFO Group

DIRECTOR’S RECOMMENDATION: (1) AWARD THE TERMINAL 3 BOARDING AREA F COFFEE AND QUICK SERVE CONCESSION LEASE TO ELEVATE GOURMET BRANDS – SFO GROUP, A JOINT VENTURE BETWEEN ELEVATE GOURMET BRANDS, INC. AND AIMHIGH ESG, LLC, AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASE FROM THE BOARD OF SUPERVISORS.

**Executive Summary**

The competitive proposal process for the Terminal 3 Boarding Area F Coffee and Quick Serve Concession Lease (the “Lease”) has concluded and Staff recommends award of the Lease to Elevate Gourmet Brands – SFO Group (“Elevate”), a joint venture between Elevate Gourmet Brands, Inc. and Aimhigh ESG, LLC. The Lease has a term of eight years, with two (2) one-year options to extend exercisable by the Airport Commission (“Commission”), and a Minimum Annual Guarantee (“MAG”) for the first lease year of \$375,000.00.

**Background**

On May 15, 2018, the Commission adopted Resolution No. 18-0149, authorizing Staff to commence the competitive proposal process and issue a Request for Proposals (“RFP”) for the Lease.

Staff conducted an informational conference wherein the form of Lease was presented to the interested parties. Staff gathered feedback from potential proposers and clarified or changed business terms where appropriate.

THIS PRINT COVERS CALENDAR ITEM NO. 10

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR    LARRY MAZZOLA PRESIDENT    LINDA S. CRAYTON VICE PRESIDENT    ELEANOR JOHNS    RICHARD J. GUGGENHIME    PETER A. STERN    IVAR C. SATERO AIRPORT DIRECTOR

On July 10, 2018, the Commission adopted Resolution No. 18-0224, approving the minimum qualification requirements and lease specifications and authorizing Staff to accept proposal

In response to the RFP, the Airport received seven proposals by the August 31, 2018 Submittal Deadline. The following proposal was deemed nonresponsive:

1. S Two Puffs, LLC– submittal was rejected for not including a Proposal Bond.

Staff determined that the remaining six proposals met the RFP's minimum qualifications. A three-member evaluation panel was convened to review and score the qualifying proposals. The panel consisted of the following: a San Francisco International Airport ("SFO") Planning and Environmental Affairs associate, the SFO Guest Services Manager and the vice president of a San Francisco commercial real estate and services firm. The evaluation panel's selection for the highest ranking, responsive, and responsible proposer is identified below, along with all other responsive proposers for the Lease.

PROPOSER	CONCEPTS	Score
<u>Highest Ranking:</u> Elevate Gourmet Brands – SFO Group	Space 1 - Green Beans Coffee Space 2 - San Francisco Mac & Cheese Kitchen	91.00
Andale Management Group, Inc.	Space 1 - Ritual Coffee Space 2 - Andale's Mexican Kitchen	88.67
Soaring Food Group, LLC	Space 1 - Illy Café Space 2 - Brown Sugar Kitchen	81.67
Joe & The Juice SFO, LLC	Space 1 - Joe & The Juice Space 2 - Joe & The Juice	79.00
Half Moon Empanadas, LLC	Space 1 - Half Moon Café Space 2 - Half Moon Kitchen	78.00
Gary Rulli	Space 1 - Bancarella Space 2 - Washington Square	73.67

Elevate has been identified as the highest ranking, responsive, and responsible proposer. The base rent under the Lease is the greater of the MAG (as adjusted annually) or the following tiered percentage rent:

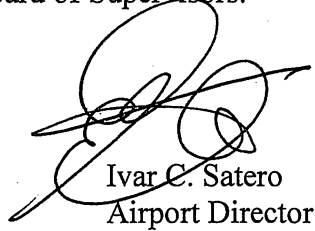
- 6% of gross revenues achieved up to and including \$1,500,000.00; plus
- 8% of gross revenues achieved between \$1,500,000.01 up to and including \$2,000,000.00; plus
- 10% of gross revenues achieved over \$2,000,000.00.

Elevate is a joint venture between Elevate Gourmet Brands, Inc. (85% ownership interest) and Aimhigh ESG, LLC (15% ownership interest). Aimhigh ESG, LLC is qualified as an Airport Concession Disadvantaged Business Enterprise ("ACDBE"). Elevate Gourmet Brands, Inc. (formally Green Beans Coffee Company), headquartered in San Rafael, California, has partnered with Aimhigh ESG, LLC since 2014 in operating the Terminal 1 Green Beans Coffee location. Elevate Gourmet Brands, Inc. will begin construction on a second SFO location in the International Terminal this month as a sub-tenant to WDFG North America, LLC. Elevate Gourmet Brands, through its partners and franchisees, operates over 100 cafes worldwide.

Mr. Ebon Glenn, owner of Aimhigh ESG, LLC, has worked in airports for decades and has recently partnered with another prime operator at SFO for two newsstands in the International Terminal. Mr. Ebon Glenn is an active board member of the Airport Minority Advisory Council ("AMAC").

### **Recommendation**

I recommend awarding the Terminal 3 Boarding Area F Coffee and Quick Serve Concession Lease to Elevate Gourmet Brands – SFO Group, a joint venture between Elevate Gourmet Brands, Inc. and Aimhigh ESG, LLC, and directing the Commission Secretary to request approval of the Lease from the Board of Supervisors.



Ivar C. Satero  
Airport Director

Prepared by: Leo Fermin  
Chief Business & Finance Officer

Attachments