

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 64-0240

APPROVAL OF AMENDMENT NO. 3 TO LEASE NO. 97-0081 LEASE, USE, AND OPERATING AGREEMENT FOR BART STATION AND RELATED FACILITIES AND GRANT OF EASEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT

WHEREAS, on April 1, 1997, by Resolution No. 97-0081, the Airport Commission awarded to the San Francisco Bay Area Rapid Transit District (BART) Lease No. 97-0081 for the Lease, Use, and Operating Agreement for the BART Station and Related Facilities and Grant of Easement at San Francisco International Airport (SFO or Airport), by and between the City and County of San Francisco, as landlord (City), and BART, as tenant, for the operation of the Airport BART station (Lease), and on June 27, 1997, by Resolution No. 621-97, the San Francisco Board of Supervisors approved the Lease; and

WHEREAS, on October 1, 2010, BART and the City entered into a First Lease Amendment, and on February 1, 2019, a Second Lease Amendment; and

WHEREAS, the Lease term is 50 years, which commenced on June 22, 2003 and will expire on June 21, 2053; and

WHEREAS, BART is undertaking the installation of Next Generation Fare Gates at stations throughout its network, including the Airport BART station (Project); and

WHEREAS, Airport staff is supportive of the Project at the Airport as it will enhance the Airport passenger experience and reinforce security measures at the Airport; and

WHEREAS, following up on discussions between BART staff and Airport staff regarding the Project and the desire of the parties to prioritize the installation of the Project at the Airport in advance of the 2024 holiday season, on October 10, 2024, the Airport Director and the General Manager of BART executed a letter of intent pursuant to which Airport staff agreed to seek approval of the Commission and the Board of Supervisors for the City to enter into a lease amendment providing for a rent credit to BART under the Lease for its actual costs, fees, and expenses incurred in connection with the Project, in the maximum not-to-exceed amount of up to \$3,150,000; and

WHEREAS, the Lease has a current Annual Rent of \$2,500,000; and

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WHEREAS, the Lease Amendment provides for an abatement of BART's obligation to make monthly payments of Annual Rent to the City, only upon completion of the Project and Airport staff review and approval of all invoices, receipts and other documentation evidencing the total costs and expenses of the Project, so that a final rent credit amount may be determined; now, therefore, be it

RESOLVED, that this Commission hereby (i) approves Amendment No. 3 to Lease No. 97-0081 Lease, Use, and Operating Agreement for the BART Station and Related Facilities and Grant of Easement at San Francisco International Airport, as summarized above and in the Director's memorandum accompanying this Resolution, and (ii) directs the Commission Secretary to forward Amendment No. 3 to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

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*I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of _____*


Secretary



MEMORANDUM
November 19, 2024

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Jane Natoli, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell

24-0240

NOV 19 2024

FROM: Airport Director

SUBJECT: Approval of Amendment No. 3 to Lease No. 97-0081 Lease, Use, and Operating Agreement for BART Station and Related Facilities and Grant of Easement at San Francisco International Airport

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENT NO. 3 TO LEASE NO. 97-0081 LEASE, USE, AND OPERATING AGREEMENT FOR BART STATION AND RELATED FACILITIES AND GRANT EASEMENT AT SAN FRANCISCO INTERNATIONAL AIRPORT TO PROVIDE RENT CREDIT TO BART IN A MAXIMUM NOT-TO-EXCEED AMOUNT OF \$3,150,000 IN SUPPORT OF BART'S NEXT GENERATION FARE GATES PROJECT, AND DIRECT THE COMMISSION SECRETARY TO SEEK APPROVAL FROM THE BOARD OF SUPERVISORS UNDER SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

Executive Summary

San Francisco Bay Area Rapid Transit District (BART) is undertaking the installation of Next Generation Fare Gates at stations throughout its network, including the BART station (the Project) serving San Francisco International Airport (Airport or SFO). Airport staff is supportive of the Project as it will enhancing the Airport passenger experience and reinforce security measures at the Airport.

In support of the Project, Staff seeks approval for the lease amendment which provides a rent credit to BART under its lease for the BART station, in a maximum not-to-exceed amount of up to \$3,150,000, to reimburse BART for the costs and expenses of the Project.

Background

On April 1, 1997, by Resolution No. 97-0081, the Airport Commission awarded to BART a Lease, Use, and Operating Agreement for BART Station and Related Facilities and Grant of Easement at San Francisco International Airport, by and between the City and County of San Francisco, as landlord (City), and BART, as tenant, for the operation of the Airport BART station (Lease). On June 27, 1997, by Resolution No. 621-97, the San Francisco Board of Supervisors (Board of Supervisors) approved the Lease. On October 1, 2010, BART and the City entered into a First Lease Amendment, and on February 1, 2019, a Second Lease Amendment. The Lease term is 50 years, which commenced on June 22, 2003, and will expire on June 21, 2053.

THIS PRINT COVERS CALENDAR ITEM NO. _____

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

MALCOLM YEUNG
PRESIDENT

JANE NATOLI
VICE PRESIDENT

JOSE F. ALMANZA

MARK BUELL

IVAR C. SATERO
AIRPORT DIRECTOR

Members, Airport Commission

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November 19, 2024

Following up on discussions between BART staff and Airport staff regarding the Project and the desire of the parties to prioritize the installation of the Project at the Airport in advance of the 2024 holiday season, on October 10, 2024, the Airport Director and the General Manager of BART executed a letter of intent pursuant to which Airport staff agreed to seek approval of the Commission and the Board of Supervisors for the City to enter into a lease amendment providing for a rent credit to BART under the Lease for its actual costs, fees and expenses incurred in connection with the Project, in the maximum not-to-exceed amount of up to \$3,150,000 (Lease Amendment).

The Lease has a current annual base rent of \$2,500,000, and the rent credit will be provided to BART as an abatement of BART's obligation to make monthly payments of Annual Rent to the City. Upon completion of the Project, and prior to BART withholding any payments of Annual Rent, BART must submit to City for its review and approval all invoices, receipts, and other documentation evidencing the total qualifying Project costs so that a total final rent credit amount may be determined.

Recommendation

I recommend the Commission adopt the accompanying Resolution (1) approving Amendment No. 3 to Lease No. 97-0081 Lease, Use, and Operating Agreement for BART Station and Related Facilities and Grant of Easement at San Francisco International Airport to provide a rent credit in the amount not-to-exceed \$3,150,000 in support of BART's Next Generation Fare Gates Project, and (2) directing the Commission Secretary to request approval of the Amendment No. 3 from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.



Ivar C. Satero
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachment