

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 16-0311

AWARD OF THE TERMINAL 3 BOARDING AREA F AND TERMINAL 1 BOARDING AREA C FOOD AND BEVERAGE CONCESSION LEASE NO. 3 TO PARADIES LAGARDERE @ SFO, LLC

WHEREAS, By Resolution No. 16-0109 adopted on April 19, 2016, the Airport Commission ("Commission") authorized staff to commence the competitive selection process through a Request for Proposals ("RFP") for eight Leases, Lease No. 3 being for a Quick Serve Restaurant; and

WHEREAS, By Resolution No. 16-0215 adopted July 19, 2016, the Commission approved the minimum requirements and lease specifications; and authorized staff to accept proposals for the eight Leases; and

WHEREAS, on September 14, 2016, staff received eight proposals for Lease No. 3 from the following proposers: Andalé Management Group, Inc.; Canonica Management SA; JDDA Concession Management, Inc.; Kumar Management Corp.; Nopa Ventures, LLC; Paradies Lagardere @ SFO, LLC; SSP America, Inc.; UZ Khan Food Management, Inc.; and

WHEREAS, a panel reviewed the qualifying proposals and determined Paradies Lagardere @ SFO, LLC to be the highest-ranking, responsive, and responsible proposer; now therefore, be it

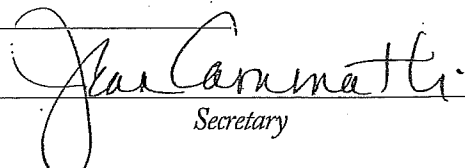
RESOLVED, that this Commission hereby awards the Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Lease No. 3 to Paradies Lagardere @ SFO, LLC, under the conditions set forth in the staff memorandum on file with the Commission Secretary, including, but not limited to, a term of six years with two one-year options to extend exercisable at the sole and absolute discretion of the Commission, and a Minimum Annual Guarantee of \$250,000.00 for the first year of the Lease, and subject to its compliance with the Equal Benefits Ordinance; and, be it further

RESOLVED, that this Commission Secretary is hereby directed to request approval of the Lease by Resolution of the Board of Supervisors 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

DEC 06 2016

at its meeting of _____


Secretary



MEMORANDUM

December 6, 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

FROM: Airport Director

SUBJECT: Award of the Eight Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Leases

DIRECTOR'S RECOMMENDATION: (1) AWARD EIGHT TERMINAL 3 BOARDING AREA F AND TERMINAL 1 BOARDING AREA C FOOD AND BEVERAGE CONCESSION LEASES; AND (2) DIRECT THE COMMISSION SECRETARY TO REQUEST APPROVAL OF THE LEASES FROM THE BOARD OF SUPERVISORS.

Executive Summary

The proposal evaluation process for eight Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food and Beverage Concession Leases ("Leases") has concluded and award is recommended for the eight Leases. The operators for which award is sought are: San Francisco Soup Company (Lease No. 1, a quick serve); Host International, Inc. (Lease No. 2, a quick serve); Paradies Lagardere @ SFO, LLC (Lease No. 3, a quick serve); Amoura International, Inc. (Lease No. 4, a quick serve); Bun Mee, LLC (Lease No. 5, a quick serve); Gate 74, Inc. (Lease No. 6, a quick serve); Tastes On The Fly San Francisco, LLC (Lease No. 7, a sit-down); and, High Flying Foods SFO, LLC (Lease No. 8, a sit-down).

Background

By Resolution No. 16-0109 adopted on April 19, 2016, the Airport Commission ("Commission") authorized staff to commence the competitive selection process through a Request for Proposals ("RFP") for the Leases.

Staff issued the RFP and conducted an informational meeting wherein each of the Leases were presented to the interested parties. Staff gathered feedback from potential proposers and clarified or changed business terms where appropriate.

By Resolution No. 16-0215 adopted July 19, 2016, the Commission approved the minimum requirements and lease specifications, and authorized staff to accept proposals.

In response to the RFP, the Airport received 114 proposals by the September 14, 2016 Submittal Deadline. Three of the proposals were rejected and not scored, two of which were for failure to meet the minimum qualifications, and one of which was because it was received after the Submittal Deadline.

Staff determined that the remaining proposals met the RFP's minimum qualifications. A Blue Ribbon Evaluation Panel, consisting of two food and beverage professionals, a design professional, and a former Airport Commission senior staff member, was convened to review and score the qualifying proposals. The Evaluation Panel's selections for highest ranking, responsive, and responsible proposers are identified below, along with all other qualifying proposers for each Lease. The Minimum Annual Guarantee ("MAG") for the first lease year and percentage rent structure are also identified, with base rent being the greater of the MAG or percentage rent. Lease Nos. 1 through 6 have a term of six years, with two options to extend of one year each. Lease Nos. 7 and 8 have a term of seven years, with two options to extend of one year each.

