

1 [Airline and Airport 2023 Lease and Use Agreement - Various Airlines]

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3 **Resolution approving the 2023 Lease and Use Agreement between the City and County**
4 **of San Francisco, acting by and through its Airport Commission, and 11 airlines to**
5 **conduct flight operations at the San Francisco International Airport, for a term of ten**
6 **years, from July 1, 2023, through June 30, 2033; affirming the Planning Department’s**
7 **determination under the California Environmental Quality Act; and to authorize the**
8 **Airport Director to enter into modifications to the Lease that do not materially increase**
9 **the obligations or liabilities to the City and are necessary to effectuate the purposes of**
10 **the Lease or this Resolution.**

11
12 WHEREAS, Various airlines conduct flight operations at the San Francisco
13 International Airport (“SFO” or “Airport”) pursuant to the 2011 Airline/Airport Lease and Use
14 Agreements (“2011 Lease”); and

15 WHEREAS, The 2011 Lease was originally set to expire on June 30, 2021 (the
16 “Original Expiration Date”); and

17 WHEREAS, Prior to the Original Expiration Date, the Airport Commission of the City
18 and County of San Francisco (“City”) and the airlines were negotiating a new comprehensive
19 lease and use agreement intended to replace the 2011 Lease, which would have commenced
20 immediately following the Original Expiration Date; and

21 WHEREAS, The COVID-19 pandemic interrupted the negotiations and rendered
22 impractical reaching agreement on a comprehensive replacement lease and use agreement;
23 and

1 WHEREAS, In lieu of such replacement agreement, City and airlines negotiated a
2 modification to the 2011 Lease which extended the term for a period of two years (the “2011
3 Lease Extension Modification”), effective July 1, 2021, and expiring June 30, 2023; and

4 WHEREAS, That this Board of Supervisors approved the 2011 Lease Extension
5 Modifications with the airlines through various resolutions; and

6 WHEREAS, City and the airlines have completed negotiations and have agreed to the
7 terms of a new comprehensive lease and use agreement, for a term of ten years, to
8 commence on July 1, 2023, and expire on June 30, 2033, and which provides for the
9 continuation of flight operations and payment of landing fees and terminal rentals by such
10 airlines at the Airport (“2023 Lease”); and

11 WHEREAS, The 2023 Lease will be the same for all airlines that elect to be a signatory
12 to the 2023 Lease with only conforming changes that reflects the specific airline; and

13 WHEREAS, On February 7, 2023, the Airport Commission adopted Resolution
14 Nos. 23-0019 through 23-0047 awarding a 2023 Lease to 29 airlines; and

15 WHEREAS, On March 21, 2023, the Airport Commission adopted Resolution Nos. 23-
16 0064 through 23-0074 awarding a 2023 Lease to an additional 11 airlines, as listed on
17 Attachment I (along with the 29 leases previously approved by the Airport Commission, each
18 a “Signatory Airline” and collectively, “Signatory Airlines”); and

19 WHEREAS, Certain Signatory Airlines must obtain full compliance with Chapter 12B of
20 the City’s Administrative Code (“Chapter 12B”); and

21 WHEREAS, A copy of the 2023 Lease with each of the Signatory Airlines is on file with
22 the Clerk of the Board of Supervisors in File No. 230342, which is hereby declared to be part
23 of this Resolution as if set forth fully herein; and

1 WHEREAS, The Planning Department has determined that the actions contemplated in
2 this Resolution comply with the California Environmental Quality Act (California Public
3 Resources Code, Sections 21000 et. seq.); and

4 WHEREAS, Said determination is on file with the Clerk of the Board of Supervisors in
5 File No. 230342 and is incorporated herein by reference; now, therefore, be it

6 RESOLVED, That this Board of Supervisors affirms this determination; and, be it

7 FURTHER RESOLVED, That, subject to the express condition set forth in the
8 immediately following Resolved clause, this Board of Supervisors approves the award of the
9 2023 Lease with Air Canada - Lease No. 23-0064; American Airlines, Inc. - Lease No. 23-
10 0065; British Airways, PLC - Lease No. 23-0066; Cathay Pacific Airways, Ltd. - Lease No. 23-
11 0067; China Airlines, Ltd. - Lease No. 23-0068; China Southern Airlines Company Limited -
12 Lease No. 23-0069; Frontier Airlines, Inc. - Lease No. 23-0070; Philippine Airlines, Inc. -
13 Lease No. 23-0071; Swiss International Air Lines, Ltd. - Lease No. 23-0072; TACA
14 International Airlines, S.A. (TACA dba Avianca) - Lease No. 23-0073; and WestJet - Lease
15 No. 23-0074; and, be it

16 FURTHER RESOLVED, That the foregoing approval of the 2023 Leases is expressly
17 conditioned on each Signatory's full compliance with Chapter 12B no later than June 30,
18 2023, or obtaining the appropriate waivers thereto, to the extent such compliance is required
19 under Chapter 12B, and the Airport is directed to provide a report to the Board of Supervisors
20 no later than July 10, 2023, on the airlines that complied, those that did not comply, and those
21 that obtained a waiver; and, be it

22 FURTHER RESOLVED, That, in order to facilitate the administration of the 2023
23 Lease, this Board of Supervisors authorizes the Airport Director to enter into non-material
24 modifications to any 2023 Lease throughout its term that do not otherwise: (a) materially
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1 increase the financial obligations or liabilities of City; (b) increase the term, or (c) change the
2 general use of the demised premises from the permitted uses of the 2023 Lease; and, be it

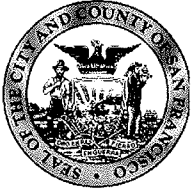
3 FURTHER RESOLVED, That within thirty (30) days of each 2023 Lease being fully
4 executed by all parties, the Airport Commission shall provide a copy of the final contract to the
5 Clerk of the Board for inclusion into the official file.

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ATTACHMENT 1

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<u>AIRLINE</u>	<u>LEASE NO.</u>
1. Air Canada	23-0064
2. American Airlines, Inc.	23-0065
3. British Airways, PLC	23-0066
4. Cathay Pacific Airways, Ltd.	23-0067
5. China Airlines, Ltd.	23-0068
6. China Southern Airlines Company Limited	23-0069
7. Frontier Airlines, Inc.	23-0070
8. Philippine Airlines, Inc.	23-0071
9. Swiss International Air Lines, Ltd.	23-0072
10. TACA International Airlines, S.A. (TACA dba Avianca)	23-0073
11. WestJet	23-0074



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 230342

Date Passed: June 27, 2023

Resolution approving the 2023 Lease and Use Agreement between the City and County of San Francisco, acting by and through its Airport Commission, and 11 airlines to conduct flight operations at the San Francisco International Airport, for a term of ten years, from July 1, 2023, through June 30, 2033; affirming the Planning Department's determination under the California Environmental Quality Act; and to authorize the Airport Director to enter into modifications to the Lease that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the Lease or this Resolution.

April 19, 2023 Budget and Finance Committee - CONTINUED TO CALL OF THE CHAIR

May 03, 2023 Budget and Finance Committee - CONTINUED TO CALL OF THE CHAIR

June 14, 2023 Budget and Finance Committee - RECOMMENDED

June 27, 2023 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 230342

I hereby certify that the foregoing Resolution was ADOPTED on 6/27/2023 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

6/28/23

Date Approved