

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 23-0090

**APPROVAL OF AMENDMENT NO. 3 TO THE AIRPORT LUGGAGE CART LEASE
AND OPERATING AGREEMENT NO. 19-0069 WITH SMARTE CARTE INC.**

WHEREAS, on April 2, 2019, by Resolution No. 19-0069, the Airport Commission (Commission) awarded the Luggage Cart Lease and Operating Agreement (the Lease) to Smarte Carte Inc. (Tenant) to operate the luggage cart service at San Francisco International Airport (Airport) for a term of three years, expiring December 31, 2022, with one 3-year option; and

WHEREAS, on October 6, 2020, by Resolution No. 20-0180, the Commission approved Amendment No. 1 to the Lease (Amendment No. 1) as part of the COVID-19 Emergency Rent Relief Program, which provided rent relief to address the severe economic impact of the COVID-19 pandemic; and

WHEREAS, on January 5, 2021, by Ordinance No. 5-21, the San Francisco Board of Supervisors authorized the Airport to implement the COVID-19 Emergency Rent Relief Program and execute Amendment No. 1; and

WHEREAS, on March 16, 2021, by Resolution No. 21-0089, the Commission approved Amendment No. 2 to the Lease (Amendment No. 2) which: (i) authorized the conversion of luggage cart service in the Federal Inspection Service (FIS) area from a free service to a paid service, (ii) provided the Airport Director the authority to, in the future if operating conditions warranted, reinstate the carts as a free service in the FIS area and resume payment of the Annual Service Fee to Tenant, and (iii) exercised the three (3) year Option Term for an expiration date of December 31, 2025; and

WHEREAS, at the direction of the Airport Director, Tenant will reinstate the free luggage cart service in the FIS area in May or June 2023, and with that reinstatement will be the reinstatement of the Airport paying Tenant an Annual Service Fee for the free luggage cart service; and

WHEREAS, the existing methodology in the Lease for an annual escalation in the Flat Service Fee is no longer appropriate as it provides that the escalation be based upon the average rate of change in projected international enplanement activity for Fiscal Years 2022 and 2023 and that rate of change is 95.2% solely due to the recovery from the extremely low level of enplanements caused by the pandemic; and

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WHEREAS, Staff recommends changing the escalation methodology for the annual change in the Flat Service Fee to be based upon the same Consumer Price Index, All Urban Consumers – Not Seasonally Adjusted – San Francisco/Oakland/San Jose, CA, used for the Minimum Annual Guarantee and Per Cart Fee annual adjustments; now, therefore, be it

RESOLVED, that this Commission hereby approves Amendment No. 3 to the Lease, which modifies the adjustment methodology for the Flat Service Fee associated with the provision of free luggage carts in the FIS; and, be it further

RESOLVED, that this Commission hereby 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 APR 4 2023


Secretary