Lease No. 1 – Quick Serve Restaurant

MAG - \$250,000.00. Percentage Rent – 6% of Gross Revenues achieved up to and including \$1,000,000.00, plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00, plus 10% of Gross Revenues achieved over \$1,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> San Francisco Soup Company	Ladle & Leaf
Andalé Management Group, Inc. Andre-Boudin Bakeries, Inc. Canonica Management SA Golden Enterprise Inc. La Baguette LLC M5 Partner Inc. Marina's Café Midfield Concession Enterprises, Inc. MRMG LLC Mumfresh SF, Inc. Nopa Ventures, LLC Paris Baguette America, Inc. Rolling-Out, Inc. Rylo Management, LLC SSP America, Inc.	Sutro Deli + Juice Bar Boudin Bakery Wellness Bar and Food Quickly La Baguette Jamba Juice Delicious Sweet Bar Deli & Bakery The American Grilled Cheese Kitchen Mumfresh French Vietnamese Deli Tortas Colibri Paris Baguette Rolling-Out Café Between the Bread La Place

Lease No. 2 – Quick Serve Restaurant

MAG - \$250,000.00. Percentage Rent – 6% of Gross Revenues achieved up to and including \$1,000,000.00, plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00, plus 10% of Gross Revenues achieved over \$1,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> Host International, Inc.	Super Duper Burgers
Gate 74, Inc. JDDA Concession Management, Inc. Mission Yogurt, Inc. MRMG LLC Nidal Nazzal Paradies Lagardere @ SFO, LLC SSP America, Inc. The Original Mels Diners, Inc. Tripart Management Inc. UZ Khan Food Management Inc.	Burger King Smashburger BurgerFi White Castle SF Burger Barney's Gourmet Hamburgers BUILT Custom Burgers The Original Mels Five Guys Burgers & Fries Jack in the Box

Lease No. 3 – Quick Serve Restaurant

MAG - \$250,000.00. Percentage Rent – 6% of Gross Revenues achieved up to and including \$1,000,000.00, plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00, plus 10% of Gross Revenues achieved over \$1,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> Paradies Lagardere @ SFO, LLC	Limon Rotisserie
Andalé Management Group, Inc. Canonica Management SA JDDA Concession Management, Inc. Kumar Management Corp. Nopa Ventures, LLC SSP America, Inc. UZ Khan Food Management Inc.	24th & Mission Taco House Matteo Et Camille Chick-fil-A Taco Bell Tortas Colibri Starbird Qdoba Mexican Eats

Lease No. 4 – Quick Serve Restaurant

MAG - \$250,000.00. Percentage Rent – 6% of Gross Revenues achieved up to and including \$1,000,000.00, plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00, plus 10% of Gross Revenues achieved over \$1,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> Amoura International, Inc.	Amoura Café

PROPOSER	CONCEPT NAME
Andalé Management Group, Inc.	Sutro Deli + Juice Bar
Andre-Boudin Bakeries, Inc.	Boudin Bakery
Barndiva Landing LLC	The Wine Country Kitchen
Bun Mee LLC	Bun Mee Vietnamese Sandwich Eatery
California Donut Kings Airport LLC	Dunkin' Donuts
Canonica Management SA	Matteo Et Camille
Easy Breezy SFO, LLC	Easy Breezy
Gate 74, Inc.	Great Wraps Grill
Golden Enterprise Inc.	Quickly
Green Beans Coffee, USA, LLC	San Francisco Mac & Cheese Kitchen
Hard Knox SFO, LLC	Hard Knox Café
M5 Partner Inc.	Jamba Juice
Midfield Concession Enterprises, Inc.	Tava Kitchen
MRMG LLC	The American Grilled Cheese Kitchen
Mumfresh SF, Inc.	MUMFRESH Vietnamese Eatery
Nopa Ventures, LLC	Tortas Colibri
Paradies Lagardere @ SFO, LLC	Curry Up Now
Rylo Management, LLC	Fired Up
San Francisco Soup Company	Ladle & Leaf
SSP America, Inc.	Oren's Hummus Shop and Grille
The Original Mels Diners, Inc.	The Original Mels
The Veggie Grill, Inc	Veggie Grill
Yabaz Inc.	Yabaz Mediterranean

Lease No. 5 – Quick Serve Restaurant

MAG - \$250,000.00. Percentage Rent – 6% of Gross Revenues achieved up to and including \$1,000,000.00, plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00, plus 10% of Gross Revenues achieved over \$1,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> Bun Mee LLC	Bun Mee Vietnamese Sandwich Eatery
Bambuza SFO LLC	Bambuza Vietnam Kitchen
Boathouse Sushi, Inc.	Boathouse Japanese Street Food
Gate 74, Inc.	Hamadaya
JDDA Concession Management, Inc.	KoJa Kitchen
Paradies Lagardere @ SFO, LLC	Sam Choy's Poke to the Max
Peace Dining Corporation	Mai Sushi and Ramen
Sankaku, Inc.	Wakaba
Shiki Management LLC	Shiki Japanese Express
Sushi Machi	Sushi O Sushi
Tomokazu Japanese Cuisine (SFO) Inc.	Tomokazu

