

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 16-0303

APPROVAL OF AMENDMENT NO. 1 TO INTERNATIONAL TERMINAL FOOD AND BEVERAGE CONCESSION LEASE NO. 16-0017 WITH SSP AMERICA, INC.

WHEREAS, by Resolution No. 16-0017, adopted January 19, 2016, the Airport Commission ("Commission") awarded the International Terminal Food and Beverage Concession Lease No. 7 ("Lease") to SSP America, Inc. ("SSP") to operate a 1300 on Fillmore restaurant at the Airport; and

WHEREAS, Airport staff and SSP have agreed that in order to offer an experience at the Airport similar to the 1300 on Fillmore location in San Francisco, the premises would need to be expanded; and

WHEREAS, the expanded premises would include a sit-down restaurant as well as a bar that would overlook the Airport's new observation deck scheduled to open in early 2018; now, therefore, be it

RESOLVED, that this Commission hereby approves Amendment No. 1 to the International Terminal Food and Beverage Concession Lease No. 16-0017 (the "Amendment"), which (1) increases the square footage of SSP's premises, (2) increases the Minimum Annual Guarantee to \$279,000.00, and (3) increases the annual Promotional Charge to \$2,100.00, both in proportion to the net increase in the square footage of the Lease premises; and, be it further

RESOLVED, that this Commission hereby directs the Commission Secretary to forward the Amendment to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

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

at its meeting of _____

 NOV 22 2016


Secretary



MEMORANDUM

November 22, 2016

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

16-0303

NOV 22 2016

FROM: Airport Director

SUBJECT: Amendment No. 1 to International Terminal Food and Beverage Concession Lease No. 16-0017 with SSP America, Inc.

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENT NO. 1 TO INTERNATIONAL TERMINAL FOOD AND BEVERAGE CONCESSION LEASE NO. 16-0017 WITH SSP AMERICA, INC. AND DIRECT THE COMMISSION SECRETARY TO FORWARD AMENDMENT NO. 1 TO THE BOARD OF SUPERVISORS FOR APPROVAL.

Executive Summary

Airport staff requests that the Airport Commission ("Commission") approve Amendment No. 1 to the International Terminal Food and Beverage Concession Lease No. 16-0017 for the expansion of the premises. Amendment No. 1 also includes an increase of SSP America, Inc.'s minimum guaranteed rent and annual promotional charge in proportion to the expanded premises.

Background

On January 19, 2016, the Commission adopted Resolution No. 16-0017, awarding the International Terminal Food and Beverage Concession Lease No. 7 ("Lease") to SSP America, Inc. ("SSP"). The Lease premises is comprised of one location totaling approximately 1,694 square feet of space for SSP's sit-down restaurant, 1300 on Fillmore.

THIS PRINT COVERS CALENDAR ITEM NO. 14

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 IVAR C. SATERO AIRPORT DIRECTOR

Subsequent to the award of the Lease, Airport staff and SSP reviewed the plans for the 1300 on Fillmore restaurant and determined that in order to offer an experience at the Airport similar to that at the 1300 on Fillmore location in San Francisco, the premises would need to be expanded. The expanded premises would include a sit-down restaurant as well as a bar that will overlook the Airport's new observation deck that will open in early 2018. The Minimum Annual Guarantee ("MAG") for this Lease will also increase from \$225,000.00 to \$279,000.00.

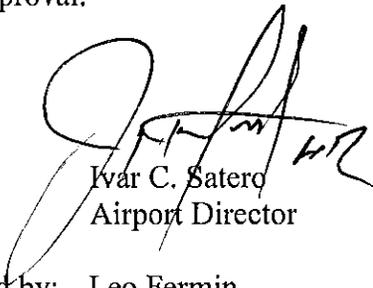
Proposal

Staff recommends modifying SSP's premises under the following terms:

1. The premises will increase from 1,694 square feet to 2,100 square feet, by adding adjacent space used for seating.
2. The Minimum Annual Guarantee will increase from \$225,000.00 to \$279,000.00 to reflect the 24% increase in the square footage of the premises.
3. The annual Promotional Charge under the Lease will increase from \$1,694.00 to \$2,100.00 to reflect the increase in the square footage of the premises.

Recommendation

I recommend that this Commission adopt the accompanying resolution approving Amendment No. 1 to the Lease, which (1) increases the square footage SSP's 1300 on Fillmore restaurant, (2) increases the Minimum Annual Guarantee to \$279,000.00, and (3) increases the annual Promotional Charge to \$2,100.00, both in proportion to the net increase in square footage of the premises, and I further recommend that the Commission Secretary forward Amendment No. 1 to the Board of Supervisors for approval.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business and Finance Officer

Attachments

Attachment