Lease No. 6 – Quick Serve Restaurant

MAG - \$250,000.00. Percentage Rent – 6% of Gross Revenues achieved up to and including \$1,000,000.00, plus 8% of Gross Revenues achieved from \$1,000,000.01 up to and including \$1,500,000.00, plus 10% of Gross Revenues achieved over \$1,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> Gate 74, Inc.	Pie Five Pizza Co.
Alitour LLC Andalé Management Group, Inc. Frjtz LLC Green Beans Coffee, USA, LLC Hard Knox SFO, LLC Host International, Inc. Lady Luck Gourmet, LLC Lori's Diner International, Inc. M5 Partner Inc. Midfield Concession Enterprises, Inc. MRMG LLC Paradies Lagardere @ SFO, LLC ProvaSF1, LLC Rylo Management, LLC San Francisco Soup Company SSP America, Inc.	Café Alioto Gather Pizza Frjtz San Francisco Mac & Cheese Kitchen Hard Knox Café Auntie April's Chicken, Waffles & Soul Food Trattoria by the Bay Lori's Pizzeria Jamba Juice Pieology White Castle Slice House by Tony Gemignani Prova Pizzabar Veloce Pizzeria Ladle & Leaf Blue Line Pizza

Lease No. 7 – Sit-Down Restaurant

MAG - \$650,000.00. Percentage Rent – 8% of Gross Revenues achieved up to and including \$3,000,000.00, plus 10% of Gross Revenues achieved from \$3,000,000.01 up to and including \$3,500,000.00, plus 12% of Gross Revenues achieved over \$3,500,000.00.

PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> Tastes On The Fly San Francisco, LLC	SF Giants Clubhouse

PROPOSER	CONCEPT NAME
Air Ventures, LLC Amoura International, Inc. Andalé Management Group, Inc. Canonica Management SA Gate 74, Inc. High Flying Foods SFO, LLC Host International, Inc. Midfield Concession Enterprises, Inc. Mission Yogurt, Inc. Nopa Ventures, LLC Paradies Lagardere @ SFO, LLC SSP America, Inc.	The Italian Kitchen by Wolfgang Puck Amoura Fresh Mediterranean Sam's Chowder House Stars'n'bars Mosu SFO tacolicious Starbelly Lefty O'Doul's Restaurant & Cocktail Lounge Magnolia Gastropub at SFO La Urbana Limon Rotisserie The Comeback Sports Bar & Social House

Lease No. 8 – Sit-Down Restaurant

MAG - \$1,000,000.00. Percentage Rent – 8% of Gross Revenues achieved up to and including \$3,000,000.00, plus 10% of Gross Revenues achieved from \$3,000,000.01 up to and including \$3,500,000.00, plus 12% of Gross Revenues achieved over \$3,500,000.00.

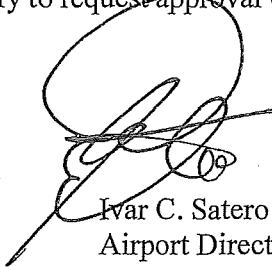
PROPOSER	CONCEPT NAME
<u>Highest-Ranking:</u> High Flying Foods SFO, LLC	Farmerbrown
Air Ventures, LLC Amoura International, Inc. Andalé Management Group, Inc. Gate 74, Inc. Host International, Inc. Mission Yogurt, Inc. Nopa Ventures, LLC Paradies Lagardere @ SFO, LLC SSP America, Inc. Tastes On The Fly San Francisco, LLC	The Kitchen by the Bay by Wolfgang Puck Amoura Fresh Mediterranean Sutro Café & Spirits Mosu SFO Starbelly Magnolia Gastropub at SFO La Urbana Limon Rotisserie Joe Montana Steakhouse Perry's Bar & Grill

Among the eight leases recommended for award are six proposers from the Greater Bay Area. The other two proposals were tendered from firms in Bethesda, MD and Atlanta, GA, each consisting of a joint venture which includes 30% ownership by local partners. Among the concepts proposed, all but Amoura are new to the Airport.

Upon request, debriefings will be held with proposers to assist them in understanding how the proposals were viewed by the evaluation panel. These efforts will be encouraged as Requests for Proposals for future food and beverage locations will be issued in 2017.

Recommendation

I recommend that the Commission (1) award to the recommended operators the aforementioned eight Terminal 3 Boarding Area F and Terminal 1 Boarding Area C Food & Beverage Concession Leases; and (2) direct the Commission Secretary to request approval of the Leases from the Board of Supervisors.

A handwritten signature in black ink, appearing to read 'Ivar C. Satero', is written over a circular stamp or seal. The signature is fluid and cursive.

Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachments

Attachment 1



Attachment 1

